
IMPORTANT NOTICE

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

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached information memorandum. You are advised to read this disclaimer carefully before accessing, reading or making any other use of the attached information memorandum. In accessing the attached information memorandum, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

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 (as defined in 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 email 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 e-mail and accessing the attached information memorandum, 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 a person 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 information memorandum has been made available to you in electronic form. You are reminded that documents or information transmitted via this medium may be altered or changed during the process of transmission and consequently none of Heeton Holdings Limited or DBS Bank Ltd., 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 information memorandum distributed to you in electronic format and the hard copy version. A hard copy version will be provided to you upon request.

Restrictions: The attached information memorandum is being furnished in connection with an offering of securities 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.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE U.S. OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT), EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

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 Heeton Holdings Limited or DBS Bank Ltd. 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 (as defined in Regulation S under the Securities Act).

The attached information memorandum or any materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the dealers or any affiliate of the dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the dealers or such affiliate on behalf of Heeton Holdings Limited in such jurisdiction. The attached information memorandum may only be communicated to persons in the United Kingdom in circumstances where section 21(1) of the Financial Services and Markets Act 2000 does not apply.

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 information memorandum, 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 information memorandum 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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**HEETON HOLDINGS LIMITED**

(Incorporated in the Republic of Singapore on 7 July 1976)
(UEN/Company Registration No. 197601387M)

**S\$300,000,000
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 Heeton Holdings 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 permission to deal in and the listing and quotation of 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. Approval in-principle from, admission to the Official List of, and the listing 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.

Arranger



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NOTICE

DBS Bank Ltd. (the “**Arranger**”) has been authorised by the Issuer to arrange 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 Securities denominated in Singapore dollars and/or any other currencies.

This Information Memorandum contains information with regard to the Issuer, its subsidiaries and associated companies (if any) and the Securities. The Issuer, having made all due and careful enquiries, confirms that this Information Memorandum contains all information which is material in the context of the Programme and the issue and offering of the Securities, that the information contained herein is true and accurate in all respects, 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 issue and offer of the Securities would or might make any such information or expressions of opinion, expectation or intention misleading in any respect.

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 “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. The Notes will initially be represented by either a Temporary Global Security (as defined herein) in bearer form or a Permanent Global Security (as defined herein) in bearer form or a registered Global Certificate (as defined herein) which will be deposited on the 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 depository for Euroclear Bank S.A./N.V. (“**Euroclear**”) and/or Clearstream Banking S.A. (“**Clearstream, Luxembourg**”) or otherwise delivered as agreed between the Issuer and the relevant Dealer (as defined herein). 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 and may be subject to redemption or purchase in whole or in part. The Notes may 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 (as defined herein) 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. The 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 issue date with or registered in the name of, or in the name of a nominee of, either CDP or a common depository for Euroclear and/or Clearstream, Luxembourg or otherwise delivered as agreed between the Issuer and the relevant Dealer. Subject to compliance with all relevant laws, regulations and directives, the Perpetual Securities may be subject to redemption 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.

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 below) shall be S\$300,000,000 (or its equivalent in any other currencies) or such increased amount in accordance with the terms of the Programme Agreement (as defined herein).

No person has been authorised to give any information or to make any representation other than those contained in this Information Memorandum in connection with the Programme and the issue, offer or sale of the Securities and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Issuer, the Arranger or any of the Dealers. The delivery or dissemination of this Information Memorandum at any time after the date of this Information Memorandum does not imply that the information contained in this Information Memorandum or any part of this Information Memorandum is correct at any time after such date. 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 and the issue of the Securities 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, the Arranger 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 part thereof) or any such other document or information and the offer of the Securities in certain jurisdictions may be prohibited or restricted by law. Persons who distribute or publish this Information Memorandum (or any part thereof) 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 prohibitions and 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 include Securities in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, the Securities may not be offered, sold or delivered within the United States or to U.S. persons.

Neither this Information Memorandum nor any other document or 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, the Arranger 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 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.

The Arranger and the Dealers have not separately verified the information contained in this Information Memorandum. None of the Arranger, 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 Arranger nor any of the Dealers makes 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, the Arranger 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 and 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 and its subsidiaries and associated companies (if any). Accordingly, notwithstanding anything herein, none of the Issuer, the Arranger, 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, neither the Arranger nor any of the Dealers accept any responsibility for the contents of this Information Memorandum or for any other statement, made or purported to be made by the Arranger or any of the Dealers or on its behalf in connection with the Issuer, the Group (as defined herein), the Programme or the issue and offering of the Securities. The 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.

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, audited consolidated accounts and/or publicly announced unaudited financial statements 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 all such documents which are incorporated by reference herein and, with respect to any series or tranche of Securities, any Pricing Supplement 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).

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, the Arranger 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 in the tables included herein between the listed amounts and totals thereof are due to rounding.

The distribution of this Information Memorandum and the offering of the Securities in certain jurisdictions may be restricted by law. Persons into whose possession this Information Memorandum comes are required by the Issuer, the Arranger and the Dealers to inform themselves about and to observe any such restrictions. The attention of recipients of this Information Memorandum is drawn to the restrictions on resale of the Securities and the distribution of this Information Memorandum set out under "Subscription, Purchase and Distribution" on pages 165 and 166 of this Information Memorandum.

Any person(s) 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 purchase or subscribe for any of the Securities consult their own legal and other advisers before purchasing or acquiring 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 (including statements as to the Issuer’s and/or the Group’s revenue and profitability, prospects, future plans and other matters discussed in this Information Memorandum regarding matters that are not historical facts and including the financial forecasts, profit projections, statements as to the expansion plans of the Issuer and/or the Group, expected growth in the Issuer and/or the Group and other related matters), 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, discussion under the section on “Investment Considerations”.

Given the risks and uncertainties that may cause the actual future results, performance or achievements of the Issuer 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 Arranger and the Dealers do not represent or warrant that the actual future results, performance or achievements of the Issuer or the Group will be as discussed in those statements.

Neither the delivery of this Information Memorandum nor the issue of any 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, the Group 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 Arranger 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.

DEFINITIONS

The following definitions have, where appropriate, been used in this Information Memorandum:

- “ABSD”** : Additional Buyer’s Stamp Duty.
- “Agency Agreement”** : The Agency Agreement dated 18 July 2013 between (1) the Issuer, as issuer, (2) the Issuing and Paying Agent, as issuing and paying agent, (3) the Agent Bank, as agent bank, (4) the Transfer Agent, as transfer agent, (5) the Registrar, as registrar, and (6) the Trustee, as trustee, as amended, varied or supplemented from time to time.
- “Agent Bank”** : DBS Bank Ltd.
- “Arranger”** : DBS Bank Ltd.
- “Bearer Securities”** : Securities in bearer form.
- “Board”** : Board of Directors of the Issuer.
- “CDP”** : The Central Depository (Pte) Limited.
- “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 the Conditions of the Perpetual Securities, comprising the entire holding by a holder of Registered Securities of that Series.
- “Companies Act”** : The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time.
- “Conditions”** : (a) 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, as the case may be, Global Certificate, 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 particular numbered Condition shall be construed accordingly; and
- (b) 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, 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 particular 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.
“EU”	:	European Union.
“FY”	:	Financial year ended or ending 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, (i) CDP (ii) a common depository for Euroclear and/or Clearstream, Luxembourg and/or (iii) 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.
“Issuer”	:	Heeton Holdings Limited.
“Issuing and Paying Agent”	:	DBS Bank Ltd.
“ITA”	:	Income Tax Act, Chapter 134 of Singapore.
“km”	:	Kilometre.
“Latest Practicable Date”	:	20 July 2016.
“LTV”	:	Loan-to-Value.
“MAS”	:	The Monetary Authority of Singapore.
“Noteholders”	:	The holders of the Notes.
“Notes”	:	The notes issued or to be issued by the Issuer under the Programme.

“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.
“Perpetual Securityholders”	:	The holders of the Perpetual Securities.
“Pricing Supplement”	:	In relation to a Tranche or Series, a pricing supplement, to be read in conjunction with this Information Memorandum, specifying the relevant issue details in relation to such Tranche or, as the case may be, Series.
“Programme”	:	The S\$300,000,000 Multicurrency Debt Issuance Programme of the Issuer.
“Programme Agreement”	:	The Programme Agreement dated 18 July 2013 made between (1) the Issuer, as issuer, (2) the Arranger, as arranger, and (3) DBS Bank Ltd., as dealer, as amended, varied or supplemented from time to time.
“Registered Securities”	:	Securities in registered form.
“Registrar”	:	DBS Bank Ltd.
“Securities Act”	:	Securities Act of 1933 of the United States, as amended.
“Securities”	:	The Notes and the Perpetual Securities.
“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.
“SFRS”	:	Singapore Financial Reporting Standards issued by the Singapore Accounting Standards Council, as amended from time to time.
“SGX-ST”	:	Singapore Exchange Securities Trading Limited.
“Shares”	:	Ordinary shares in the capital of the Issuer.
“sq ft”	:	Square feet.
“sq m”	:	Square metre.
“Subordinated Perpetual Securities”	:	Perpetual Securities which are expressed to rank as subordinated obligations of the Issuer.

“Talons”	:	Talons for further Coupons.
“TDSR”	:	Total Debt Servicing Ratio.
“Temporary Global Security”	:	A Global Security representing Bearer Securities of one or more Tranches of the same Series on issue.
“TOP”	:	Temporary occupation permit.
“Tranche”	:	Securities which are identical in all respects (including as to listing).
“Transfer Agent”	:	DBS Bank Ltd.
“Trust Deed”	:	The Trust Deed dated 18 July 2013 made between (1) the Issuer, as issuer, and (2) the Trustee, as trustee, as amended, varied or supplemented from time to time.
“Trustee”	:	DBS Trustee Limited.
“UK”	:	United Kingdom.
“United States” or “U.S.”	:	United States of America.
“S\$” and “cents”	:	Singapore dollars and cents respectively.
“US\$” or “US dollars”	:	United States dollars.
“%”	:	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	:	Toh Khai Cheng Toh Giap Eng Teng Heng Chew Toh Gap Seng Tan Tiong Cheng Chew Chin Hua Chia Kwok Ping
Company Secretaries	:	Lee Ho Wah Chew Bee Leng
Registered Office	:	60 Sembawang Road #01-02/03 Hong Heng Mansions Singapore 779088
Auditors to the Issuer	:	Ernst & Young LLP One Raffles Quay North Tower, Level 18 Singapore 048583
Arranger of the Programme	:	DBS Bank Ltd. 12 Marina Boulevard, Level 42 Marina Bay Financial Centre Tower 3 Singapore 018982
Legal Advisers to the Arranger and the Trustee	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Legal Advisers to the Issuer	:	Dentons Rodyk & Davidson LLP 80 Raffles Place #33-00 UOB Plaza 1 Singapore 048624
Issuing and Paying Agent and Agent Bank	:	DBS Bank Ltd. 10 Toh Guan Road #04-11 (Level 4B) DBS Asia Gateway Singapore 608838
Trustee for the Securityholders	:	DBS Trustee Limited 12 Marina Boulevard Level 44 Marina Bay Financial Centre Tower 3 Singapore 018982

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 Trust Deed, the Agency Agreement and the relevant Pricing Supplement.

Issuer	:	Heeton Holdings Limited.
Arranger	:	DBS Bank Ltd.
Dealers	:	DBS Bank Ltd. and/or such other Dealers as may be appointed by the Issuer in accordance with the Programme Agreement.
Issuing and Paying Agent, Agent Bank, Transfer Bank and Registrar	:	DBS Bank Ltd.
Description	:	Multicurrency Debt Issuance Programme.
Programme Size	:	The maximum aggregate principal amount of the Securities outstanding at any time shall be S\$300,000,000 (or its equivalent in other currencies) or such increased amount in accordance with the terms of the Programme Agreement.

NOTES

Currency	:	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in Singapore dollars or any other currency agreed between the Issuer and the relevant Dealer(s).
Method of Issue	:	Notes 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	:	Notes may be issued at par or at a discount, or premium, to par.
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.
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 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, 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.
- Form and Denomination of Notes : The Notes 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 Notes may initially be represented by a Temporary Global Security or a Permanent Global Security. Each Temporary Global Security may be deposited on the relevant issue date with CDP, a common depository 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 Notes (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 Notes upon the terms therein. Each Tranche or Series of registered Notes will initially be represented by a Global Certificate. Each Global Certificate may be registered in the name of, or in the name of a nominee of, CDP, a common depository for Euroclear and/ or Clearstream, Luxembourg and/or any other agreed clearing system. Each Global Certificate 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 Notes, a Certificate shall be issued in respect of each Noteholder's entire holding of registered Notes of one Series.
- Custody of the Notes : Notes which are to be listed on the SGX-ST may be cleared through CDP. Notes which are to be cleared through CDP are required to be kept with CDP as authorised depository. Notes which are cleared through Euroclear and/or Clearstream, Luxembourg are required to be kept with a common depository on behalf of Euroclear and Clearstream, Luxembourg.

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*, 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 Note 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 Note 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.

Redemption at Option of Noteholders upon Change of Shareholding Event : If, for any reason, a Change of Shareholding Event occurs, the Issuer will within seven days of such occurrence give notice to the Noteholders of the occurrence of such event (the “**Notice**”) and shall, at the option of the holder of any Note, redeem such Note at its Redemption Amount, together with interest accrued to the date fixed for redemption, on the date falling 60 days from the date of the Notice (or if such date is not a business day, on the next day which is a business day). 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 any Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any other Transfer Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent or the Issuer (as applicable), no later than 30 days from the date of the Notice. Any Note so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

For the purposes of this paragraph:

- (i) a “**Change of Shareholding Event**” occurs when the aggregate interest, whether direct or deemed (as the term is described in Section 7 of the Companies Act, Chapter 50 of Singapore), of Mr Toh Giap Eng and his Immediate Family Members in the shares of the Issuer falls below 40 per cent. of the issued share capital of the Issuer; and
- (ii) “**Immediate Family Members**” means Mr Toh Giap Eng’s father, mother, wife, son(s), daughter(s), siblings and siblings’ spouses, son(s) and daughter(s).

Redemption at Option of Noteholders upon Cessation or Suspension of Trading of Shares : In the event that (1) the shares of the Issuer cease to be traded on the SGX-ST or (2) trading in the shares of the Issuer on the SGX-ST is suspended for a continuous period of more than seven days (other than by reason of holiday, statutory or otherwise), the Issuer shall, at the option of the holder of any Note, redeem such Note at its Redemption Amount, together with interest accrued to the date fixed for redemption on any date on which interest is due to be paid on such Notes or, if earlier, the date falling 45 days after (in the case of (1)) the date of cessation of trading or (in the case of (2)) the business day immediately following the expiry of such continuous period of seven days.

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 (as defined in the Conditions of the Notes) 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 defined in Condition 6(h) of the Notes) (together with interest accrued to 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 of the Notes, 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.

Negative Pledge : The Issuer has covenanted with the Trustee in the Trust Deed that so long as any of the Notes remains outstanding, it will not, and will ensure that none of its subsidiaries will, create or permit to be created any security over the whole or any part of its assets and properties, present or future save for:

- (i) any security existing as at the date of the Trust Deed and the existence of which has been disclosed in writing to the Trustee prior to the date of the Trust Deed and any security to be created over such asset in connection with the refinancing of the credit facilities secured by such asset provided that, in each case, the amount secured by the security over such asset shall not at any time exceed 75 per cent. of the current market value of such asset at that time (as shown in the most recent valuation report prepared by an independent professional valuer and delivered by the Issuer to the Trustee at the relevant time);
- (ii) liens or rights of set-off arising by operation of law and in the ordinary course of business, in either case, in respect of indebtedness which either (1) has been due for less than 14 days or (2) is being contested in good faith and by appropriate means;
- (iii) (1) any security over any of its assets acquired, developed, renovated or refurbished by it after the date of the Trust Deed for the purpose of financing the acquisition, development, renovation or refurbishment of assets of such assets and securing a principal amount not exceeding the cost of that acquisition, development, renovation or

refurbishment and (2) any security to be created over such asset in connection with the refinancing of the credit facilities secured by such asset provided that the amount secured by the security over such asset shall not at any time exceed 75 per cent. of the current market value of such asset at that time (as shown in the most recent valuation report prepared by an independent professional valuer and delivered by the Issuer to the Trustee at the relevant time); and

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

Financial Covenants : The Issuer has covenanted with the Trustee in the Trust Deed that so long as any of the Notes remains outstanding, it will, at all times, ensure that:

(i) the Consolidated Tangible Net Worth (as defined in the Conditions of the Notes) shall not at any time be less than S\$220,000,000;

(ii) the ratio of Consolidated Net Debt (as defined in the Conditions of the Notes) to Consolidated Tangible Net Worth shall not at any time be more than 2:1; and

(iii) the ratio of Consolidated Secured Debt (as defined in the Conditions of the Notes) to Consolidated Total Assets (as defined in the Conditions of the Notes) shall not at any time exceed 0.65:1.

Events of Default : See Condition 10 of the Notes.

Taxation : All payments in respect of the Notes 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 deduction or withholding is required by law. In such 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, save for certain exceptions. For further details, please see the section on "Singapore Taxation" herein.

Listing : Each Series of the Notes 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.

If the application to the SGX-ST to list a particular Series of Notes is approved, for so long as such Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such Notes will be traded on the SGX-ST in a minimum board lot size of at least S\$200,000 (or its equivalent in foreign currencies).

Selling Restrictions : For a description of certain restrictions on offers, sales and deliveries of Notes and the distribution of offering material relating to the Notes, see the section on “Subscription, Purchase and Distribution” below. Further restrictions may apply in connection with any particular Series or Tranche of Notes.

Governing Law : The Programme and any Notes issued under the Programme will be governed by, and construed in accordance with, the laws of Singapore.

PERPETUAL SECURITIES

Currency : Subject to compliance with all relevant laws, regulations and directives, Perpetual Securities may be issued in Singapore dollars or any other currency agreed between the Issuer and the relevant Dealer(s).

Method of Issue : Perpetual 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 : Perpetual Securities may be issued at par or at a discount, or premium, to par.

No Fixed Maturity : 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 15 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 so provided 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:

- (a) a discretionary dividend, distribution or other payment has been declared or paid on or in respect of any of its Junior Obligations (as defined in the Conditions of the Perpetual Securities) or, in relation to Subordinated Perpetual Securities only, (except on a *pro rata* basis) any of its Parity Obligations (as defined in the Conditions of the Perpetual Securities); or
- (b) 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 its Parity Obligations has been redeemed, reduced, cancelled, bought back or acquired for any consideration,

and/or as otherwise specified in the applicable Pricing Supplement.

Non-Cumulative Deferral and Cumulative Deferral : If Non-Cumulative Deferral is so provided 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 so provided 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 so provided 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 so provided on the face of the Perpetual Security and the relevant Pricing Supplement and on any Distribution Payment Date, payments of all distribution 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:

- (a) 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 its Junior Obligations or, in relation to Subordinated Perpetual Securities only, (except on a *pro rata* basis) any of its Parity Obligations; or
- (b) 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 its Junior Obligations or, in relation to Subordinated Perpetual Securities only, (except on a *pro rata* basis) any of its Parity Obligations,

in each case unless and until (1) (if Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) the Issuer has satisfied in full all outstanding Arrears of Distribution, (2) (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 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 (3) 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.

- Form and Denomination of Perpetual Securities : The Perpetual 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 Perpetual Securities may initially be represented by a Temporary Global Security or a Permanent Global Security. Each Temporary Global Security may be deposited on the relevant issue date with CDP, a common depository 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 Perpetual 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 Perpetual Securities upon the terms therein. Each Tranche or Series of registered Perpetual Securities will initially be represented by a Global Certificate. Each Global Certificate may be registered in the name of, or in the name of a nominee of, CDP, a common depository for Euroclear and/ or Clearstream, Luxembourg and/or any other agreed clearing system. Each Global Certificate 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 Perpetual Securities, a Certificate shall be issued in respect of each Perpetual Securityholder's entire holding of registered Perpetual Securities of one Series.
- Custody of the Perpetual Securities : Perpetual Securities which are to be listed on the SGX-ST may be cleared through CDP. Perpetual Securities which are to be cleared through CDP are required to be kept with CDP as authorised depository. Perpetual Securities which are cleared through Euroclear and/ or Clearstream, Luxembourg are required to be kept with a common depository on behalf of Euroclear and/or Clearstream Luxembourg.
- 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*, 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*, without any preference or priority among themselves, and *pari passu* with any Parity Obligations of the Issuer.
- 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 of and distribution on 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 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 Arrears of Distribution and any Additional Distribution Amount) accrued to 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 7 of the Perpetual Securities, 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 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 Arrears of Distribution and any Additional Distribution Amount) accrued to the date fixed for redemption) if, on such Distribution Payment Date or any time after that Distribution Payment Date, as a result of any changes or amendments to 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 (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including Arrears of Distribution and any Additional Distribution Amount) accrued to the date fixed for redemption), if the Issuer satisfies the Trustee immediately before giving such notice that, as a result of:

- (i) 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;
- (ii) 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
- (iii) 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 which is announced before the Issue Date,

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 Arrears of Distribution and any Additional Distribution Amount) accrued to 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.

- Redemption upon a Change of Control : 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 Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption), following the occurrence of a Change of Control (as defined in the applicable Pricing Supplement).
- Limited right to institute proceedings in relation to Perpetual Securities : The right to institute proceedings for winding-up is limited to circumstances where payment has become due. 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 (i) a final and effective order is made or an effective resolution is passed for the bankruptcy, winding-up, liquidation, receivership or similar proceedings of the Issuer or (ii) the Issuer shall not make payment in respect of the Perpetual Securities for a period of three business days or more after the date on which such payment is due, 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.
- Taxation : 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 deduction or withholding 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, save for certain exceptions. For further details, please see the section on "Singapore Taxation" herein.
- Listing : Each Series of the Perpetual 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.

If the application to the SGX-ST to list a particular Series of Perpetual Securities is approved, for so long as such Perpetual Securities are listed on the SGX-ST and the rules of the SGX-ST so require, such Perpetual Securities will be traded on the SGX-ST in a minimum board lot size of at least S\$200,000 (or its equivalent in foreign currencies).

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

OTHER COVENANTS

- Non-Disposal : The Issuer has covenanted with the Trustee in the Trust Deed that so long as any of the Securities remains outstanding, it will not, and will ensure that none of its Principal Companies (as defined in the Conditions of the Notes) will, (whether by a single transaction or a number of related or unrelated transactions and whether at one time or over a period 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 of any part of its assets which, either alone or when aggregated with all other disposals required to be taken into account under Clause 16.30 of the Trust Deed, is substantial in relation to its assets, or those of itself and its subsidiaries, taken as a whole or the disposal of which (either alone or when so aggregated) could have a material adverse effect on it. The following disposals shall not be taken into account under Clause 16.30 of the Trust Deed:
- (i) disposals in the ordinary course of business on arm’s length and normal commercial terms and as permitted by applicable laws and regulations;
 - (ii) any disposal of assets which are obsolete, excess or no longer required for the purposes of its business on arm’s length basis and on normal commercial terms;
 - (iii) any payment of cash as consideration for the acquisition of any asset on arm’s length basis and on normal commercial terms;
 - (iv) any exchange of assets on arm’s length basis and on normal commercial terms for other assets which are comparable or superior as to value and quality;
 - (v) any short term investment of funds not immediately required in its business and the realisation of those investments on arm’s length basis and on normal commercial terms;

- (vi) any single sale on an en-bloc basis of any of the Group's development properties on arm's length basis and on normal commercial terms (including the sale of the shares of the entity owning such development properties);
- (vii) any disposal of the asset currently known as Sun Plaza (located at 30 Sembawang Drive, Singapore 757713) or the sale of the shares of the entity owning Sun Plaza so long as such disposal is on arm's length basis and on normal commercial terms and the financial condition of the Issuer or the Group is not materially and adversely affected by such disposal; and
- (viii) any disposal approved by the Trustee or the Securityholders by way of an Extraordinary Resolution.

Shareholding Covenant

- : The Issuer has covenanted with the Trustee in the Trust Deed that, so long as any of the Notes remains outstanding, it will ensure that it will at all times beneficially own (directly or indirectly) at least 51 per cent. of the issued share capital for the time being of each of Heeton Homes Pte. Ltd. and Heeton Estate Pte Ltd.

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. 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. 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 being shown on the face of the relevant Notes and in the relevant Pricing Supplement.

The Notes are constituted by a Trust Deed (as amended, varied or supplemented from time to time, the “**Trust Deed**”) dated 18 July 2013 made between (1) Heeton Holdings Limited (the “**Issuer**”) and (2) DBS Trustee 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 for the Noteholders (as defined below), and (where applicable) the Notes are issued with the benefit of a deed of covenant (as amended, varied or supplemented from time to time, the “**Deed of Covenant**”) dated 18 July 2013, 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 (as amended, varied or supplemented from time to time, the “**Agency Agreement**”) dated 18 July 2013 made between (1) the Issuer, (2) DBS Bank Ltd., as issuing and paying agent (in such capacity, the “**Issuing and Paying Agent**” and, together with any other paying agents that may be appointed, the “**Paying Agents**”), (3) DBS Bank Ltd., as agent bank (in such capacity, the “**Agent Bank**”), (4) DBS Bank Ltd., as transfer agent (and, together with any other transfer agents that may be appointed, the “**Transfer Agents**”), (5) DBS Bank Ltd., as registrar (in such capacity, the “**Registrar**”), and (6) the Trustee, as trustee for the Noteholders. The Noteholders and the holders (the “**Couponholders**”) of the coupons (the “**Coupons**”) appertaining to the interest-bearing Notes in 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 Zero Coupon Note (depending upon the Interest 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 Notes that do not bear interest 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) Title to the Bearer Notes and the Coupons and 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.
- (iii) For so long as any of the Notes 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**”) and/or The Central Depository (Pte) Limited (the “**Depository**”), each person who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg and/or the Depository as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg and/or the Depository as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save for manifest error) shall be treated by the Issuer, the Issuing and Paying Agent, the Paying Agents, the Agent Bank, the Transfer Agents, the Registrar, 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 Issuing and Paying Agent, the Paying Agents, the Agent Bank, the Transfer Agents, the Registrar, 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 shall be construed accordingly). Notes which are represented by the Global Security or, as the case may be, the Global Certificate will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg and/or the Depository. For so long as any of the Notes 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 the Depository, the record date for the purposes of determining entitlements to any payment of principal, interest and any other amounts in respect of the Note shall, unless otherwise specified by the Issuer, be the date falling five business days prior to the relevant payment date.
- (iv) 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 Depository 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 (aa) expressed to be consolidated and forming a single series and (bb) 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).

- (v) 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 Condition 2(f) below, one or more Registered Notes may be transferred 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. A copy of the current regulations will be made available by the Registrar 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 business days of receipt of the form of transfer or Exercise Notice (as defined in Condition 6(e)) 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, on which banks are open for 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(d), (ii) after any such Note has been called for redemption or (iii) during the period of seven days ending on (and including) any Record Date (as defined in Condition 7(b)(ii)).

3. Status

The Notes and Coupons of all Series constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, 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 and Financial Covenants

- (a) The Issuer has covenanted with the Trustee in the Trust Deed that so long as any of the Notes remains outstanding, it will not, and will ensure that none of its subsidiaries (as defined in Condition 10) will, create or permit to be created any security over the whole or any part of its assets and properties, present or future save for:
 - (i) any security existing as at the date of the Trust Deed and the existence of which has been disclosed in writing to the Trustee prior to the date of the Trust Deed and any security to be created over such asset in connection with the refinancing of the credit facilities secured by such asset provided that, in each case, the amount secured by the security over such asset shall not at any time exceed 75 per cent. of the current market value of such asset at that time (as shown in the most recent valuation report prepared by an independent professional valuer and delivered by the Issuer to the Trustee at the relevant time);
 - (ii) liens or rights of set-off arising by operation of law and in the ordinary course of business, in either case, in respect of indebtedness which either (1) has been due for less than 14 days or (2) is being contested in good faith and by appropriate means;
 - (iii) (1) any security over any of its assets acquired, developed, renovated or refurbished by it after the date of the Trust Deed for the purpose of financing the acquisition, development, renovation or refurbishment of such assets and securing a principal amount not exceeding the cost of that acquisition, development, renovation or refurbishment and (2) any security to be created over such asset in connection with the refinancing of the credit facilities secured by such asset provided that the amount secured by the security over such asset shall not at any time exceed 75 per cent. of the current market value of such asset at that time (as shown in the most recent valuation report prepared by an independent professional valuer and delivered by the Issuer to the Trustee at the relevant time); and
 - (iv) any other security which has been approved by the Noteholders by way of an Extraordinary Resolution.

- (b) The Issuer has covenanted with the Trustee in the Trust Deed that so long as any of the Notes remains outstanding, it will, at all times, ensure that:
- (i) the Consolidated Tangible Net Worth shall not at any time be less than S\$220,000,000;
 - (ii) the ratio of Consolidated Net Debt to Consolidated Tangible Net Worth shall not at any time be more than 2:1; and
 - (iii) the ratio of Consolidated Secured Debt to Consolidated Total Assets shall not at any time exceed 0.65:1.

For the purpose of this Condition 4(b):

- (1) “**Consolidated Net Debt**” means Consolidated Total Debt less cash and cash equivalent balances;
- (2) “**Consolidated Secured Debt**” means, at any particular time, the portion of Consolidated Total Liabilities secured by any security interest over any asset of the Group;
- (3) “**Consolidated Tangible Net Worth**” means 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:
 - (A) the amount paid up or credited as paid up on the issued share capital of the Issuer; and
 - (B) the amounts standing to the credit of the capital and revenue reserves (including capital redemption reserve fund, revaluation reserves and profit and loss account) of the Group on a consolidated basis,all as shown in the then latest audited consolidated balance sheet of the Group but after:
 - (aa) making such adjustments as may be appropriate in respect of any variation in the issued and paid up share capital and the capital and revenue reserves set out in paragraphs (A) and (B) above of the Group since the date of the latest audited consolidated balance sheet of the Group;
 - (bb) excluding any sums set aside for future taxation;
 - (cc) deducting:
 - (I) 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;
 - (II) all goodwill and other intangible assets; and
 - (III) any debit balances on consolidated profit and loss account;
- (4) “**Consolidated Total Assets**” means, at any particular time, the consolidated amount of the book values of all the assets of the Group, determined as assets in accordance with generally accepted accounting principles in Singapore;

- (5) **“Consolidated Total Debt”** means 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 (and where such aggregate amount falls to be calculated, no amount shall be taken into account more than once in the same calculation):
- (A) bank overdrafts and all other indebtedness in respect of any borrowings maturing within 12 months of the Group;
 - (B) the 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;
 - (C) the liabilities of the Issuer under the Trust Deed or the Notes;
 - (D) all other indebtedness whatsoever of the Group for borrowed moneys; and
 - (E) any redeemable preference shares issued by any member of the Group and which is regarded by generally accepted accounting principles in Singapore as debt or other liability of the Group; and
- (6) **“Consolidated Total Liabilities”** means the aggregate of Consolidated Total Debt plus, insofar as not already taken into account, all other liabilities of the Group calculated in accordance with generally accepted accounting principles in Singapore, including:
- (A) current creditors, proposed dividends and taxation payable within 12 months;
 - (B) the principal amount raised by acceptances under any acceptance credit in favour of any member of the Group;
 - (C) the face amount of any bills of exchange (other than cheques) or other instruments upon which any member of the Group is liable as drawer, acceptor or endorser;
 - (D) all actual and contingent liabilities of whatsoever nature of any member of the Group including, without limitation, the maximum premium payable on a redemption of any debenture or other indebtedness of any member of the Group and all actual and contingent liabilities of any other person (including the par value of any shares and the principal amount of any debentures of any person) to the extent that such liabilities, shares or debentures are directly or indirectly guaranteed or secured by or are, directly or indirectly, the subject of an indemnity given by, or with a right of recourse against, any member of the Group;
 - (E) the aggregate of the principal amounts outstanding under all agreements or transactions entered into by any member of the Group for leasing, hire purchase, conditional sale or purchase on deferred terms, or provision of funds in support of obligations of third parties and similar transactions in relation to any property, and any other amounts due to creditors other than current creditors;
 - (F) amounts standing to the credit of any deferred tax account or tax equalisation reserve; and
 - (G) any amount proposed to be distributed to shareholders,

Provided that no liabilities shall be included in a calculation of Consolidated Total Liabilities more than once.

For the avoidance of doubt, for the purposes of these definitions, any Perpetual Securities issued by the Issuer or any other member of the Group which are accounted for as “equity” shall be treated as such (and not as debt).

5. Interest and other Calculations

(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) (d)) from the Interest Commencement Date 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) 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 the 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(s) is/are either shown hereon as Specified Interest Payment Date(s) 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, 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 the Interest Commencement Date and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on 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 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) below.

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 Page ABSI on the monitor of the Bloomberg agency under the caption “ASSOCIATION OF BANKS IN SG – SWAP OFFER AND SIBOR FIXING RATES – RATES AT 11:00AM SINGAPORE TIME” and under the column headed “SGD SIBOR” (or such other replacement page thereof) and as adjusted by the Spread (if any);

- (B) if on any Interest Determination Date, no such rate appears on Page ABSI on the monitor of the Bloomberg agency (or such other replacement page thereof), the Agent Bank will, at or about the Relevant Time on such Interest Determination Date, determine the Rate of Interest for such Interest Period which shall be the rate which appears on the Reuters Screen ABSIRFIX01 Page under the caption “ASSOCIATION OF BANKS IN SINGAPORE – SIBOR AND SWAP OFFER RATES – RATES AT 11:00 AM SINGAPORE TIME” and under the column headed “SGD SIBOR” (or such other replacement page thereof) and as adjusted by the Spread (if any);
 - (C) if no such rate appears on the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page (as defined below) as may be provided hereon) or if the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) 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 (rounded up, if necessary, to the nearest 1/16 per cent.) of such offered quotations and as adjusted by the Spread (if any), as determined by the Agent Bank;
 - (D) 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 (C) above on the basis of the quotations of those Reference Banks providing such quotations; and
 - (E) 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 (rounded up, if necessary, to the nearest 1/16 per cent.) 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 which shall be the Average Swap Rate for such Interest Period (determined by the Agent Bank as being the rate which appears on Page ABSI on the monitor of the Bloomberg agency under the caption “ASSOCIATION OF BANKS IN SG – SWAP OFFER AND SIBOR FIXING RATES – RATES AT 11:00AM SINGAPORE TIME” and under the column headed “SGD SWAP OFFER” (or such other page as may replace Page ABSI 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 appears on Page ABSI on the monitor of the Bloomberg agency (or such other replacement page thereof), the Agent Bank will determine the Rate of Interest for such Interest Period which shall be the Average Swap Rate for such Interest Period (determined by the Agent Bank as being the rate which appears on the Reuters Screen ABSIRFIX01 Page under the caption “ASSOCIATION OF BANKS IN SINGAPORE – SIBOR AND SWAP OFFER RATES – RATES AT 11:00 AM SINGAPORE TIME” and under the column headed “SGD SWAP OFFER” (or such other page as may replace the Reuters Screen ABSIRFIX01 Page 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);
- (C) if on any Interest Determination Date, no such rate appears on the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) or if the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Agent Bank will determine the Average Swap Rate (which shall be rounded up, if necessary, to the nearest 1/16 per cent.) for such Interest Period in accordance with the following formula (or such other formula as may otherwise be specified in the relevant Pricing Supplement):

In the case of Premium:

$$\begin{aligned} \text{Average Swap Rate} &= \frac{365}{360} \times \text{SIBOR} + \frac{(\text{Premium} \times 36500)}{(\text{T} \times \text{Spot Rate})} \\ &+ \frac{(\text{SIBOR} \times \text{Premium})}{(\text{Spot Rate})} \times \frac{365}{360} \end{aligned}$$

In the case of Discount:

$$\begin{aligned} \text{Average Swap Rate} &= \frac{365}{360} \times \text{SIBOR} - \frac{(\text{Discount} \times 36500)}{(\text{T} \times \text{Spot Rate})} \\ &- \frac{(\text{SIBOR} \times \text{Discount})}{(\text{Spot Rate})} \times \frac{365}{360} \end{aligned}$$

where:

SIBOR = the rate which appears on Page ABSI on the monitor of the Bloomberg agency under the caption “ASSOCIATION OF BANKS IN SG – SWAP OFFER AND SIBOR FIXING RATES – RATES AT 11:00AM SINGAPORE TIME” and under the column headed “USD SIBOR” (or such other page as may replace Page ABSI for the purpose of displaying Singapore interbank United States dollar offered rates of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Period concerned;

Spot Rate = the rate being the composite quotation or in the absence of which, the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) (determined by the Agent Bank) of the rates quoted by the Reference Banks and which appear on Page ABSI on the monitor of the Bloomberg agency under the caption “ASSOCIATION OF BANKS IN SG – FX and SGD Swap Points” (or such other page as may replace Page ABSI for the purpose of displaying the spot rates and swap points of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Period concerned;

Premium or Discount = the rate being the composite quotation or in the absence of which, the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) (determined by the Agent Bank) of the rates quoted by the Reference Banks for a period equal to the duration of the Interest Period concerned which appears on Page ABSI on the monitor of the Bloomberg agency under the caption “ASSOCIATION OF BANKS IN SG – FX and SGD Swap Points” (or such other page as may replace Page ABSI for the purpose of displaying the spot rates and swap points of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Period concerned; and

T = the number of days in the Interest Period concerned.

The Rate of Interest for such Interest Period shall be the Average Swap Rate (as determined by the Agent Bank) and as adjusted by the Spread (if any);

- (D) if on any Interest Determination Date, any one of the components for the purposes of calculating the Average Swap Rate under (C) above is not quoted on Page ABSI on the monitor of the Bloomberg agency (or such other replacement page thereof) or if Page ABSI on the monitor of the Bloomberg agency (or such other replacement page thereof) is unavailable for any reason, the Agent Bank will determine the Average Swap Rate (which shall be rounded up, if necessary, to the nearest 1/16 per cent.) for such Interest Period in accordance with the following formula (or such other formula as may otherwise be specified in the relevant Pricing Supplement):

In the case of Premium:

$$\text{Average Swap Rate} = \frac{365}{360} \times \text{SIBOR} + \frac{(\text{Premium} \times 36500)}{(T \times \text{Spot Rate})} + \frac{(\text{SIBOR} \times \text{Premium})}{(\text{Spot Rate})} \times \frac{365}{360}$$

In the case of Discount:

$$\text{Average Swap Rate} = \frac{365}{360} \times \text{SIBOR} - \frac{(\text{Discount} \times 36500)}{(\text{T} \times \text{Spot Rate})} \\ - \frac{(\text{SIBOR} \times \text{Discount})}{(\text{Spot Rate})} \times \frac{365}{360}$$

where:

SIBOR = the rate which appears on the Reuters Screen ABSIRFIX01 Page under the caption “ASSOCIATION OF BANKS IN SINGAPORE – SIBOR AND SWAP OFFER RATES – RATES AT 11:00 AM SINGAPORE TIME” and under the column headed “USD SIBOR” (or such other page as may replace the Reuters Screen ABSIRFIX01 Page for the purpose of displaying Singapore interbank United States dollar offered rates of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Period concerned;

Spot Rate = the rate being the composite quotation or in the absence of which, the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) (determined by the Agent Bank) of the rates quoted by the Reference Banks and which appear on the Reuters Screen ABSIRFIX06 Page under the caption “ASSOCIATION OF BANKS IN SINGAPORE – SGD SPOT AND SWAP OFFER RATES – RATES AT 11:00 AM SINGAPORE TIME” and under the column headed “SPOT” (or such other page as may replace the Reuters Screen ABSIRFIX06 Page for the purpose of displaying the spot rates and swap points of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Period concerned;

Premium or Discount = the rate being the composite quotation or in the absence of which, the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) (determined by the Agent Bank) of the rates quoted by the Reference Banks for a period equal to the duration of the Interest Period concerned which appear on the Reuters Screen ABSIRFIX06-7 Pages under the caption “ASSOCIATION OF BANKS IN SINGAPORE – SGD SPOT AND SWAP OFFER RATES – RATES AT 11:00 AM SINGAPORE TIME” (or such other page as may replace the Reuters Screen ABSIRFIX06-7 Pages for the purpose of displaying the spot rates and swap points of leading reference banks) at or about the Relevant Time on the relevant Interest Determination Date for a period equal to the duration of the Interest Period concerned; and

T = the number of days in the Interest Period concerned.

The Rate of Interest for such Interest Period shall be the Average Swap Rate (as determined by the Agent Bank) and as adjusted by the Spread (if any);

- (E) if on any Interest Determination Date, any one of the components for the purposes of calculating the Average Swap Rate under (D) above is not quoted on the relevant Reuters Screen Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) or the relevant Reuters Screen Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Agent Bank will request the principal Singapore offices of the Reference Banks to provide the Agent Bank with quotations of their Swap Rates for the Interest Period concerned at or about the Relevant Time on that Interest Determination Date and the Rate of Interest for such Interest Period shall be the Average Swap Rate for such Interest Period (which shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the Swap Rates quoted by the Reference Banks to the Agent Bank) and as adjusted by the Spread (if any). The Swap Rate of a Reference Bank means the rate at which that Reference Bank can generate Singapore dollars for the Interest Period concerned in the Singapore interbank market at or about the Relevant Time on the relevant Interest Determination Date and shall be determined in accordance with the following formula (or such other formula as may otherwise be specified in the relevant Pricing Supplement):

In the case of Premium:

$$\begin{aligned} \text{Swap Rate} &= \frac{365}{360} \times \text{SIBOR} + \frac{(\text{Premium} \times 36500)}{(T \times \text{Spot Rate})} \\ &+ \frac{(\text{SIBOR} \times \text{Premium})}{(\text{Spot Rate})} \times \frac{365}{360} \end{aligned}$$

In the case of Discount:

$$\begin{aligned} \text{Swap Rate} &= \frac{365}{360} \times \text{SIBOR} - \frac{(\text{Discount} \times 36500)}{(T \times \text{Spot Rate})} \\ &- \frac{(\text{SIBOR} \times \text{Discount})}{(\text{Spot Rate})} \times \frac{365}{360} \end{aligned}$$

where:

SIBOR = the rate per annum at which United States dollar deposits for a period equal to the duration of the Interest Period concerned are being offered by that Reference Bank to prime banks in the Singapore interbank market at or about the Relevant Time on the relevant Interest Determination Date;

Spot Rate = the rate at which that Reference Bank sells United States dollars spot in exchange for Singapore dollars in the Singapore interbank market at or about the Relevant Time on the relevant Interest Determination Date;

Premium = the premium that would have been paid by that Reference Bank in buying United States dollars forward in exchange for Singapore dollars on the last day of the Interest Period concerned in the Singapore interbank market;

Discount = the discount that would have been received by that Reference Bank in buying United States dollars forward in exchange for Singapore dollars on the last day of the Interest Period concerned in the Singapore interbank market; and

T = the number of days in the Interest Period concerned;

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

(G) 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 equal to the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) 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); 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 (rounded up, if necessary, to the nearest 1/16 per cent.) 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.
 - (iv) For the avoidance of doubt, in the event that the Rate of Interest in relation to any Interest Period is less than zero, the Rate of Interest in relation to such Interest Period shall be equal to zero.

(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 Interest Amount (as defined below) 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 to the Issuing and Paying Agent and the Agent Bank 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:
- (1) 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; and
 - (2) 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) below.

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) above (*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.
- (vi) For the avoidance of doubt, in the event that the Rate of Interest in relation to any Interest Period is less than zero, the Rate of Interest in relation to such Interest Period shall be equal to zero.

(d) **Definitions**

As used in these Conditions:

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

“**business day**” means, in respect of each Note, (i) a day (other than a Saturday or Sunday) on which Euroclear, Clearstream, Luxembourg and the Depository, as applicable, are operating, (ii) a day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for general business in the country of the Issuing and Paying Agent’s specified office and (iii) (if a payment is to be made on that day) (1) (in the case of Notes denominated in Singapore dollars) a day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for general business in Singapore, (2) (in the case of Notes denominated in Euros) a day (other than a Saturday or Sunday) on which the TARGET System is open for settlement in Euros and (3) (in the case of Notes denominated in a currency other than Singapore dollars and Euros) a day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for general business in 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;

“**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;

“**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 by the Agent Bank;

“**Reference Banks**” means the institutions specified as such hereon 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) as may be specified hereon 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) 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 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 Note 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(s) is/are either shown hereon as Specified Interest Payment Date(s) 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 (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.

- (ii) The period beginning on the first day of the Floating Rate Period and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on 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 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

(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. The amount of interest payable per Calculation Amount in respect of any Floating Rate Note, Variable Rate Note or (where applicable) Hybrid 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 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 on 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 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 Notes, the Agent Bank will also cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to Noteholders in accordance with Condition 16 as soon as possible after their determination. 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, 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 (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank or the Agent Bank 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 its duties without a successor having been appointed as aforesaid.

6. Redemption and Purchase

(a) Final Redemption

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)).

(b) Purchase at the Option of 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 (as defined in the Trust Deed), the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any purchase of such Notes.

(c) 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 any Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Variable Rate Note(s) with the Registrar or any other 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 other Transfer Agent (as applicable) within the Noteholders' VRN Purchase Option Period shown on the face hereof. Any Variable Rate Notes or Certificates representing 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 each 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 Notes 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 (together with all unmatured Coupons and unexchanged Talons) with any Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any other 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 other 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 each such Fixed Rate Note, Floating Rate Note or Hybrid 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 Fixed Rate Notes, Floating Rate Notes or Hybrid 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.

(d) Redemption at the 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.

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 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 redemption of such Notes.

(e) Redemption at the Option of Noteholders

(i) 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 any Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any other Transfer Agent at its specified office, together with a duly completed option exercise notice (an "**Exercise Notice**") in the form obtainable from any Paying Agent, the Registrar, any other Transfer Agent or the Issuer (as applicable) within the Noteholders' 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) In the event that (1) the shares of the Issuer cease to be traded on the SGX-ST (as defined in the Trust Deed) or (2) trading in the shares of the Issuer on the SGX-ST is suspended for a continuous period of more than seven days (other than by reason of holiday, statutory or otherwise), the Issuer shall, at the option of the holder of any Note, redeem such Note at its Redemption Amount, together with interest accrued to the date fixed for redemption on any date on which interest is due to be paid on such Notes or, if earlier, the date falling 45 days after the Effective Date. In this Condition 6(e)(ii), "**Effective Date**" means (in the case of (1)) the date of cessation of trading or (in the case of (2)) the business day immediately following the expiry of such continuous period of seven days. The Issuer shall within seven days after the Effective Date, give notice to the Trustee, the Issuing and Paying Agent or, as the case may be, the Registrar and the Noteholders of the occurrence of the event specified in this paragraph (e)(ii) (provided that any failure by the Issuer to give such notice shall not prejudice any Noteholder of such option). 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 any Paying Agent at its specified office or (in the case

of Registered Notes) the Certificate representing such Note(s) with the Registrar or any other Transfer Agent at its specified office, together with a duly completed Exercise Notice in the form obtainable from any Paying Agent, the Registrar, any other Transfer Agent or the Issuer (as applicable) not later than 21 days after the Effective Date. Any Note or Certificate so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

- (iii) If, for any reason, a Change of Shareholding Event occurs, the Issuer will within seven days of such occurrence give notice to the Noteholders of the occurrence of such event (the “**Notice**”) and shall, at the option of the holder of any Note, redeem such Note at its Redemption Amount, together with interest accrued to the date fixed for redemption, on the date falling 60 days from the date of the Notice (or if such date is not a business day, on the next day which is a business day). 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 any Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any other Transfer Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent or the Issuer (as applicable), no later than 30 days from the date of the Notice. Any Note so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

For the purposes of this Condition 6(e)(iii):

- (1) a “**Change of Shareholding Event**” occurs when the aggregate interest, whether direct or deemed (as the term is described in Section 7 of the Companies Act, Chapter 50 of Singapore), of Mr Toh Giap Eng and his Immediate Family Members in the shares of the Issuer falls below 40 per cent. of the issued share capital of the Issuer; and
- (2) “**Immediate Family Members**” means Mr Toh Giap Eng’s father, mother, wife, son(s), daughter(s), siblings and siblings’ spouses, son(s) and daughter(s).

(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 defined in Condition 6(h) below) (together with interest accrued to 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 Condition 6(f), the Issuer shall deliver to the Trustee and the Issuing and Paying Agent a certificate signed by a director or 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 or amendment.

(g) Purchases

The Issuer or any of its related corporations 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 related corporations may be surrendered by the purchaser through the Issuer to the Issuing and Paying Agent for cancellation or may at the option of the Issuer or relevant related corporation 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 sub-paragraph (iii) below, 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 sub-paragraph (ii) above, 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 sub-paragraph 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 Note.

(i) Cancellation

All Notes purchased by or on behalf of the Issuer or any of its related corporations 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 so surrendered for cancellation may not be reissued or resold.

7. Payments

(a) Principal and Interest in respect of Bearer Notes

Payments of principal and interest in respect of 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 any 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.

(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.

(c) Payments subject to law etc.

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 8. 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 Paying Agent, 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 the Issuing and Paying Agent, any other Paying Agent, any Transfer Agent, the Registrar or the Agent Bank and to appoint additional or other Paying Agents or Transfer 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 Registered Notes, having a specified office in Singapore and (iii) a Registrar in relation to Registered Notes, having a specified office in Singapore.

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 Issuing and Paying Agent, the Agent Bank, the Transfer Agent, the Registrar and the Trustee, without the consent of any holder, 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 Issuing and Paying Agent, the Agent Bank, the Transfer Agent, the Registrar and the Trustee may mutually deem necessary or desirable and which does not, in the opinion of the Issuer, the Issuing and Paying Agent, the Agent Bank, the Transfer Agent, the Registrar and the Trustee, adversely affect the interests of the holders.

(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 unexpired 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 a period of five years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to 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 Hybrid Notes, 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 or subject as otherwise provided 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 two 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

All payments in respect of the Notes 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 deduction or withholding is required by law. In such 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:

- (a) 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 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 (including, without limitation, the holder being a resident of, or a permanent establishment in, Singapore); or
- (b) 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.

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 (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within five years from the appropriate Relevant Date in respect of them

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 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 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 become immediately due and payable:

- (a) the Issuer does not pay (i) any principal payable by it under any of the Notes at the place at and in the currency in which it is expressed to be payable when due or (ii) any interest or any other sum payable by it under any of the Notes at the place at and in the currency in which it is expressed to be payable when due and such default continues for three business days after the due date;
- (b) the Issuer does not perform or comply with any one or more of its obligations (other than the payment obligation of the Issuer referred to in paragraph (a)) under any of the Issue Documents (as defined in the Trust Deed) or any of the Notes and, if in the opinion of the Trustee that default is capable of remedy, it is not remedied within 30 days of the earlier of (i) the Trustee giving written notice of the failure to perform or comply to the Issuer and (ii) the Issuer becoming aware of the failure to perform or comply;
- (c) any representation, warranty or statement by the Issuer in any of the Issue Documents or any of the Notes or in any document delivered under any of the Issue 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 circumstances resulting in such non-compliance or incorrectness is capable of remedy, it is not remedied within 30 days of the earlier of (i) the Trustee giving written notice of such non-compliance or incorrectness to the Issuer and (ii) the Issuer becoming aware of such non-compliance or incorrectness;
- (d)
 - (i) any other indebtedness of the Issuer or any of its 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 actual or potential default, event of default or the like (however described) or is not paid when due or, as a result of any actual or potential default, event of default or the like (however described) any facility relating to any such indebtedness is or is declared to be or is capable of being cancelled or terminated before its normal expiry date or any person otherwise entitled to use any such facility is not so entitled; or
 - (ii) the Issuer or any of its subsidiaries fails to pay when properly called upon to do so any guarantee of indebtedness for borrowed moneys;

No Event of Default will occur under paragraphs (d)(i) or (d)(ii) above if the aggregate amount of the indebtedness for borrowed moneys or guarantee of indebtedness for borrowed moneys falling within paragraphs (d)(i) and (d)(ii) above is less than S\$10,000,000 (or its equivalent in any other currency or currencies);

- (e) the Issuer or any of its subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or any material part of (or of a particular type of) its indebtedness, begins negotiations or takes any other step with a view to the deferral, rescheduling or other readjustment of all or any material part of (or of a particular type of) its indebtedness (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement 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 any part of (or of a particular type of) the indebtedness of the Issuer or any of its subsidiaries;
- (f) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or any material part of the property, assets or revenues of the Issuer or any of its Principal Companies;
- (g) any security on or over the whole or any material part of the assets of the Issuer or any of its Principal Companies becomes enforceable or any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person);
- (h) any step is taken by any person with a view to the winding-up of the Issuer or any of its subsidiaries 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 subsidiaries or over the whole or any material part of the assets of the Issuer or any of its subsidiaries (except, in the case of a subsidiary only, a voluntary winding-up of such subsidiary not involving insolvency and such event is not likely to have a material adverse effect on the Issuer);

- (i) the Issuer or any of its Principal Companies ceases or threatens to cease to carry on all or any material part of its business or (other than as permitted by, and in accordance with, the provisions of Clause 16.30 of the Trust Deed) disposes or threatens to dispose of the whole or any material part of its property or assets;
- (j) any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or any material part of the assets of the Issuer or any of its subsidiaries;
- (k) any action, condition or thing (including the obtaining of any necessary consent) at any time required to be taken, fulfilled or done for any of the purposes stated in Clause 15.3 of the Trust Deed 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);
- (l) it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Issue Documents or any of the Notes;
- (m) any of the Issue Documents or any of the Notes ceases for any reason (or is claimed by the Issuer not) to be the 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 of a frivolous or vexatious nature and discharged within 45 days of its commencement) against the Issuer or any of its subsidiaries is current or pending (i) to restrain the exercise of any of the rights and/or the performance or enforcement of or compliance with any of the obligations of the Issuer under any of the Issue Documents or any of the Notes or (ii) which has or could have a material adverse effect on the Issuer;
- (o) any event occurs which, under the law of any relevant jurisdiction, has an analogous or equivalent effect to any of the events mentioned in paragraph (e), (f), (g), (h) or (j); and
- (p) the Issuer or any of its subsidiaries is declared by the Minister of Finance to be a declared company under the provisions of Part IX of the Companies Act, Chapter 50 of Singapore.

In these Conditions:

(1) **“Principal Company”** means:

- (A) (so long as the Issuer has an interest of not less than 20 per cent. in the issued share capital for the time being of Canberra Development Pte Ltd) Canberra Development Pte Ltd; and
- (B) at any particular time, any subsidiary of the Issuer:
 - (aa) whose total assets, as shown by the accounts of such subsidiary (consolidated in the case of a corporation 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 total assets of the Group as shown by such audited consolidated accounts; or

- (bb) whose total revenue, as shown by the accounts of such subsidiary (consolidated in the case of a corporation 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 total revenue of the Group as shown by such audited consolidated accounts; or
- (cc) whose profit before tax, as shown by the accounts of such subsidiary (consolidated in the case of a corporation 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 profit before tax of the Group as shown by such audited consolidated accounts,

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

- (I) 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 Company and the transferee (unless it is the Issuer) shall thereupon become a Principal Company; and
- (II) if a part only of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall remain a Principal Company and the transferee (unless it is the Issuer) shall thereupon become a Principal Company.

Any subsidiary which becomes a Principal Company by virtue of (I) above or which remains or becomes a Principal Company by virtue of (II) above shall continue to be a Principal Company 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 total assets, total revenue or, as the case may be, profit before tax as shown by the accounts of such subsidiary (consolidated in the case of a corporation which itself has subsidiaries), based upon which such audited consolidated accounts have been prepared, to be less than 10 per cent. of the total assets, the total revenue or, as the case may be, the profit before tax of the Group, as shown by such audited consolidated accounts. A report by the Auditors (as defined in the Trust Deed), who shall also be responsible for producing any pro-forma accounts required for the above purposes, that in their opinion a subsidiary is or is not a Principal Company shall, in the absence of manifest error, be conclusive; and

- (2) “**subsidiary**” has the meaning ascribed to it in Section 5 of the Companies Act, Chapter 50 of Singapore.

11. Enforcement of Rights

At any time after an Event of Default has occurred or 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, and to enforce the provisions of the Issue Documents but it shall not be bound to take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by Noteholders holding not less than 25 per cent. in principal amount of the Notes outstanding and (b) it shall have been indemnified and/or secured and/or prefunded 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 shall be continuing.

12. Meeting of Noteholders and Modifications

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.

The Trustee or the Issuer at any time may, and the Trustee upon the request in writing by Noteholders holding not less than one-tenth of the 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, whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution proposed, *inter alia*, (a) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes, (b) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Notes, (c) 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 Interest Amount in respect of the Notes, (d) to vary any method of, or basis for, calculating the Redemption Amount or the Early Redemption Amount including the method of calculating the Amortised Face Amount, (e) to vary the currency or currencies of payment or denomination of the Notes, (f) 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 (g) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, 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.

The Trustee may agree, without the consent of the Noteholders 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, is made to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by the Depository and/or any other clearing system in which the Notes 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 Noteholders. Any such modification, authorisation or waiver 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.

In connection with the exercise of its functions (including but not limited to those in relation to any proposed modification, waiver, authorisation or substitution) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders.

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.

13. Replacement of Notes, Certificates, Coupons and Talons

If a Note, 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 Notes, Coupons or Talons) and of the Registrar (in the case of Certificates), or at the specified office of such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders in accordance with Condition 16, on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, 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) and 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. Indemnification of 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 proceedings to enforce repayment and from taking action to convene meetings unless indemnified and/or secured and/or prefunded to its satisfaction. The Trust Deed also contains a provision entitling the Trustee to enter into business transactions with the Issuer or any of its related corporations without accounting to the Noteholders or Couponholders for any profit resulting from such transactions.

Each Noteholder shall be solely responsible for making and continuing to make its own independent appraisal 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 respect thereof.

16. Notices

Notices to the holders of Registered Notes shall be 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 Sunday) after the date of mailing. Notwithstanding the foregoing, 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 Series of 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.

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.

Until such time as any Definitive Securities (as defined in the Trust Deed) or Certificates are issued, there may, so long as the Global Security(ies) or Global Certificate(s) is or are held in its or their entirety on behalf of Euroclear, Clearstream, Luxembourg and/or the Depository, 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 Depository) the Depository for communication by it to the Noteholders, except that if the Notes 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 first paragraph above. 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 Euroclear, Clearstream, Luxembourg and/or the Depository.

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 relative 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 Euroclear, Clearstream, Luxembourg and/or the Depository in such manner as the Issuing and Paying Agent or, as the case may be, the Registrar and Euroclear, Clearstream, Luxembourg and/or the Depository may approve for this purpose.

Notwithstanding the other provisions of this Condition, in any case where the identity 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

- (a) The Notes, the Coupons and the Talons are governed by, and shall be construed in accordance with, the laws of Singapore.
- (b) The courts of Singapore are to have non-exclusive jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with the Notes, Coupons or Talons may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.

18. Contracts (Rights of Third Parties) Act

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

**Issuing and Paying Agent, Agent Bank,
Transfer Agent and Registrar**

DBS Bank Ltd.
60 Alexandra Terrace
The Comtech #05-27
Singapore 118502

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. 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 (as amended, varied or supplemented from time to time, the “**Trust Deed**”) dated 18 July 2013 made between (1) Heeton Holdings Limited (the “**Issuer**”) and (2) DBS Trustee 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 for the Perpetual Securityholders (as defined below), and (where applicable) the Perpetual Securities are issued with the benefit of a deed of covenant (as amended, varied or supplemented from time to time, the “**Deed of Covenant**”) dated 18 July 2013, relating to the Perpetual Securities 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 Perpetual Securities, Certificates, Coupons and Talons referred to below. The Issuer has entered into an Agency Agreement (as amended, varied or supplemented from time to time, the “**Agency Agreement**”) dated 18 July 2013 made between (1) the Issuer, (2) DBS Bank Ltd., as issuing and paying agent (in such capacity, the “**Issuing and Paying Agent**”) and, together with any other paying agents that may be appointed, the “**Paying Agents**”, (3) DBS Bank Ltd., as agent bank (in such capacity, the “**Agent Bank**”), (4) DBS Bank Ltd., as transfer agent (and, together with any other transfer agents that may be appointed, the “**Transfer Agents**”), (5) DBS Bank Ltd., as registrar (in such capacity, the “**Registrar**”), and (6) the Trustee, as trustee for the Perpetual Securityholders. The Perpetual Securityholders and the holders (the “**Couponholders**”) of the distribution coupons (the “**Coupons**”) relating 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) 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.
- (iii) 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**”) and/or The Central Depository (Pte) Limited (the “**Depository**”), each person who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg and/or the Depository as the holder of a particular principal amount of such Perpetual Securities (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg and/or the Depository 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 for manifest error) shall be treated by the Issuer, the Issuing and Paying Agent, the Paying Agents, the Agent Bank, the Transfer Agents, the Registrar, 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, distribution 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 Issuing and Paying Agent, the Paying Agents, the Agent Bank, the Transfer Agents, the Registrar, 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 shall be construed accordingly). Perpetual Securities which are represented by the Global Security or, as the case may be, the Global Certificate will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg and/or the Depository. 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 the Depository, the record date for the purposes of determining entitlements to any payment of principal, distribution and any other amounts in respect of the Perpetual Security shall, unless otherwise specified by the Issuer, be the date falling five Business Days prior to the relevant payment date (or such other date as may be prescribed by the Depository from time to time).
- (iv) 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 Depository 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 distribution payment and “**Tranche**” means Perpetual Securities which are identical in all respects (including as to listing).

- (v) 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 Condition 2(f) below, one or more Registered Perpetual Securities may be transferred 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. A copy of the current regulations will be made available by the Registrar 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 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, on which banks are open for 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 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 seven 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*, 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**

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*, 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 of and distribution on 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) 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. Distributions 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) the rate shown on the face of such Perpetual Security; and

- (ii) (if a Reset Date is specified in the applicable Pricing Supplement), (1) 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 (2) 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.

Provided always that if Redemption upon a Change of Control is specified hereon and a Change of Control Margin is specified in the applicable Pricing Supplement, in the event that a Change of Control (as defined in Condition 5(h)) has occurred, so long as the Issuer has not already redeemed the Perpetual Securities in accordance with Condition 5(h), the then prevailing Distribution Rate shall be increased by the Change of Control Margin with effect from, and including the Distribution Payment Date immediately following the date on which the Change of Control occurred (or, if the Change of Control occurs on or after the date which is two business days prior to the immediately following Distribution Payment Date, the next following Distribution Payment Date).

For the purpose 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) plus the Change of Control Margin (if applicable); and

“Swap Offer Rate” means the rate per annum (expressed as a percentage) notified by the Agent Bank to the Issuer equal to the rate appearing under the column headed “SGD IRS OFFER” for a maturity of the number of years specified as the Reset Period in the applicable Pricing Supplement which appears on Bloomberg Screen ABSI3 Page published between 11.30 am to 12.00 noon (Singapore time) on the day that is two business days preceding the relevant Reset Date. If such rate does not appear on the Bloomberg Screen ABSI3 Page, the rate for that Reset Date will be any substitute rate announced by the Association of Banks in Singapore, provided that, in each case, in the event such rate is zero or negative, the Swap Offer Rate shall be deemed to be zero per cent. per annum.

(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 or (if a Change of Control has occurred) the applicable Distribution Rate payable in respect of each Perpetual Security. The determination of any rate, 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.

(d) Publication of Relevant Reset Distribution Rate

The Agent Bank will cause the applicable Reset Distribution Rate or (if a Change of Control has occurred) the applicable Distribution Rate to be notified to the Issuing and Paying Agent, the Trustee and the Issuer as soon as possible after its determination but in no event later than the fourth business day thereafter. The Issuer shall cause notice of the then applicable Reset Distribution Rate or (if a Change of Control has occurred) the applicable Distribution Rate to be notified to the Perpetual Securityholders in accordance with Condition 14 as soon as possible after determination thereof. 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, the Issuing and Paying Agent, the other Paying Agents, the Registrar, the Transfer Agent and the Perpetual Securityholders and (except as provided in the Agency Agreement) no liability to any such person will attach to the Agent Bank in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

(e) Determination or Calculation by Trustee

If the Agent Bank does not at any material time determine or calculate the applicable Reset Distribution Rate or (if a Change of Control has occurred) the applicable Distribution Rate, the Trustee shall do so. In doing so, the Trustee shall apply the foregoing 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 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 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, 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 the Distribution Commencement Date and ending on the first Distribution Payment Date and each successive period beginning on a Distribution Payment Date and ending on 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) 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(IV)(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 Page ABSI on the monitor of the Bloomberg agency under the caption "ASSOCIATION OF BANKS IN SG – SWAP OFFER AND SIBOR FIXING RATES – RATES AT 11:00AM SINGAPORE TIME" and under the column headed "SGD SIBOR" (or such other replacement page thereof) and as adjusted by the Spread (if any);
- (B) if on any Distribution Determination Date, no such rate appears on Page ABSI on the monitor of the Bloomberg agency (or such other replacement page thereof), the Agent Bank will, at or about the Relevant Time on such Distribution Determination Date, determine the Rate of Distribution for such Distribution Period which shall be the rate which appears on the Reuters Screen ABSIRFIX01 Page under the caption "ASSOCIATION OF BANKS IN SINGAPORE – SIBOR AND SWAP OFFER RATES – RATES AT 11:00 AM SINGAPORE TIME" and under the column headed "SGD SIBOR" (or such other replacement page thereof) and as adjusted by the Spread (if any);

- (C) if no such rate appears on the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page (as defined below) as may be provided hereon) or if the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) 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 (rounded up, if necessary, to the nearest 1/16 per cent.) of such offered quotations and as adjusted by the Spread (if any), as determined by the Agent Bank;
 - (D) 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 (C) above on the basis of the quotations of those Reference Banks providing such quotations; and
 - (E) 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 (rounded up, if necessary, to the nearest 1/16 per cent.) 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 which shall be the Average Swap Rate for such Distribution Period (determined by the Agent Bank as being the rate which appears on Page ABSI on the monitor of the Bloomberg agency under the caption "ASSOCIATION OF BANKS IN SG – SWAP OFFER AND SIBOR FIXING RATES – RATES AT 11:00AM SINGAPORE TIME" and under the column headed "SGD SWAP OFFER" (or such other page as may replace Page ABSI 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 appears on Page ABSI on the monitor of the Bloomberg agency (or such other replacement page thereof), the Agent Bank will determine the Rate of Distribution for such Distribution Period which shall be the Average Swap Rate for such Distribution Period (determined by the Agent Bank as being the rate which appears on the Reuters Screen ABSIRFIX01 Page under the caption “ASSOCIATION OF BANKS IN SINGAPORE – SIBOR AND SWAP OFFER RATES – RATES AT 11:00 AM SINGAPORE TIME” and under the column headed “SGD SWAP OFFER” (or such other page as may replace the Reuters Screen ABSIRFIX01 Page 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);
- (C) if on any Distribution Determination Date, no such rate appears on the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) or if the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Agent Bank will determine the Average Swap Rate (which shall be rounded up, if necessary, to the nearest 1/16 per cent.) for such Distribution Period in accordance with the following formula (or such other formula as may otherwise be specified in the relevant Pricing Supplement):

In the case of Premium:

$$\begin{aligned} \text{Average Swap Rate} &= \frac{365}{360} \times \text{SIBOR} + \frac{(\text{Premium} \times 36500)}{(\text{T} \times \text{Spot Rate})} \\ &+ \frac{(\text{SIBOR} \times \text{Premium})}{(\text{Spot Rate})} \times \frac{365}{360} \end{aligned}$$

In the case of Discount:

$$\begin{aligned} \text{Average Swap Rate} &= \frac{365}{360} \times \text{SIBOR} - \frac{(\text{Discount} \times 36500)}{(\text{T} \times \text{Spot Rate})} \\ &- \frac{(\text{SIBOR} \times \text{Discount})}{(\text{Spot Rate})} \times \frac{365}{360} \end{aligned}$$

where:

SIBOR = the rate which appears on Page ABSI on the monitor of the Bloomberg agency under the caption “ASSOCIATION OF BANKS IN SG – SWAP OFFER AND SIBOR FIXING RATES – RATES AT 11:00AM SINGAPORE TIME” and under the column headed “USD SIBOR” (or such other page as may replace Page ABSI for the purpose of displaying Singapore interbank United States dollar offered rates of leading reference banks) at or about the Relevant Time on the relevant Distribution Determination Date for a period equal to the duration of the Distribution Period concerned;

Spot Rate = the rate being the composite quotation or in the absence of which, the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) (determined by the Agent Bank) of the rates quoted by the Reference Banks and which appear on Page ABSI on the monitor of the Bloomberg agency under the caption "ASSOCIATION OF BANKS IN SG – FX and SGD Swap Points" (or such other page as may replace Page ABSI for the purpose of displaying the spot rates and swap points of leading reference banks) at or about the Relevant Time on the relevant Distribution Determination Date for a period equal to the duration of the Distribution Period concerned;

Premium or Discount = the rate being the composite quotation or in the absence of which, the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) (determined by the Agent Bank) of the rates quoted by the Reference Banks for a period equal to the duration of the Distribution Period concerned which appears on Page ABSI on the monitor of the Bloomberg agency under the caption "ASSOCIATION OF BANKS IN SG – FX and SGD Swap Points" (or such other page as may replace Page ABSI for the purpose of displaying the spot rates and swap points of leading reference banks) at or about the Relevant Time on the relevant Distribution Determination Date for a period equal to the duration of the Distribution Period concerned; and

T = the number of days in the Distribution Period concerned.

The Rate of Distribution for such Distribution Period shall be the Average Swap Rate (as determined by the Agent Bank) and as adjusted by the Spread (if any);

- (D) if on any Distribution Determination Date, any one of the components for the purposes of calculating the Average Swap Rate under (C) above is not quoted on Page ABSI on the monitor of the Bloomberg agency (or such other replacement page thereof) or if Page ABSI on the monitor of the Bloomberg agency (or such other replacement page thereof) is unavailable for any reason, the Agent Bank will determine the Average Swap Rate (which shall be rounded up, if necessary, to the nearest 1/16 per cent.) for such Distribution Period in accordance with the following formula (or such other formula as may otherwise be specified in the relevant Pricing Supplement):

In the case of Premium:

$$\text{Average Swap Rate} = \frac{365}{360} \times \text{SIBOR} + \frac{(\text{Premium} \times 36500)}{(T \times \text{Spot Rate})} + \frac{(\text{SIBOR} \times \text{Premium})}{(\text{Spot Rate})} \times \frac{365}{360}$$

In the case of Discount:

$$\text{Average Swap Rate} = \frac{365}{360} \times \text{SIBOR} - \frac{(\text{Discount} \times 36500)}{(\text{T} \times \text{Spot Rate})} \\ - \frac{(\text{SIBOR} \times \text{Discount})}{(\text{Spot Rate})} \times \frac{365}{360}$$

where:

SIBOR = the rate which appears on the Reuters Screen ABSIRFIX01 Page under the caption "ASSOCIATION OF BANKS IN SINGAPORE – SIBOR AND SWAP OFFER RATES – RATES AT 11:00 AM SINGAPORE TIME" and under the column headed "USD SIBOR" (or such other page as may replace the Reuters Screen ABSIRFIX01 Page for the purpose of displaying Singapore interbank United States dollar offered rates of leading reference banks) at or about the Relevant Time on the relevant Distribution Determination Date for a period equal to the duration of the Distribution Period concerned;

Spot Rate = the rate being the composite quotation or in the absence of which, the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) (determined by the Agent Bank) of the rates quoted by the Reference Banks and which appear on the Reuters Screen ABSIRFIX06 Page under the caption "ASSOCIATION OF BANKS IN SINGAPORE – SGD SPOT AND SWAP OFFER RATES – RATES AT 11:00 AM SINGAPORE TIME" and under the column headed "SPOT" (or such other page as may replace the Reuters Screen ABSIRFIX06 Page for the purpose of displaying the spot rates and swap points of leading reference banks) at or about the Relevant Time on the relevant Distribution Determination Date for a period equal to the duration of the Distribution Period concerned;

Premium or Discount = the rate being the composite quotation or in the absence of which, the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) (determined by the Agent Bank) of the rates quoted by the Reference Banks for a period equal to the duration of the Distribution Period concerned which appear on the Reuters Screen ABSIRFIX06-7 Pages under the caption "ASSOCIATION OF BANKS IN SINGAPORE – SGD SPOT AND SWAP OFFER RATES – RATES AT 11:00 AM SINGAPORE TIME" (or such other page as may replace the Reuters Screen ABSIRFIX06-7 Pages for the purpose of displaying the spot rates and swap points of leading reference banks) at or about the Relevant Time on the relevant Distribution Determination Date for a period equal to the duration of the Distribution Period concerned; and

T = the number of days in the Distribution Period concerned.

The Rate of Distribution for such Distribution Period shall be the Average Swap Rate (as determined by the Agent Bank) and as adjusted by the Spread (if any);

- (E) if on any Distribution Determination Date, any one of the components for the purposes of calculating the Average Swap Rate under (D) above is not quoted on the relevant Reuters Screen Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) or the relevant Reuters Screen Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Agent Bank will request the principal Singapore offices of the Reference Banks to provide the Agent Bank with quotations of their Swap Rates for the Distribution Period concerned at or about the Relevant Time on that Distribution Determination Date and the Rate of Distribution for such Distribution Period shall be the Average Swap Rate for such Distribution Period (which shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the Swap Rates quoted by the Reference Banks to the Agent Bank and as adjusted by the Spread (if any). The Swap Rate of a Reference Bank means the rate at which that Reference Bank can generate Singapore dollars for the Distribution Period concerned in the Singapore interbank market at or about the Relevant Time on the relevant Distribution Determination Date and shall be determined as follows (or such other formula as may otherwise be specified in the relevant Pricing Supplement):

In the case of Premium:

$$\begin{aligned} \text{Swap Rate} &= \frac{365}{360} \times \text{SIBOR} + \frac{(\text{Premium} \times 36500)}{(T \times \text{Spot Rate})} \\ &+ \frac{(\text{SIBOR} \times \text{Premium})}{(\text{Spot Rate})} \times \frac{365}{360} \end{aligned}$$

In the case of Discount:

$$\begin{aligned} \text{Swap Rate} &= \frac{365}{360} \times \text{SIBOR} - \frac{(\text{Discount} \times 36500)}{(T \times \text{Spot Rate})} \\ &- \frac{(\text{SIBOR} \times \text{Discount})}{(\text{Spot Rate})} \times \frac{365}{360} \end{aligned}$$

where:

SIBOR = the rate per annum at which United States dollar deposits for a period equal to the duration of the Distribution Period concerned are being offered by that Reference Bank to prime banks in the Singapore interbank market at or about the Relevant Time on the relevant Distribution Determination Date;

Spot Rate = the rate at which that Reference Bank sells United States dollars spot in exchange for Singapore dollars in the Singapore interbank market at or about the Relevant Time on the relevant Distribution Determination Date;

Premium = the premium that would have been paid by that Reference Bank in buying United States dollars forward in exchange for Singapore dollars on the last day of the Distribution Period concerned in the Singapore interbank market;

Discount = the discount that would have been received by that Reference Bank in buying United States dollars forward in exchange for Singapore dollars on the last day of the Distribution Period concerned in the Singapore interbank market; and

T = the number of days in the Distribution Period concerned;

(F) if on any Distribution Determination Date, two but not all the Reference Banks provide the Agent Bank with quotations of their Swap Rate(s), the Average Swap Rate for the relevant Distribution Period shall be determined in accordance with (E) above on the basis of the quotations of those Reference Banks providing such quotations; and

(G) 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 equal to the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) 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); and

(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 (rounded up, if necessary, to the nearest 1/16 per cent.) 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, in respect of each Perpetual Security, (i) a day (other than a Saturday or Sunday) on which Euroclear, Clearstream, Luxembourg and the Depository, as applicable, are operating, (ii) a day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for general business in the country of the Issuing and Paying Agent’s specified office and (iii) (if a payment is to be made on that day) (1) (in the case of Perpetual Securities denominated in Singapore dollars) a day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for general business in Singapore, (2) (in the case of Perpetual Securities denominated in Euros) a day (other than a Saturday or Sunday) on which the TARGET System is open for settlement in Euros and (3) (in the case of Perpetual Securities denominated in a currency other than Singapore dollars and Euros) a day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for general business in 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;

“**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 hereon 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) as may be specified hereon 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 on 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, 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, 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 (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank or the Agent Bank is unable or unwilling 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 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 15 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 discretionary dividend, distribution or other payment has been declared or paid on or in respect of any of its Junior Obligations or, in relation to Subordinated Perpetual Securities only, (except on a *pro rata* basis) any of its 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 its Parity Obligations has been redeemed, reduced cancelled, bought back or acquired for any consideration,

(each, 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.

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 director or a duly authorised officer of the Issuer confirming that no Compulsory Distribution Payment Event has occurred. Any such certificate shall be conclusive evidence that no Compulsory Distribution Payment Event has occurred 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) Restrictions in the case of Non-Payment

If Dividend Stopper is set out hereon and on any Distribution Payment Date, payments of all distribution 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 its Junior Obligations or, in relation to Subordinated Perpetual Securities only, (except on a *pro rata* basis) any of its 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 its Junior Obligations or, in relation to Subordinated Perpetual Securities only, (except on a *pro rata* basis) any of its Parity Obligations,

in each case unless and until (1) (if Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) the Issuer has satisfied in full all outstanding Arrears of Distribution, (2) (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 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 (3) 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.

(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 20 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:
 - (a) the date of redemption of the Perpetual Securities in accordance with the redemption events set out in Condition 5 (as applicable);
 - (b) the next Distribution Payment Date on the occurrence of a breach of Condition 4(IV)(d) or the occurrence of a Compulsory Distribution Payment Event; and
 - (c) 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 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 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.

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 agreed between the Issuer and the Trustee, 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 Arrears of Distribution and any Additional Distribution Amount) accrued to 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 7, 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 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 Trustee and the Issuing and Paying Agent a certificate signed by a director or 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 or amendment.

(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 Arrears of Distribution and any Additional Distribution Amount) accrued to the date fixed for redemption) if, on such Distribution Payment Date or any time 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 and the Issuing and Paying Agent:

- (i) a certificate, signed by a director or a duly authorised officer 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 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 (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including Arrears of Distribution and any Additional Distribution Amount) accrued to the date fixed for redemption), if the Issuer satisfies the Trustee immediately before giving such notice that, as a result of:

- (i) 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;
- (ii) 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
- (iii) 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 which is announced before the Issue Date,

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 and the Issuing and Paying Agent:

- (i) a certificate, signed by a director or a duly authorised officer 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 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 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 Arrears of Distribution and any Additional Distribution Amount) accrued to 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 expiry of any such notice as is referred to in this Condition 5(f), the Issuer shall be bound to redeem all the Perpetual Securities in accordance with this Condition 5(f).

(g) Purchases

The Issuer or any of its related corporations 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 related corporations may be surrendered by the purchaser through the Issuer to, in the case of Bearer Securities, the Issuing and Paying Agent and, in the case of Registered Securities, the Registrar for cancellation or may at the option of the Issuer or relevant related corporation 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) Redemption upon a Change of Control

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 Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption), following the occurrence of a Change of Control (as defined in the applicable Pricing Supplement).

(i) Cancellation

All Perpetual Securities purchased by or on behalf of the Issuer or any of its related corporations 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 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 any 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.

(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.

(c) Payments subject to law etc.

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 7. 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 Paying Agent, 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 the Issuing and Paying Agent, any other Paying Agent, any Transfer Agent, the Registrar or the Agent Bank and to appoint additional or other Paying Agents or Transfer 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 Registered Perpetual Securities, having a specified office in Singapore and (iii) a Registrar in relation to Registered Perpetual Securities, having a specified office in Singapore.

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 Issuing and Paying Agent, the Agent Bank, the Transfer Agent, the Registrar and the Trustee, without the consent of any holder, 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 Issuing and Paying Agent, the Agent Bank, the Transfer Agent, the Registrar and the Trustee may mutually deem necessary or desirable and which does not, in the opinion of the Issuer, the Issuing and Paying Agent, the Agent Bank, the Transfer Agent, the Registrar and the Trustee, adversely affect the interests of the holders.

(e) Unmatured Coupons and unexchanged Talons

- (i) Bearer Perpetual Securities which comprise Fixed Rate Perpetual Securities should be surrendered for payment together with all unexpired Coupons (if any) relating to such Perpetual Securities, failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired 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 five 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, unexpired 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

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 deduction or withholding 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:

- (a) 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 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 (including, without limitation, the holder being a resident of, or a permanent establishment in, Singapore); or
- (b) 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.

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 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 five years from the appropriate Relevant Date in respect of them.

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 where payment has become due. 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 bankruptcy, winding-up, liquidation, receivership or similar proceedings of the Issuer or (ii) the Issuer shall not make payment in respect of the Perpetual Securities for a period of three business days or more after the date on which such payment is due (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), the Trustee may 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 (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)) and 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 and/or prefunded 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, 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

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.

The Trustee or the Issuer at any time may, and the Trustee upon the request in writing by Perpetual Securityholders holding not less than one-tenth of the 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, whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution proposed, *inter alia*, (a) to amend the dates of redemption of the Perpetual Securities or any date for payment of distribution or Distribution Amounts on the Perpetual Securities, (b) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Perpetual Securities, (c) 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, (d) to vary any method of, or basis for, calculating the Redemption Amount, (e) to vary the currency or currencies of payment or denomination of the Perpetual Securities, (f) 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 (g) 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.

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, is made 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 the Depository 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.

In connection with the exercise of its functions (including but not limited to those in relation to any proposed modification, waiver, authorisation or substitution) the Trustee shall have regard to the interests of the Perpetual Securityholders as a class and shall not have regard to the consequences of such exercise for individual Perpetual Securityholders or Couponholders.

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 Transfer Agent, as the case may be, 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, 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. Indemnification of 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 proceedings to enforce repayment and from taking action to convene meetings unless indemnified and/or secured and/or prefunded to its satisfaction. The Trust Deed also contains a provision entitling the Trustee to enter into business transactions with the Issuer or any of its related corporations without accounting to the Perpetual Securityholders or Couponholders for any profit resulting from such transactions.

Each Perpetual Securityholder shall be solely responsible for making and continuing to make its own independent appraisal 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 respect thereof.

14. Notices

Notices to the holders of Registered Perpetual Securities shall be 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 Sunday) after the date of mailing. Notwithstanding the foregoing, 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.

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.

Until such time as any Definitive Securities (as defined in the Trust Deed) or Certificates are issued, there may, so long as the Global Security(ies) or Global Certificate(s) is or are held in its or their entirety on behalf of Euroclear, Clearstream, Luxembourg and/or the Depository, 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 Depository) the Depository for communication by it to the Perpetual Securityholders, except that if the Perpetual Securities are listed on the 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 above. 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 Depository.

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 relative 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 Depository in such manner as the Issuing and Paying Agent or, as the case may be, the Registrar and Euroclear, Clearstream, Luxembourg and/or the Depository may approve for this purpose.

Notwithstanding the other provisions of this Condition, in any case where the identity 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

- (a) The Perpetual Securities, the Coupons and the Talons are governed by, and shall be construed in accordance with, the laws of Singapore.
- (b) The courts of Singapore are to have non-exclusive jurisdiction to settle any disputes that may arise out of or in connection with any Perpetual Securities, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with the Perpetual Securities, Coupons or Talons may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.

16. Contracts (Rights of Third Parties) Act

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

**Issuing and Paying Agent, Agent Bank,
Transfer Agent and Registrar**

DBS Bank Ltd.
60 Alexandra Terrace
The Comtech #05-27
Singapore 118502

THE ISSUER

1. HISTORY AND OVERVIEW

1.1 History

The Issuer was incorporated in Singapore on 7 July 1976 as a private limited company under the name of Heeton Development Private Limited. On 26 December 2002, the Issuer was converted into a public company and effected a name change to Heeton Holdings Limited.

Pursuant to a restructuring exercise in December 2002 undertaken in connection with the initial public offering of the Issuer, the Issuer became the holding company of the Group. On 8 September 2003, the shares in the capital of the Issuer were admitted to the Official List of the SGX Sesdaq (now known as the Catalist Board of the SGX-ST), and on 31 August 2007, the Issuer was upgraded to the SGX-ST Main Board.

The Group's business consists of property development, property investment, property management, hospitality and other related corporate activities. As at the Latest Practicable Date, the Issuer has a total market capitalisation of approximately S\$147.95 million. The Issuer's net asset value as at 31 March 2016 is approximately S\$342.66 million.

1.2 Overview

The Group is primarily involved in the business of property development and property investment in Singapore. It first entered the property development business in 1968 under the stewardship of its founder and non-executive Chairman, Toh Khai Cheng, as a developer of small residential properties. In the 1980s, it took on residential developments of a larger scale and ventured into mixed developments, thus establishing its presence in the property development industry. Over the years, it has also extended its business presence to Thailand, Australia, Vietnam, Malaysia, Japan and the UK.

The Group has a niche in developing distinctive and high quality residential properties in choice locations. To date, the Group had completed about 36 projects both locally and overseas.

Other than independent developments, the Group has formed strong partnerships with other established property developers to develop properties locally and regionally. Such properties include NEWest at West Coast Way, KAP and KAP Residences at King Albert Park, High Park Residences at Fernvale Road in Sengkang and Westwood Residences, an executive condominium development.

In 2012, the Group ventured into the UK market with its maiden residential development projects in London, namely, The Britton and Earlington, which were well-received during their respective launches.

Besides developing properties, the Group has also steadily acquired a portfolio of investment properties in the various segments of the property markets, including the residential, commercial and retail markets. The strength in the Group's property development activities is supported by a stable portfolio of investment properties such as Tampines Mart, The Woodgrove, Sun Plaza, as well as Adam House, a serviced office building in London.

In 2011, the Group ventured into the hospitality sector via a significant stake in Mercure Hotel Pattaya, located in the popular tourist destination of Pattaya, Thailand. The Group's hospitality segment has expanded since, and its current portfolio includes Hotel ibis Styles London Kensington in Earls Court, ibis Budget Bradford, ibis Hotel Gloucester and Holiday Inn Express Hotel Manchester in the UK, as well as Hotel Baraquada Pattaya, MGallery Collection in Pattaya, Thailand.

The Group had acquired two new hotel properties in the UK during FY2015 – a 86-keys hotel, ibis Budget Bradford in Bradford City and a property at 28-36 Glenthorne Road, London, currently under construction into a proposed 85-keys hotel. Subsequent to the end of FY2015, the Group has further expanded its hospitality portfolio with the acquisition of two more operating hotels, ibis Hotel Gloucester and Holiday Inn Express Hotel Manchester, both in the UK. This brings the total number of operating hotels under the Group to six, including the other three hospitality assets being Hotel ibis Styles London Kensington in Earls Court, Mercure Hotel Pattaya and Hotel Baraquada Pattaya, MGallery Collection, in Pattaya, Thailand.

Separately, the Group, in its maiden foray into the Japanese market has, through its joint venture with KSH Holdings Limited and Shikizakura Limited, purchased a freehold property in Sapporo City, Hokkaido, Japan, consisting of a 15-storey hotel with 164 bedrooms and another 14-storey building that comprises of 66 residential and four retail units.

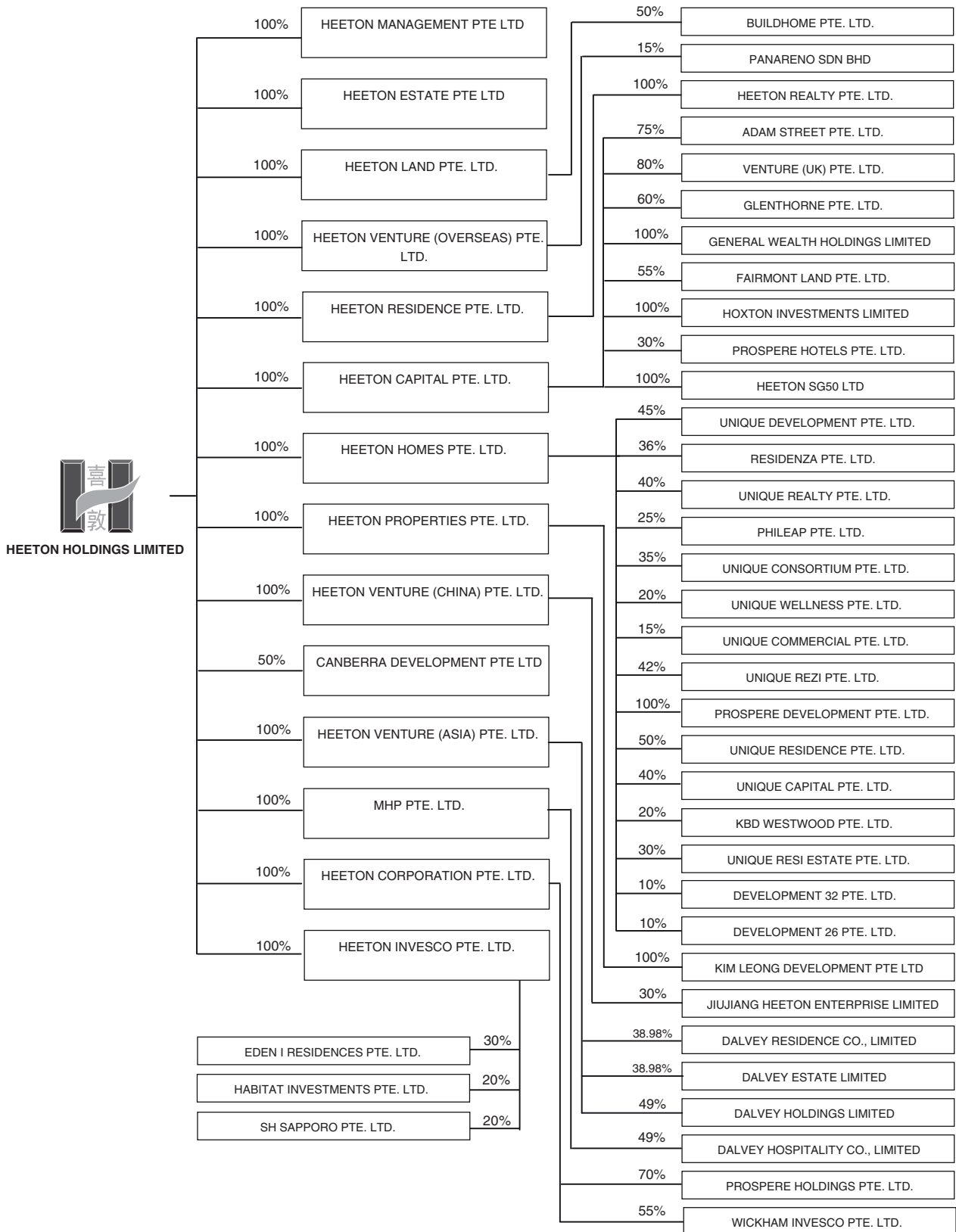
In relation to its property management business, the Group generally manages its investment properties, such as Tampines Mart, The Woodgrove and Sun Plaza. In connection with its management of the properties, the Group also undertakes to organise promotional and marketing activities for them. The Group also manages the operations of the four existing hotels in UK and plans to manage the proposed hotel at Glenthorne Road, Hammersmith, London when it is completed.

A major milestone was achieved when the Group announced its new leadership structure on 28 December 2015. To break away from the limitations of a family-led outfit, the founders of the Group had undertaken the major decision to further professionalise its leadership and management team by appointing the Group's first non-family CEO, Mr Teng Heng Chew. This will strengthen the Group's management capabilities in order to tackle current challenges and achieve future sustainable growth. Mr Teng Heng Chew has strong experience in the property and hospitality industry and had held several top executive roles in Straits Trading Company Limited prior to joining the Group.

Going forward, the Group intends to maintain a strategic balance between its staple property investment and hospitality properties portfolios which contribute stable recurring income, and its property development business in which the main expertise of the Group lies. Without any imminent sign of relaxation of the cooling measures imposed in relation to the Singapore property market, the Group had managed a prudent approach in its business decisions in FY2015 whilst watching market sentiment closely for an opportune time to launch new projects in the pipeline. Nonetheless, the Group will continue to remain prudent in its evaluation of business opportunities, taking into consideration the impact of several rounds of property cooling measures which have been promulgated by the Singapore government so far, the possibility of more such measures which may continue to affect the local property market, as well as the wider local and global economic situation today.

2. GROUP STRUCTURE

The Group structure as at the Latest Practicable Date is set out as follows:



3. BUSINESS

As at the Latest Practicable Date, the primary businesses of the Group are property development, property investment and hospitality. In addition, the Group also engages in property management as its non-core business.

The Group's revenue from its various business segments for FY2015, FY2014 and FY2013 are as follows:

	FY2015		FY2014		FY2013	
	Revenue (S\$'000)	%	Revenue (S\$'000)	%	Revenue (S\$'000)	%
Property development	13,417	39.12	24,112	66.39	3,373	22.39
Property investment	13,463	39.26	11,219	30.89	11,634	77.23
Hospitality	5,826	16.99	943	2.60	–	–
Corporate/Others	1,588	4.63	44	0.12	58	0.38

3.1 Property Development

The Group's property development business is focused on and committed towards the development of distinctive and high quality residential properties in Singapore's choice districts and overseas, where the Group has experienced considerable success in Kuala Lumpur (Malaysia), Bangkok (Thailand) and London (UK).

The Group's property development business generally includes identifying viable and suitable opportunities for investment and sourcing for potential land use rights for acquisition and development. Before acquiring or bidding for any land, the Group would carry out feasibility studies to evaluate the viability, profitability, and potential risk in the proposed development project. In addition, the Group would consider the necessary approvals required from the relevant authorities, the amount of financing required as well as relevant macroeconomic factors. In order to spread the risks normally associated with bigger projects, the Group may work with joint venture partners to develop bigger projects. In these cases, the Group would ensure that the joint venture arrangement addresses the Group's concerns relating to its level of involvement, influence, required funding and the level of inherent project risks.

Recognising the need for diversity in its property development portfolio given the volatility of the luxury residential property market, the Group has branched out into other types of real estate developments including non-luxurious residential properties, retail developments, and mixed developments.

3.1.1 Property Development Business in Singapore

The Group has established itself as a niche player in the property development market in Singapore, with a development portfolio of apartments, condominiums, terrace houses, semi-detached houses, bungalows, shopping centres and an office building in Singapore.

In May 2015, together with Koh Brothers Group Limited, the Group launched Singapore's first bike-themed executive condominium development, Westwood Residences, in Jurong West, Singapore. The 480-units 99-year leasehold project is the second executive condominium to be launched in Jurong after 18 years. The Group also launched another private condominium development project, High Park Residences, with Chip Eng Seng Corporation Ltd and KSH Holdings Limited in July 2015. While sales performances for the projects were expected to be modest in the current circumstances, High Park Residences' take up rate performed beyond expectations and was a huge success with 95.8% of units sold as at 31 March 2016.

Some of the joint venture partners of the Group include Koh Brothers Group Limited, Oxley Holdings Limited, TEE Land Limited, KSH Holdings Limited, Lian Beng Group Ltd, Chip Eng Seng Corporation Ltd and Zap Piling Pte Ltd. Examples of notable property development projects developed pursuant to these joint ventures include, Sun Plaza, Lincoln Suites, Sky Green, Rezi 26, Trio and the recently launched High Park Residences and Westwood Residences.

As at the Latest Practicable Date, the Group has several property development projects in the process of development. These include Floraville, Floravista & Floraview, Rezi 3Two, Trio, Onze@Tanjong Pagar, 121 Collection on Whitley, Westwood Residences and High Park Residences.

Although there is an increasing number of property developers in the local market, the Group believes that the outlook in the demand for residential and non-residential properties in Singapore remains positive. The Group is constantly seeking to identify and explore new opportunities in the property development market as well as to participate in more property development projects to build up its presence in the property development industry.

3.1.2 Property Development Business in Thailand

As part of the Group's expansion strategy, the Group has leveraged on the knowledge and expertise of the locals in Thailand by entering into joint ventures with the Group's Thai partners to undertake property development projects in Thailand.

The Group's property development business in Thailand is being undertaken by the Group's associated companies incorporated in Thailand. The Group made its first foray into the Thai property development industry in 2005 when it incorporated Heeton Venture (Asia) Pte. Ltd. to participate in the development of DLV20 in Bangkok.

The Group's property development business in Thailand is primarily focused on the development of residences and its property portfolio includes condominiums and service apartments located in the prime districts of Bangkok. Over the years, the Group has established its presence in the Thai property development sector, having been involved in the development of notable property developments such as Click Denim, Click Condo and DLV20 in Bangkok. Click Condo and DLV20 were both well-received, with both developments being completely sold out. Click Denim has since been sold in 2015.

The Group has completed the development of Haus²³ in May 2014. It is located in the Chatuchak District of the Bangkok Metropolis, close to the Ladprao Station of Bangkok's mass rapid transit system which makes it accessible to the central business district. The property consists of 236 units of residential condominium and as at 31 March 2016, 75.8% of the development has been sold.

The Directors believe that the outlook of the property development industry in Thailand remains resilient and the Group remains on the lookout for further development opportunities in Thailand.

3.1.3 Property Development Business in UK

The Group has also expanded its property development business into UK with the launch of The Britton in May 2012, its maiden development in London, which comprises of 15 exclusive apartments located in the heart of London. As at 31 March 2016, all apartment units in The Britton have been sold.

Having received a positive response for its first property development launch in London, the Group commenced the development of its next project in London, Earlington, which comprises 15 exclusive apartments located to the West of Warwick Road. This development is just a few minutes' walk from Earl's Court underground station, and thus provides convenient access to Heathrow Airport, the West End and to the city. As at 31 March 2016, all units in Earlington have been sold.

In July 2015, the Group led a consortium comprising of KSH Holdings Limited, Lian Beng Group Ltd and Ryobi Kiso Holdings Ltd to acquire a strategic panel of land in Leeds, the UK. The prime location of the site will allow the consortium to benefit from the ongoing urban regeneration plan in the city, which is backed by the local government and has attracted several prominent developments in recent years. The Group foresees potential in the mixed-use development site.

The Group believes that the outlook of the property industry in UK remains positive and the Group remains on the lookout for further development opportunities in UK.

3.1.4 Property Development Business in Malaysia

In partnership with The Lion Group, American International Group Investments, and Koh Maju, the Group launched its first Malaysian property development, Twins, in Kuala Lumpur in 2007, under the joint venture company, Panareno Sdn Bhd. Twins is located at one of Malaysia's most sought after residential enclaves, Damansara Heights, fronting Jalan Damanlela and adjacent to Jalan Johar. It also enjoys easy accessibility to major and commercial shopping areas and the SPRINT Highway, one of the busiest expressways in Malaysia. This development offers 318 units of luxury residential suits built on two 36-storey blocks with 159 units in each block and was completed in 2011. As at 31 March 2016, 97.5% of the development has been sold.

The Directors believe that the outlook of the property industry in Malaysia remains positive and the Group remains on the lookout for potential development opportunities in Malaysia.

3.1.5 Property Development in Australia

The Group's development in Australia, 188 W Residences, is situated at 186 Wickham Street in Fortitude Valley, which is one kilometre from Brisbane's Central Business District, approximately 150 metres from the Brunswick Central railway station, and 50 metres from the "heart" of Fortitude Valley – i.e. the Chinatown and Brunswick Street Malls. The Group has a 18.15% stake in this development.

The Group is currently reviewing the development for the proposed residential development site with an estimated gross floor area of approximately 28,000 square feet.

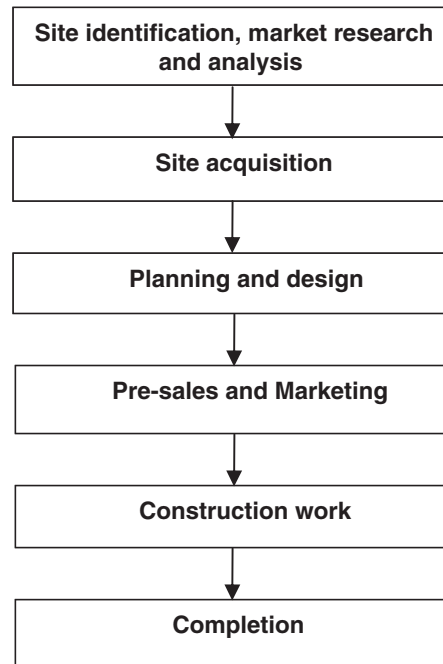
The other development by the Group, 29 Ranwell Lane, is situated at 29 Ranwell Lane in Fortitude Valley, which is adjacent to the residential site at 186 Wickham Street. The Group's stake in this development stands at 70%.

Both developments in Australia boast close proximity to the Brisbane's Central Business District, and such convenience will boost its attractiveness and marketability.

The Directors believe that the outlook of the property industry in Australia remains positive and the Group remains on the lookout for potential development opportunities in Australia.

3.1.6 Development Process

The diagram below summarises the stages and elements of the Group's property development process:-



(a) Site Identification, Market Research and Analysis

The Group's market research team would regularly scout for private and state-owned lands which have potential for development. Before acquiring or bidding for any land, the Group would carry out feasibility studies to evaluate the viability, profitability and potential risks in the proposed development project. The Group would also consider the necessary approvals required from the relevant authorities, the amount of financing required as well as macro-economic factors. In order to spread the risks normally associated with property development, the Group may also enter into joint venture arrangements and ensure that the joint venture agreement adequately addresses the Group's concerns relating to its level of involvement, influence, required funding and the level of inherent project risks.

(b) Site Acquisition

Upon satisfactory results of a site assessment, the Group will then proceed to bid for or offer to acquire the available site based on a pre-determined price range to ensure the profitability of acquiring the site for property development.

(c) Planning and Design

After acquiring the site, the Group's management will proceed to engage a team of professional consultants, including architects, interior designers, registered surveyors, mechanical and electrical engineers, and civil and structural engineers. In selecting these firms, the Group considers their pricing, qualifications, reliability, quality of work, reputation, size and portfolio. These professional consultants formulate the design of the site make-up, architecture and interior design, and specifications of the development such as the number of units to be built, floor area of the units and materials to be used. Approvals, licences and building plan clearances necessary for the sale and construction of the project will also be obtained at this stage.

The design contractors will develop a detailed concept plan and provide the architectural, structural and construction design and drawings. The development team constantly monitors the progress and quality of the design teams to ensure they meet its required standards. In general, the Group will choose the design for a particular property development according to the architectural design which meets its conceptual requirements and which would be the most marketable.

The Group also manages all the property projects it initiates by providing detailed budgeting, costing and planning as part of its project management.

(d) Pre-sales and Marketing

The Group markets its completed development projects through marketing agents it engages. In line with its marketing strategy, the Group generally sells the property in advance of its construction completion. The Group also conducts the sales and administers the collection of progress payments from the purchasers as part of its property management services.

Based on the approved design and building plan for the proposed development, showrooms will be built by professional contractors in preparation for the project launch. The Group's management will be responsible for formulating the marketing strategy for the project, while external consultants will be engaged to execute the necessary marketing and sales activities, including media advertising, design, production and distribution of promotional materials. Sales and marketing agents will be engaged to handle sales of the development through exhibitions at the Group's showrooms during project launches and other channels.

(e) Construction Work

Prior to commencement of construction, a main contractor will be selected and appointed, based on factors such as its licensed qualifications, financial status, reliability, track record, ability to commit to the project timeline, and quality of workmanship and finishing. Main contractors are typically selected through an invitation tender process. Once a main contractor is appointed, the construction work will commence. The Group usually contracts its construction work to experienced and qualified construction companies.

The Group's contractors are also subject to its internal quality control procedures, including examination of materials and supplies, on-site inspection and production of progress reports. The Group's management and project team will manage and supervise the progress of each construction stage of the project closely, with the assistance of architects and other professional consultants the Group engages, to ensure that building standards are met and the project will be completed within the set budget and scheduled timeline. Construction progress payments are then made following certification by a quantity surveyor based on the amount of work completed as per the construction contracts. In the event of delay in construction, damages payable by the contractor would be offset against payments due to them. For unsatisfactory quality of workmanship, the contractors are required to carry out the requisite rectification works.

(f) Completion

Once construction works are completed, an application will be submitted to the Building and Construction Authority for the TOP to be issued in respect of the development. Upon issuance of the TOP, the Group will arrange for purchasers to take possession of the individual units as soon as practicable.

Sale and purchase would usually include a defects liability period, typically 12 months from the date the purchasers receive the notice of vacant possession in respect of the premises, during which the Group will be responsible for making good any defects within the Group's scope of work in the premises.

3.1.7 Land Bank

The Group replenishes its land bank by acquiring land through public tenders conducted by government agencies such as the Urban Redevelopment Authority and the Housing and Development Board, as well as land sale by private owners.

The Group takes a cautious stand towards land banking and adopts the policy of a diversified land bank consisting of both leasehold and freehold lands. In selecting land for acquisition, factors taken into consideration include the location, proximity to amenities and the surrounding area of the land. In addition, the Group estimates the holding period and holding cost required as the profitability of any property development project is dependent on the financing cost of purchase of the land. To minimise risk, the Group may team up with other property companies to jointly bid for land for development purposes.

Please refer to the tables at Sections 3.1.8(e) and (f) below for a breakdown, by geographical areas and proposed development, of the total land bank held by the Group as at 31 March 2016.

3.1.8 Details of Property Developments

The Group's portfolio of development properties includes apartments, condominiums, semi-detached houses, bungalows, commercial and retail units as well as an office building in Singapore, Malaysia, Thailand, Australia and London, some of which are joint developments through partnerships with established property developers. To date, the Group has been involved in the development of approximately 50 development projects.

The tables below summarise the details of the Group's (within and outside Singapore) (i) recently completed property developments in the past six years, (ii) properties under development, (iii) land bank, and (iii) hotels and investment properties.

(a) Recently Completed Property Developments (in Singapore) in the past six (6) years as at 31 March 2016

Name of development	Location / Type of development	Tenure	Approximate total Gross Floor Area (sq m)	Residential Units	Shop Units	% sold as at 31 March 2016	Group's stake (%)	Launch Date	Completion Date
The Lumos	No. 9 Leonie Hill / Residential	Freehold	9,953	53	N/A	32.1 (approximately 50% leased out)	50	July 2007	August 2011
Juluca	380 Pasir Panjang Road / Residential	Freehold	3,318	17	N/A	100	100	October 2007	September 2010
Lincoln Suites	1/3 Kiang Guan Avenue, Off Newton Road / Residential	Freehold	15,603	175	N/A	94.9	25	October 2009	April 2014
The Boutiq	145 Killiney Road / Residential	Freehold	10,397	130	N/A	94.6	45	April 2011	October 2014
iLiv@Grange	74 Grange Road / Residential	Freehold	4,362	30	N/A	- (approximately 60% leased out)	100	Expression of interest in April 2015 (lapsed)	October 2013
Rezi 26	5, 5A and 5B Lorong 26 Geylang Road / Residential	Freehold	6,925	106	N/A	100	10	October 2011	September 2015
Palacio	Lorong M Telok Kurau Road / Residential	Freehold	4,152	21	N/A	100	36	August 2012	December 2015
Sky Green	568 & 570 Macpherson Road / Residential	Freehold	13,907	176	N/A	97.7	40	October 2012	November 2015

(b) Recently Completed Property Developments in Thailand in the past six (6) years as at 31 March 2016

Name of development	Location / Type of development	Tenure	Approximate total Gross Floor Area (sq m)	Residential Units	Shop Units	% sold as at 31 March 2016	Group's stake (%)	Launch Date	Completion Date
Haus23	Ladprao 23 Road, Ladyarw (Bangsae-nuar) Bangkok Residential / Thailand / Residential	Freehold	17,214	236	N/A	75.8	48.99	September 2011	May 2014

(c) Recently Completed Property Developments in UK in the past six (6) years as at 31 March 2016

Name of development	Location / Type of development	Tenure	Approximate total Gross Floor Area (sq m)	Residential Units	Shop Units	% sold as at 31 March 2016	Group's stake (%)	Launch Date	Completion Date
Earlington	30-31 Philbeach Gardens, London, UK / Residential	Freehold	751	15	N/A	100	100	October 2012	March 2014
The Britton	35-37 Cock Lane, London, UK / Residential	999 years from January 2004	944	15	N/A	100	100	May 2012	November 2012

(d) Ongoing Property Developments (in Singapore) as at 31 March 2016

Name of development	Location / Type of development	Tenure	Approximate total Gross Floor Area (sq m)	Residential Units	Shop Units	% sold as at 31 March 2016	Group's stake (%)	Launch Date/ Expected Launch Date	Targeted Completion Date
KAP and KAP Residences	9 and 11 King Albert Park / Commercial and Residential	Freehold	17,178	142	107	99.2	12.60	May 2013	2017
Floraville, Floravista & Floraview	2/A/B – 20A/B/C Cactus Road / Commercial and Residential	Freehold	11,549	140	28	51.1	12.25	August 2013	2017
NEWest	West Coast Way / Commercial and Residential	956 years from May 1928	25,148	136	141	100	12.25	May 2013	July 2016
Rezi 3Two	48-60 Lorong 32 Geylang Road / Residential	Freehold	3,455	65	N/A	67.7	10	November 2013	2017
121 Collection on Whitley	121 Whitley Road / Residential	Freehold	2,108	9	N/A	-	30	End 2016	2017
Trio	7 to 19 Sam Leong Road / Commercial	Freehold	3,445	0	43	37.2	15	May 2014	2019
Onze @ Tanjong Pagar	11 Kee Seng Street / Commercial and Residential	Freehold	5,572	56	13	42.0	100	September 2013	2018
Westwood Residences	180 to 196 Westwood Avenue / Residential	Leasehold term of 99 years from 14 April 2014	48,397	480	N/A	37.9	20	May 2015	2018
High Park Residences	40 Fernvale Road / Commercial and Residential	Leasehold term of 99 years from 14 April 2014	112,300	1,390	9	95.8	20	July 2015	2019

(e) Ongoing Property Developments and Land Bank in Australia as at 31 March 2016

Name of development	Location / Type of development	Tenure	Approximate total Gross Floor Area (sq m)	Residential Units	Shop Units	% sold as at 31 March 2016	Group's stake (%)	Expected Launch Date	Targeted Completion
188 W Residences	186 Wickham Street Fortitude Valley, Queensland, Australia / Residential	Freehold	28,000	324	N/A	–	18.15	To be confirmed	To be confirmed

(f) Ongoing Property Developments and Land Bank in UK as at 31 March 2016

Name of development	Location / Type of development	Tenure	Approximate total Gross Floor Area (sq m)	Residential Units	Shop Units	% sold as at 31 March 2016	Group's stake (%)	Expected Launch Date	Targeted Completion
To be confirmed	New York Road, Leeds as registered at the Land Registry under title number WYK592211 / Hotel and Residential	Freehold	72,700	To be confirmed	To be confirmed	–	55.0	To be confirmed	To be confirmed

3.1.9 Description of Property Developments

(a) Description of Recently Completed Property Developments (in Singapore) in the past six (6) years

The Lumos (No. 9 Leonie Hill)

The Lumos is located at No. 9 Leonie Hill, off Grange Road. The immediate vicinity comprises of apartment/condominium developments, commercial buildings and mixed developments. Prominent developments in the area include The Paterson, The Cosmopolitan and Tiara. Amenities such as food establishments and retail facilities are available along River Valley Road and the Orchard Road shopping belt. Public transportation is available along River Valley Road and Grange Road.

The development comprises of a 35-storey residential development with a total of 53 apartments, duplexes and penthouses, with a total gross floor area of approximately 9,953 sq m. Recreational facilities include a swimming pool, wading pool, hydro-massage and jacuzzi, landscaped gardens, BBQ pits, outdoor gym, water features and sky gardens. The development was launched in July 2007 and obtained its TOP in August 2011. As at 31 March 2016, 32.1% of this development has been sold. As part of the Group's sales strategy for this development, unsold units had been marketed for rental and leasing purposes, and as at 31 March 2016, approximately 50% of the unsold units have been rented out.

Juluca (380 Pasir Panjang Road)

This freehold development site is located along the northern side of Pasir Panjang Road, between Pasir Panjang Close and Guok Avenue, and some 12 km from the city centre. The immediate vicinity is predominantly residential in nature, comprising landed housing, apartments and condominium developments such as Gold Coast Condominium, Murano, and The Foliage, amongst others. Prominent landmarks in the vicinity include National University of Singapore, West Coast Park and Pasir Panjang Wholesale Centre, Kent Ridge Park, and Science Park I/II.

Juluca is a three-storey cluster housing development comprising 10 terrace houses, four semi-detached houses and three bungalows, with a total gross floor area of approximately 3,318 sq m. The development was launched in October 2007 and obtained its TOP in September 2010. As at 31 March 2016, this development has been fully sold.

Lincoln Suites (1/3 Kiang Guan Avenue, off Newton Road)

The freehold development features two 30-storey residential blocks comprising a total of 175 apartments and penthouses, with a total gross floor area of approximately 15,603 sq m. The 1st to 4th level comprises car parks, while the 5th level houses the recreational and communal facilities and sky terrace. The development also contains a club wing, a wellness wing, a sky gym and sky terraces which are located on the 24th level.

The development site is located on the south-western side of Kiang Guan Avenue, off Newton Road and approximately 5 km from the city centre. The immediate locality comprises a mix of residential and commercial developments. Condominium and apartment blocks located nearby include Newton Suites, Newton Gems, Rosevale, The Lincoln Modern, The Linc, Amaryllis Villes and Newton 18, while commercial buildings in the vicinity include United Square, Goldhill Centre, Goldhill Plaza, Novena Square, VeloCity and Revenue House. Other prominent developments nearby include Hotel Royal, Novena Church, Novena Medical Centre, Tan Tock Seng Hospital and St. Joseph's Institution Junior.

This development was launched in October 2009 and as at 31 March 2016, 94.9% of the development has been sold. The Group obtained the TOP for this development in April 2014.

The Boutiq (145 Killiney Road)

The Boutiq is located at the junction of Killiney Road and Devonshire Road, off River Valley Road and Exeter Road and some 3 km from the city centre. The locality is generally mixed in nature comprising both commercial and residential uses. Prominent developments in the vicinity include Comcentre I & II, CGH Building, AA Centre, TripleOne Somerset, Cathay Cineleisure Orchard and Orchard Centre. Residential developments nearby include The Abode at Devonshire, La Crystal, The Metz, The Botanic on Lloyd, Urbana, Yong An Park and many others.

This freehold residential development comprises a 10-storey residential apartment block with 130 units and two basement levels, with a total gross floor area of approximately 10,397 sq m. Communal facilities include sky gardens, a lap pool and a gym.

This development was launched in April 2011 and as at 31 March 2016, 94.6% of the development has been sold. The Group has obtained the TOP for this development in October 2014.

iLiv@Grange (74 Grange Road)

iLiv@Grange is located on the north-eastern side of a cul-de-sac of Grange Road, near its junction with Paterson Hill, outside the electronic road pricing (ERP) traffic restricted zone, and approximately 4.5 km from the city centre. The immediate locality is a pleasant residential area, off the popular shopping and tourist entertainment belt of Tanglin Road and Orchard Road. The area comprises mainly of high-rise apartments and condominiums developments with some low-rise apartment blocks and landed housing. Prominent developments nearby include Singapore Tourism Court, Traders Hotel, Camden Medical Centre, Ministry of Education Teacher's Network (Grange Road Centre), ISS International School (Elementary Campus) and Wheelock Place. The development is also located near the Central Expressway (CTE) and the Orchard mass rapid transit (MRT) train station, which provides easy access to other parts of the island.

The development is a freehold luxurious boutique development comprising 30 exclusive residential units with basement car park. The development features 28 units of apartments (some of which will consist of two levels) of various designs and two units of two-level penthouses. It is one of Singapore's first designer residences with landscapes and interiors conceptualised by yoo and inspired by Starck. Its unique architecture is sculpted after the elegant curves of the Calla Lily and the approved gross floor area is approximately 4,362 sq m.

The Group has obtained the TOP for this development in October 2013. As at 31 March 2016, this development has not been officially launched and an expression of interest exercise launched in April 2015 has lapsed.

As part of the Group's sales strategy for this development, unsold units had been marketed for rental and leasing purposes, and as at 31 March 2016, approximately 60% of the unsold units have been rented out.

Rezi 26 (5, 5A and 5B Lorong 26 Geylang Road)

Rezi 26 is located on the eastern side of Lorong 26 Geylang, off Guillemard Road and near the former's junction with Geylang Road, some 6.5 km from the city centre. The immediate locality is generally residential in nature, marked by apartments and condominium developments and landed properties, with some shophouses and commercial developments along Geylang Road and Guillemard Road. Some of the residential developments in the vicinity include Atrium Residences, Blossom View, Casa Aerata and Cassia View. The Housing and Development Board (HDB) Estate at Cassia Crescent, which contains a wide range of social and shopping amenities,

is located to the south of Guillemard Road. Prominent developments in the vicinity include Kong Hwa School, The Sunny Spring, Singapore Badminton Hall, and Mountbatten Community Centre. The Dakota and Aljunied mass rapid transit (MRT) stations, the Nicoll Highway, Kallang-Paya Lebar Expressway (KPE) and Pan-Island Expressway (PIE) are all within a short drive away.

The freehold development comprises of a total of 106 units spread out amongst one block of seven-storey flats with an attic, one block of eight-storey flats with an attic, and the existing two-storey conserved bungalow, with a total gross floor area of approximately 6,925 sq m. Amenities include a basement car park and swimming pool.

This development was launched in October 2011 and as at 31 March 2016, this development has been fully sold. The Group has obtained the TOP for this development in September 2015.

Palacio (Lorong M Telok Kurau Road)

Palacio is located on the northern side of Lorong M Telok Kurau, off Telok Kurau Road and approximately 9.5 km from the city centre. The locality is generally residential in character, comprising mainly of conventional housing and low-rise apartments and condominium developments. Prominent developments within the vicinity include Bright Centre, Parkway East Hospital and Tao Nan School. Some of the residential developments along the same road include Goldleaf Mansion, Ricchezza, Melina Court, Le Merritt and Merlott Ville.

The freehold residential redevelopment site comprises of 21 units of three-storey strata-titled terrace dwelling houses with a basement car park, attic and swimming pool, comprising a total gross floor area of approximately 4,152 sq m.

This development was launched in August 2012 and as at 31 March 2016, has been fully sold. The Group has obtained the TOP for this development in December 2015.

Sky Green (568 & 570 Macpherson Road)

Sky Green is located on the southern side of Macpherson Road, near its intersection with Upper Paya Lebar Road, Paya Lebar Road and Airport Road, which is about 9 km from the city centre. The immediate locality is mixed residential and industrial in character. Some prominent landmarks in the vicinity include Citimac Industrial Complex, Lian Beng Building, Mazda Showroom, Housing Development Board (HDB) Macpherson Estate and La Crescendo Condominium.

The freehold development comprises of a high-rise residential development with 176 units, communal facilities and a car park. The total gross floor area is approximately 13,907 sq m.

This development was launched in October 2012 and as at 31 March 2016, 97.7% of the development has been sold. The Group obtained the TOP for this development in November 2015.

(b) Description of Recently Completed Property Developments (outside Singapore) in the past six (6) years

Thailand

Haus²³ (Ladprao 23 Road, Ladyarw (Bangsae-nuar) Bangkhen Bangkok Thailand)

Haus²³ is a freehold development located at Ladprao 23 Road, Ladyarw (Bangsae-nuar) Bangkhen Bangkok Thailand. Inspired by the game, Jenga, this eye-catching tower houses 236 units in a 27-storey, environmentally-friendly building with a courtyard that allows natural ventilation into the communal area. Besides being conveniently located next to the Ladprao station on the mass rapid transit (MRT)

system which provides easy access to the central business district, the new Suan Lum Night Bazaar was opened just opposite Haus²³ in 2013. Major department stores are also a mere stone's throw away. Property facilities include a WiFi-enabled library with a meeting room, infinity-edged pool, fitness room, sauna and 24-hour security. The development comprises a total gross floor area of approximately 17,214 sq m.

This development was launched in September 2011 and as at 31 March 2016, 75.8% of the development has been sold. The Group has completed the construction of this development in May 2014.

UK

Earlington (30-31 Philbeach Gardens, London, UK)

Earlington is situated to the west of Warwick Road and is just a few minutes' walk from Earl's Court underground station (Piccadilly and District lines), thus enjoying convenient access to Heathrow, the West End and the city. The Westfield Centre is less than 10 minutes away, with Tesco Superstore and Earl's Court Stadiums within walking distance.

This 125-year leasehold development comprises of two buildings which were first built in 1887, and which, prior to its redevelopment, was home to a boutique hotel, the Philbeach Hotel. A total of 15 units comprising a total floor area of approximately 751 sq m can be found on five floors of mid-terrace Victorian dwellings with part brick, part stucco facades under a flat sloping roof. To the rear there is a deep double-width back addition on two floors backing onto a charming, deep private garden.

The Group has completed the construction of this development in March 2014. This development was launched in October 2012 and as at 31 March 2016, this development has been fully sold.

The Britton (35 – 37 Cock Lane, London, UK)

This 999-years leasehold development comprises of 15 apartments with nine one-bedroom apartments and six two-bedroom apartments with a total gross floor area of approximately 944 sq m. The property is located to the north-western side of Cock Lane with Snow Hill to the west (a one-way street linking from the Holborn Viaduct to the south), and Farringdon Street to the northwest. The property lies within the Farringdon district of London, close to St Bartholomew's Hospital and The Old Bailey, on the western fringes of the City, bordering onto Midtown. The property is located in a dominantly office location, within the administrative boundaries of the Corporation of the City of London. This development was launched in May 2012 and refurbishment works have been completed in November 2012. As at 31 March 2016, this development has been fully sold.

(c) Description of Ongoing Property Developments (in Singapore)

KAP and KAP Residences (9 and 11 King Albert Park)

This freehold property development with a total floor area of approximately 17,178 sq m is located at the south-western junction of King Albert Park and Bukit Timah Road, off its junction with Jalan Anak Bukit and Clementi Road, and some 12 km from the city centre. It is sited within an established bungalow area (King Albert Park) near some mid-rise apartments and condominium developments along Bukit Timah and Dunearn Road. King Albert Park is also located directly across King Albert Lodge. Other prominent developments in the vicinity include Ngee Ann Polytechnic, Bukit Timah Plaza, Sherwood Tower The Sterling, Sim Darby Centre, Jardin, Gardenvista, Pei Hwa Presbyterian Primary School, Bukit Timah Market and Food Centre, Beauty World Plaza, Beauty World Centre and Suites @ Bukit Timah.

The proposed seven-storey mixed development will comprise of two residential blocks of four to five storeys, a retail podium of two storeys, with retail shops and carparks comprising two levels below ground. There will be a total of 107 commercial units and 142 residential units.

This development was launched in May 2013 and as at 31 March 2016, 99.2% of the development has been sold. The Group expects to obtain the TOP for this development in 2017.

Floraville, Floravista & Floraview

This freehold development consists of two developments – Floraville and Flora Vista & Floraview, They are located on the southern side of Yio Chu Kang Road and is about 14.5 km from the city centre. The immediate locality comprises of low-rise residential estates to the east and industrial developments to the west. Residential developments nearby include Sunrise Villa, Sunrise Gardens, Grande Vista and Cabana, amongst others. Prominent developments nearby include ST Electronics, Maybank Centre, Techpoint, Econ International Building, and Amoy Quee Camp.

The proposed development for Floraville, Floravista and Floraview will comprise 50 residential units, 28 commercial units and 90 residential units respectively. The developments have swimming pools, wading pools, gymnasium, pavilion and barbeque facilities. The total gross floor area of the two developments is approximately 11,549 sq m.

This development was launched in August 2013 and as at 31 March 2016, 51.1% of the development has been sold. The Group expects to obtain the TOP for this development in 2017. This development is presently undergoing construction.

NEWest (West Coast way)

NEWest is easily accessible with the Clementi mass rapid transit (MRT) station located just a short distance away. This 956-year leasehold development is also well-served by a network of roads and expressways, with the Ayer Rajah Expressway (AYE) and West Coast Highway sandwiching it, and the Pan Island Expressway (PIE) nearby. The immediate locality is mixed in nature comprising both commercial and residential uses. Prominent developments in the vicinity include Ayer Rajah Wet Market and Food Centre, Clementi Wet Market & Food Centre, Clementi Mall, West Coast Plaza.

The proposed development will comprise a five to 12 storey shop flat development with shops on the 1st storey, commercial carparks at basement one, residential carparks on the 2nd and 3rd storeys and residential flats and ancillary facilities in the rest of the building. There will be a total of 141 commercial units and 136 residential units with a total gross floor area of approximately 25,148 sq m.

This development was launched in May 2013 and as at 31 March 2016, all units of the development have been sold. The Group has obtained the TOP for this development in July 2016.

Rezi 3Two (48-60 Lorong 32 Geylang Road)

The site is located along Lorong 32 Geylang, off Guillemard Road and Geylang Road. The immediate vicinity comprises a mixture of high-rise apartments and shophouses and it is only minutes away from the Paya Lebar Commercial Hub, Katong, Singapore Sports Hub, Old Airport Food Centre & OneKM Mal. The vicinity is highly accessible via PIE, KPE, ECP & CTE.

The proposed freehold development will comprise of eight storey residential building comprising 65 exclusive units with a wide range of facilities including a leisure pool and two sky terraces with spa alcove, outdoor gym, gourmet dining and multi-storey car park, with a total gross floor area of approximately 3,455 sq m.

This development was launched in November 2013 and as 31 March 2016, 67.7% of the development has been sold. The Group expects to obtain the TOP for this development in 2017.

121 Collection on Whitley (121C Whitley Road)

121 Collection on Whitley is a freehold property development located on the southern flank of Whitley Road, between two cul-de-sacs. It is approximately 6.5 km away from the city centre. The immediate locality is generally residential in character with residential developments such as Villa Chancerita, Espana, Villa Des Flores and conventional landed houses located nearby. Prominent landmarks nearby include Catholic Junior College, St. Joseph's Institution, the former Police Academy and Thomson Medical Centre.

The proposed mixed landed housing development for erection of four pairs of two-storey semi-detached dwelling houses each with an attic, basement and swimming pool and one two storey detached dwelling house with an attic, basement and swimming pool, comprising a total gross floor area of approximately 2,108 sq m.

This development has not been fully launched and sale of units is by special invitation only due to the exclusivity and uniqueness of each unit, and as at 31 March 2016, none of the units has been sold. The Group expects to obtain the TOP for this development in 2017.

Trio (7 to 19 Sam Leong Road)

Trio is located along Sam Leong Road, which is off Jalan Besar. It is located approximately 3.0 km from the city centre. The immediate vicinity comprises of low-rise shophouses, commercial-cum-residential developments and shopping complexes. Prominent developments in the vicinity include City Square Residences, City Square Mall, Mustafa Centre, Serangoon Plaza, Parkroyal on Kitchener Road, New World Centre, Verdun House and Jalan Besar Plaza. Located in the vicinity are numerous backpackers' hostels and budget hotels.

This freehold site was acquired by the Group and its joint venture partners in December 2012 for the purpose of commercial development. The proposed development of the freehold site is the erection of 43 shops units with a total gross floor area of approximately 3,455 sq m.

This development was launched in May 2014 and as at 31 March 2016, 37.2% of the development has been sold. The Group expects to obtain the TOP for this development in 2019.

Onze@Tanjong Pagar (11 Kee Seng Street)

The development site is located at the end of Kee Seng Street, off Tanjong Pagar to the east. It is situated at the fringe of the Central Business District and within the ERP zone, about 1.5 km from Raffles Place and within walking distance to Chinatown and Tanjong Pagar mass rapid transit Station.

The proposed development will comprise of a 19-storey mixed development consisting of 15 storeys of 56 residential units with a sky terrace and swimming pool on the 17th storey and 13 commercial units on the 1st storey with 3 levels of carparks at the 2nd, 3rd and 4th storeys. This property has an estimated gross floor area of 5,572 sq m.

This development was launched in September 2013 and as 31 March 2016, 42.0% of the development has been sold. The Group expects to obtain the TOP for this development in 2018.

Westwood Residences

In May 2015, together with Koh Brothers Group Limited, the Group had launched Singapore's first bike-themed executive condominium development, Westwood Residences, in Jurong West, Singapore. The 480-units 99-year leasehold project is the second executive condominium to be launched in Jurong after 18 years.

This development was launched in May 2015 and as at 31 March 2016, 37.9% of the development has been sold. The Group expects to obtain the TOP for this development in 2018.

High Park Residences

The Group launched a private condominium development project, High Park Residences, with Chip Eng Seng Corporation Ltd and KSH Holdings Limited in July 2015. While sales performances for the project were expected to be modest in the current circumstances, High Park Residences' take up rate performed beyond expectations and was a huge success.

This development was launched in July 2015 and as at 31 March 2016, 95.8% of the development has been sold. The Group expects to obtain the TOP for this development in 2018.

(d) Description of Ongoing Property Developments and Land Bank (outside Singapore)

Australia

188 W Residences

The development is situated at 186 Wickham Street in Fortitude Valley, which is one kilometre from Brisbane's Central Business District, approximately 150 metres from the Brunswick Central railway station, and 50 metres from the "heart" of Fortitude Valley – i.e. the Chinatown and Brunswick Street Malls.

The Group is currently reviewing the development for the proposed residential development site which has an estimated gross floor area of approximately 28,000 square feet.

UK

New York Road, Leeds as registered at the Land Registry under title number WYK592211 / Hotel and Residential

The approximately 2.45 acres or 106,722 sq ft site is strategically-located within a five minute walk from the City Centre, off Regent Street and New York Road - Leeds City Centre's two main thoroughfares. It is also near the Leeds railway station that connects the city directly to London and other parts of the country.

The Group has obtained approval for the first phase of the proposed masterplan from the Leeds City Council's city plans panel. The first phase of the plan involves the refurbishment and extension of the existing office building at the south of the site in order to transform it into a 182 bedroom hotel, with an ancillary restaurant and gym. The hotel will have an estimated floor area of approximately 78,490 sq ft and 61 car parking spaces for staff and guests.

With this approval, demolition across the site is now underway, with enabling works and the main building works scheduled to be rolled out seamlessly in 2017.

Additionally, the Group is in discussions with internationally recognised hotel brands and targets to capture the demand from increasing visitor numbers following a number of high quality retail and leisure projects in the city centre.

The second phase of the masterplan proposed by the Group comprises of approximately 780 apartments, cafés and creative workspaces, set within extensive and varied green spaces. A total of five new towers, ranging from 11 to 41 storeys will be constructed. This proposed masterplan will be presented to a panel of local residents for their feedback in the coming weeks followed by approval from the local authorities.

3.2 Property Investment

The Group is also actively involved in the area of property investment in Singapore, with the Group's portfolio of investment properties comprising mainly of residential units, retail spaces and commercial offices.

The investment properties held by the Group provide the Group with a source of recurring income and help to strengthen the Group's earning base. The Group appraises each and every potential investment based on potential capital appreciation and rental yield to assess its feasibility and viability and usually retains units of properties it develops as the cost of purchase is lower as compared to acquiring properties from third parties.

3.2.1 Property Investment in Singapore

The Group's growth in the Singapore property investment industry is underpinned by a stable portfolio of investment properties which consists mainly of Tampines Mart, The Woodgrove and Sun Plaza, all of which are being managed by the Group's subsidiaries or joint venture companies. The Group plans to continue to hold these to generate recurring income. The Group also intends to increase its property investment portfolio in the event that it identifies suitable opportunities.

3.2.2 Details of Investment Properties

The tables below summarise the details of the investment properties which are held by the Group as at 31 March 2016.

(a) Investment Properties (in Singapore)

Name of development	Location / Type of development	Tenure	Approximate Lettable Area (sq m)	Average term of lease (years)	Residential units	Shop units	Office units	Occupancy rate as at 31 March 2016 (%)	Estimated fair value as at 31 March 2016 (\$'mil)	Group's stake (%)
Tampines Mart	Blocks 5, 7, 9 and 11 Tampines Street 32 / Retail and Commercial	Leasehold term of 99 years from 1 May 1993	7,900	2 to 3	N/A	61 shops and 57 wet market stalls	N/A	96	104.0	100
The Woodgrove	30 Woodlands Avenue 1 / Retail and Commercial	Leasehold term of 99 years from 26 June 1996	3,785	2 to 3	N/A	36	N/A	100	31.2	100
Sun Plaza	30 Sembawang Drive / Retail and Commercial	Leasehold term of 99 years from 26 June 1996	14,142	3 to 4	N/A	118	N/A	100	322.0	50
62 Sembawang Road	62 Sembawang Road / Transport Facilities	Estate in Perpetuity	1,239	30	N/A	1	N/A	100	7.7	100
223@ Mountbatten	223 Mountbatten Road / Commercial	Estate in Perpetuity	10,447	3 to 5	N/A	N/A	90	61	47.0	16

(b) Investment Properties in Japan

Name of development	Location / Type of development	Tenure	Approximate total Lettable Area (sq m)	Average term of lease (years)	Residential units	Shop units	Office units	Number of hotel rooms	Occupancy rate as at 31 March 2016 (%)	Estimated fair value as at 31 March 2016 (\$'mil)	Group's stake (%)
2-8-7 Minami 6 Jo Nishi, Chuo-ku, Sapporo, Hokkaido Prefecture, Japan	2-8-7 Minami 6 Jo Nishi, Chuo-ku, Sapporo, Hokkaido Prefecture, Japan / Hotel, residential and retail units	Freehold	7,340	2 to 20	66	4	N/A	164	98	33.6	20.0

(c) Investment Properties in UK

Name of development	Location / Type of development	Tenure	Approximate total Lettable Area (sq m)	Average term of lease (years)	Residential units	Shop units	Office units	Number of hotel rooms	Occupancy rate as at 31 March 2016 (%)	Estimated fair value as at 31 March 2016 (\$'mil)	Group's stake (%)
Adam House	7-10 Adam Street, London United Kingdom / Serviced Office	Freehold	1,600	1	N/A	N/A	35	N/A	95	31.1	75.0

3.2.3 Description of Investment Properties held by the Group

(a) Description of Investment Properties (in Singapore)

Tampines Mart (Blocks 5, 7, 9 & 11 Tampines Street 32)

Tampines Mart, located along Tampines Street 32, comprises of a two-storey retail cum food court building (block 9), two blocks of two storey retail building (block 5 and 11) and one block of wet market building (block 7). Collectively, Blocks 5, 9 and 11 comprises of 61 retail shop units, 57 wet market stalls and a covered car park. The total lettable floor area is approximately 7,900 sq m. The Group's major tenants in this property include McDonalds, Giant Supermarket, Anytime Fitness and Kopitiam.

The Woodgrove (30 Woodlands Avenue 1)

The Woodgrove is a 99-year leasehold mixed development comprising of retail units, a supermarket and a residential apartment block of 72 residential units. It was developed by the Group in 1998. While the residential block was sold, the three-storey block commercial/retail building comprising 36 retail shops and a supermarket was retained by the Group for investment and all shop units are currently leased out. The total lettable floor area is approximately 3,785 sq m. The Group's major tenants in this property include NTUC Fairprice and Al-Azhar Restaurant.

Sun Plaza (30 Sembawang Drive)

Sun Plaza is an investment property developed and operated by a joint-venture company, Canberra Development Pte Ltd, where the Group holds a stake of 50 per cent. The Group has completed the major refurbishment work at Sun Plaza in May 2015. It is a five-storey retail podium with two basement levels within a 12-storey mixed development.

The mall features retail shops, restaurants/ cafés, F&B outlets, banks, a supermarket, food court and specialty shops from Basement 1 to 3rd storey, education/ enrichment centres on the 4th storey and a community library on the 5th storey. Adequate car parking lots are provided at Basement 2, 4th and 5th storeys. The retail property has a total lettable area of approximately 14,142 sq m. The Group's major tenants in this property include NTUC Fairprice, Kopitiam, National Library Board, McDonalds and Kentucky Fried Chicken.

Property at 62 Sembawang Road

The site at 62 Sembawang Road is currently leased out as a petrol kiosk under a lease agreement with Caltex Singapore Pte Ltd for a period of 30 years commencing from 1993. The petrol kiosk is currently operating under the "Caltex" brand name. The freehold site has a total land area of 1,239 sq m.

223@Mountbatten (223 Mountbatten Road)

223@Mountbatten is 15-year leasehold development. It comprises a three-storey L-shaped transitional office building with a total of 90 office units. It was developed by one of the Group's joint-venture companies, in which the Group has a stake of 16 per cent., and has obtained its TOP in January 2013. This property comprises a total lettable floor area of 10,447 sq m. The anchor tenants are Eton House Pre-School Pte Ltd and RCI Asia-Pacific Pte Ltd.

(b) Description of Investment Property in Japan

2-8-7 Minami 6 Jo Nishi, Chuo-ku, Sapporo, Hokkaido Prefecture

This property is located at 2-8-7 Minami 6 Jo Nishi, Chuo-ku, Sapporo, Hokkaido Prefecture, Japan and it is well-connected to the rest of the city. It is within walking distance to two subway stations: one minute to Hosuisusukino Station (along the Toho Line) and three minutes to Susukino Station (along the Nanboku Line). Both stations are just two stops away from the main transit hub of Sapporo Station, which is also served by the Japan Railway that connects to the rest of Hokkaido and Japan. This freehold investment property consists a 15-storey hotel with 164 bedrooms and another 14-storey building that comprises 66 residential and four retail units. The total lettable floor area for both buildings is approximately 7,340 sq m.

The hotel, residential and retail units are leased out to generate recurring income. The hotel is currently operated under Super Hotel.

(c) Description of Investment Property in UK

Adam House (7-10 Adam Street, The Strand, London, United Kingdom)

This serviced office building is located in the City of Westminster in the heart of central London. It is situated to the south of the Strand and close to the Savoy Hotel, between Covent Garden and the River Thames. It is a Grade II* listed terrace of four buildings, currently used as high quality business centre with 35 office units and provides services of hot-desking, conference room booking, events and function rental, etc.

3.3 HOSPITALITY

The Group's business in the hospitality sector is based outside of Singapore, more specifically in Thailand and UK.

3.3.1 Hospitality/hotel properties in UK

The Group's hospitality portfolio in UK comprises franchises with international hotel companies such as AccorHotels and InterContinental Hotels Group.

3.3.2 Hospitality/hotel properties in Thailand

The Group's hospitality portfolio in Thailand comprises an 86.74 per cent. stake in Mercure Hotel Pattaya and a 38.98 per cent. stake in Hotel Baraquda Pattaya, MGallery Collection, both of which are located in the popular tourist destination of Pattaya, Thailand. The Group's investment in Mercure Hotel Pattaya is the Group's first venture into the hospitality industry.

Encouraged by the growth potential of the tourism and hospitality sector, the Group intends to tap on the future growth in this sector to further deepen its involvement in this area. To this end, the Group has identified and is currently exploring viable opportunities in the tourism and hospitality sector of Thailand.

3.3.3 Details of hospitality/hotel properties

(a) Details of hospitality/hotel properties in UK as at 31 March 2016

Name of development	Location / Type of development	Tenure	Number of hotel rooms	Year to date occupancy rate up to 31 March 2016 (%)	Estimated fair value as at 31 March 2016 (\$'mil)	Group's stake (%)
Hotel ibis Style London Kensington	15-25 Hogarth Road, Kensington, London, United Kingdom / Hotel	Freehold	116	70	54.0	80.0
Ibis Budget Bradford	Prince Court, Canal Road, Bradford, United Kingdom / Hotel	Freehold	86	91	3.1	55.0
Ibis Hotel Gloucester	Saw Mills End, Corinium Avenue A417, Gloucestershire, United Kingdom / Hotel	Leasehold 125 years from 19 October 2009	127	71	11.9	55.0
Holiday Inn Express Manchester	2-4 Oxford Road Manchester, United Kingdom / Hotel	Freehold	147	63	33.6	30.0
To be confirmed	28-36 Glenthorne Road, Hammersmith, London, United Kingdom / Hotel	Freehold	Proposed 85	N/A	36.7	60.0

(b) Details of hospitality/hotel properties in Thailand as at 31 March 2016

Name of development	Location / Type of development	Tenure	Number of hotel rooms	Year to date occupancy rate up to 31 March 2016 (%)	Estimated fair value as at 31 March 2016 (\$'mil)	Group's stake (%)
Mercure Hotel Pattaya	Pattaya, Thailand / Hotel	Freehold	247	94	20.6	86.7
Hotel Baraquada Pattaya, MGallery Collection	Pattaya, Thailand / Hotel	Freehold	72	85	15.3	38.98

(c) Details of hospitality/hotel properties in Australia as at 31 March 2016

Name of development	Location / Type of development	Tenure	Number of hotel rooms	Year to date occupancy rate up to 31 March 2016 (%)	Estimated fair value as at 31 March 2016 (\$'mil)	Group's stake (%)
29 Ranwell Lane	29 Ranwell Lane Fortitude Valley, Australia / Hotel	Freehold	Proposed 198	N/A	6.4	70.0

3.3.4 Description of Hospitality/Hotel Properties

(a) Description of hospitality/hotel properties in UK

Hotel ibis Styles London Kensington (15 – 25 Hogarth Road Kensington, London, United Kingdom)

Hotel ibis Styles London Kensington is a freehold property that houses 116 guest rooms. With Earl's Court Station a 3 minute walk away and direct links to Heathrow Airport & Central London, it is perfect for both business & leisure travellers. The hotel's personality shines through its locally inspired design of Albertopolis. The Natural History Museum, Science Museum, Royal Albert Hall, Kensington Palace & Earls Court Exhibition Centre are all within a short distance away. Chelsea and Fulham football grounds are also easily reached. The Hotel ibis Styles London Kensington is a compact boutique hotel that fizzes with colour and character, juxtaposing Victorian architectural features with modern decor based on the rich history of the Kensington area.

Ibis Budget Bradford

The ibis Budget Bradford is an 86 bedroom hotel close to the centre of Bradford, 11 miles from the major metropolis of Leeds, and 49 miles from the City of Manchester, which is commonly regarded as the capital of the north of England. It is a 20 minute drive from the hotel to the Leeds-Bradford International Airport. Built in 2008, the purpose built hotel offers guests a uniform quality of bedroom product commensurate with the ibis Budget brand.

Ibis Hotel Gloucester

The ibis Hotel Gloucester has a total of 127 well-appointed twins and double bedrooms in Gloucester City, an established tourist destination. In relation to London, the hotel is two hours' drive from the capital and one hour away from the renowned Bicester Shopping Outlet.

In addition to its tourist appeal, the hotel's proximity to the headquarters of several major British businesses including EDF Energy, the UK's largest provider of low carbon electricity, and Barclays Bank means that it enjoys year-round corporate patronage from some of the UK's largest companies.

Holiday Inn Express Manchester

This 12-storey hotel comprises of 147 bedrooms and its address is 2-4 Oxford Road Manchester, M1 5QA, UK. Located within walking distance to the Manchester Oxford Road railway station and also a short distance from the Manchester Piccadilly station, visitors can easily travel to the rest of Greater Manchester and UK. The hotel is managed by world-leading hotel operator, InterContinental Hotels Group, under the Holiday Inn Express brand name. The hotel is targeted to attract both leisure travellers as well as business visitors.

28 – 36 Glenthorne Road, Hammersmith, London, W6 0LS / Hotel

The property has freehold title and is located within a 2 minute walk from Hammersmith Underground Station in London. The Group is proposing to redevelop the property into a hotel consisting of approximately 85 rooms.

(b) Description of hospitality/hotel properties in Thailand

Mercure Hotel Pattaya (484 Moo 10, Pattaya Second Road Soi 15, Pattaya, 20150, Thailand)

Mercure Hotel Pattaya is a mid-scale full service hotel, consisting of eight floors and 245 guest rooms. Facilities within the property include restaurants and bars, business centre, swimming pool, a spa, a fitness centre and other accommodation such as employee residences and mechanical room. This development was constructed in 2005.

Hotel Baraquda Pattaya, MGallery Collection (485/1 Moo 10, Pattaya Sai Song Road, Nongprue Subdistrict, Banglamung District, Choburi Province, Thailand)

Hotel Baraquda Pattaya, MGallery Collection is a freehold hotel that has eight-storey (with mezzanine and basement) hotel block buildings and a swimming pool. The hotel comprises 72 guest rooms. It is approximately 600 meters from South Pattaya Road and approximately 1.05 kilometers from Central Pattaya Road.

- (c) Description of hospitality/hotel properties in Australia

29 Ranwell Lane

The development is situated at 29 Ranwell Lane in Fortitude Valley, which is one kilometre from Brisbane's Central Business District, approximately 150 metres from the Brunswick Central railway station, and 50 metres from the "heart" of Fortitude Valley – i.e. the Chinatown and Brunswick Street Malls.

The Group is currently reviewing the development for the proposed hotel development site.

3.4 PROPERTY MANAGEMENT

In relation to its property management business, the Group generally manages its investment properties, such as Tampines Mart, the Woodgrove, and Sun Plaza. In connection with its management of the properties, the Group also undertakes to organise promotional and marketing activities for them. The Group also manages the operations of the 4 existing hotels in UK.

3.4.1 Property Management in Singapore

The Group engages in the business of property management in Singapore, and does so through either its subsidiaries or joint venture companies. For example, the Group is involved in the property management of Tampines Mart, the Woodgrove and Sun Plaza, properties which form the Group's stable portfolio of investment properties. Providing adequate property management services to these investment properties complements the fact that these properties are an important source of recurring income for the Group.

3.4.2 Property Management in UK

The Group manages the operations of the following hotels in UK: Hotel ibis Styles London Kensington, ibis Budget Bradford, ibis Hotel Gloucester and Holiday Inn Express Manchester. The Group also plans to manage the proposed hotel at Glenthorne Road, Hammersmith, London, when it is completed.

4. MARKETING AND BUSINESS DEVELOPMENT

The Group's marketing team, which is led by the General Manager, Project Development & Marketing of the Group, is responsible for the marketing of all its development and investment properties. The marketing team is involved in the development of marketing schemes, media advertising, sale of properties, process and monitoring of sale and rental of properties as well as the administration of collection of progress payment from the Group's purchasers.

Besides in-house marketing, the Group would engage external real estate agencies as managers for some of its properties in securing customers and tenants. Such agencies include established names like Huttons Asia Pte Ltd, OrangeTee.Com Pte Ltd, Propnex Realty Pte Ltd, and Knight Frank Pte Ltd which are qualified real estate agencies with extensive networks in Singapore.

5. COMPETITIVE STRENGTHS

The Group believes that it possesses the following competitive strengths to enable it to perform in a highly competitive and global property development and hospitality industry:

(a) Experienced and committed management team

The Issuer has an experienced and established management team that has successfully led its operations through rapid organic growth while progressively expanding its portfolio of high-quality property development projects and venturing into the hospitality sector.

The Group's management team consists of a group of Directors and Executive Officers each with many years of experience in the property industry. Its non-executive Chairman, Mr Toh Khai Cheng, has been in the property business since the early 1960s, and its Deputy Chairman and Executive Director, Mr Toh Giap Eng, has been involved in property investment and development since the early 1980s. Its Chief Executive Officer and Executive Director, Mr Teng Heng Chew, has 30 years of experience in marketing, communications, property and hospitality and held senior appointments with multinational corporations (MNCs) as well as both private and public listed companies.

The Group's Directors are also assisted by a group of managers who on average have more than 10 years of experience in property-related businesses each. The Group has a relatively simple and flat corporate structure and its management team adopts a hands-on approach towards managing its business and works very closely with staff at all levels of the Group. Hence, the Group believes that it has an advantage over its major competitors who operate on a larger scale as the Group is able to respond faster to changes in market conditions.

(b) Established track record and reputation

Having been in the property-related business for about 40 years, the Group has, over the years, established itself as a reliable developer of residential properties. To-date, the Group has successfully completed 36 property projects. The Group has also retained some of the retail properties units developed by it as investments.

The Group ensures the quality of design, materials, finishing and construction through collaboration with leading architects, designers and contractors. Demand for its developments is illustrated by the fact that the Group has been able to achieve strong sales for its completed property development projects in the past, with projects such as Juluca at Pasir Panjang Road being fully sold within a month of its launch.

The Group's wealth of experience and expertise in the property development industry in Singapore also allows it to keep abreast of market trends in the property industry and to better cater to the requirements of its target consumers by conceptualising and creating new and unique designs and lifestyle themes for its property developments. This helps to differentiate the Group's projects amid the growing competition.

(c) Focused business direction and strategy

Unlike other players in the industry who are involved in other businesses such as construction and trading of building materials, the Group concentrates mainly on the business of property development, property investment and hospitality, as the Group believes that these other activities are best handled by external professionals so that its management team can focus on sourcing for potential land bank and the management of its property development, investment and hospitality projects. With respect to its property development business, the Group expects to develop more medium-sized residential property projects while maintaining a diversified portfolio of investment properties including retail shop units, commercial office units and apartments. With respect to its hospitality business, the Group will be looking to further expand its current portfolio of hotels.

(d) Ability to complete development projects within relatively short periods

In land-scarce Singapore, development sites may not be made available for acquisition at regular intervals. Thus, it is vital for the Group to turn around its property development projects within a short period of time. This allows the Group to harness its financial resources efficiently to capitalise on suitable market opportunities as and when they arise for the continual growth of its business. The Group typically aims to launch its property projects within a year from site purchase, where practicable. This also helps the Group to lower its exposure to fluctuations in market conditions and reduce its borrowing costs. The Group has in the past delivered completed projects within a relatively short construction period, typically between 24 to 36 months.

(e) Committed to delivering quality homes

As a boutique property developer, the Group is committed to delivering distinctive and high quality homes in Singapore's choice districts to its customers. The Group targets high-end consumers who value luxurious living and a finer lifestyle and ensures that the design concepts of its developments meet the expectations of, and appeal to, its target home buyers. Moreover, the Group also ensures that its units are completed with quality workmanship and fittings to deliver a luxurious home-living experience for its home buyers with a good balance of aesthetic and practical benefits.

(f) Established business relationships and extensive networks

With considerable experience in the industry, the Group's non-executive Chairman and Executive Deputy Chairman, Chief Executive Officer and its executive officers have developed strong relationships with an extensive network of contractors, financiers and consultants, whose professional advice and participation are pivotal in the success of a property development project. The Group's established business relationships with these external suppliers and consultants enable the Group's project team to manage its contractors effectively and produce quality developments in a timely and efficient manner. Moreover, the Group's project team is also in close contact with various property agents who may provide it with first-hand information on development sites which are available for sale, private tenders or auction, allowing the Group to capitalise on suitable market opportunities for future growth.

(g) Diversified revenue stream and financial strength

As part of its strategy to generate additional and recurrent revenue streams, the Group currently retains and intends to continue to retain a portion of its commercial property developments for commercial leasing.

6. BUSINESS STRATEGIES

The Group's business strategies and future plans for the growth and expansion of its business are as follows:

(a) Acquisition of new development sites

To ensure sustainable growth for the Group, it is essential to acquire land sites in order to maintain a sustainable property development pipeline. The Group strives to acquire sufficient land sites to support a development pipeline of about three to five years on a continual basis. Thus, the Group intends to continue sourcing for development sites that are located at vibrant and accessible areas with well-developed amenities. This will position the Group to expand the Group's project profiles and capitalise on suitable development opportunities during favourable market conditions. The Group will also monitor the property market closely for new preferences among potential home buyers or emerging trends in the property market to adjust its land acquisition strategy accordingly.

(b) Expansion into other property segments

The Group expects potential buyers of private residential properties in Singapore to take a cautious approach towards their home purchase plans, following the introduction of the anti-speculation measures, and progressive tax that will potentially increase the tax bill of property buyers.

The Group believes that it will be beneficial for the long-term growth of the Group to secure larger sites and/or more landmark locations for prominent developments. Through the strengthening of the Group's capital resources and financial position, the Group may be able to tap into new business opportunities that may allow the Group to acquire larger plots of development sites or sites at more premier locations, through the government land sale programme or other public or private tenders.

(c) Strengthen the Group's position in foreign markets

In addition to growing the Group's existing business in residential and commercial developments, the Group also intends to leverage on its experience and expertise in property development in Singapore via expansion into foreign markets. The Group intends to explore potential opportunities to strengthen its presence in foreign markets such as Thailand and UK, by continually sourcing for suitable property development and investment projects as well as hotels in good locations. The Directors believe that it is beneficial for the long-term growth of the Group to diversify its business in the foreign markets as this will assist in mitigating the policy and demand risks that the Group may face in Singapore. The Group intends to actively tap on its existing relationships with its joint venture partners in these regions to deepen its presence in these foreign markets.

Over the course of the next six to 12 months, the Group will likely utilise its proceeds from existing businesses to participate more actively in UK, and will constantly be looking out for viable projects in UK.

Concurrently, the Group does intend to build on its existing business in Singapore. The Group will be proposing definitive plans to renovate and/or otherwise redevelop its investment properties.

(d) Acquisitions, joint ventures or strategic alliances

In addition to growing organically, the Group considers expanding its business by entering into acquisitions, joint ventures or strategic alliances with parties who create synergies with its existing business. In the event the Group identifies suitable targets for acquisitions or plans for joint ventures and/or strategic alliances, it may co-operate with financial intermediaries to assist it in achieving its objective of expanding its business. The Group believes that its status as a listed company will position it to take advantage of such opportunities as and when it arises. In addition, it may mitigate its risks, particularly for its larger projects, by entering into joint ventures or strategic alliances.

Some of the notable developments or property investments undertaken by the Group in conjunction with its joint venture partners include the KAP and KAP Residences, Westwood Residences, High Park Residences, Hotel ibis Style London Kensington, Adam House and Holiday Inn Express Manchester.

(e) Continued diversification of property development portfolio and revenue stream

The Group intends to leverage on its property development expertise to expand into other property segments. The Directors believe that the Group's strategy of diversifying its property development portfolio will mitigate the risk of over-reliance on any one property segment for revenue.

The Group usually retains and will continue to retain respectively a portion of its commercial property developments for lease. The Group intends to increase the gross floor area of the commercial properties that is leased out.

The Group has also expanded its hospitality portfolio and currently has two hotels in Thailand and four hotels in UK which are in operation. The Group expects the lease and management income as well as hotel operations to generate additional and recurrent revenue stream which will help to mitigate risks associated with economic cycles and market volatility which the property market is subject to. This also places the Group in a better position compared to other less diversified property developers to weather any downturn in the local property market.

(f) Continued exploration and consideration of possible alternative related investment opportunities

The Group intends to continually explore investment alternatives related to its core businesses in order to boost its revenue. The Directors believe that this strategy will continue to maintain the Group's competitiveness and profitability, and to remain responsive to trends in the Group's business.

More recently, the Group is considering to collaborate with property funds, especially with respect to its business and commercial presence in UK. This will allow the Group to further invest in real estate. Funds generated from such sources of investment will subsequently be reinvested and utilised to purchase or lease more residential and commercial properties and developments. Rental, leasing and/or sale payments earned will then be distributed to each of the existing partners and/or investors.

(g) Leveraging on the brand name and goodwill of the Group's hotel managers

The Group intends to set its focus on certain basic strategic themes with regard to its business in the hospitality industry. First, the Group takes the view that there will be value in optimising and leveraging on the existing brand name and marketing goodwill that has been accumulated by the particular hotel brand that the Group may have appointed as hotel managers. Second, as global travel increases and customers are more aware of the various options available to them, the Group aims to provide the best value to its customers and a high standard of quality in terms of the hotel rooms and service.

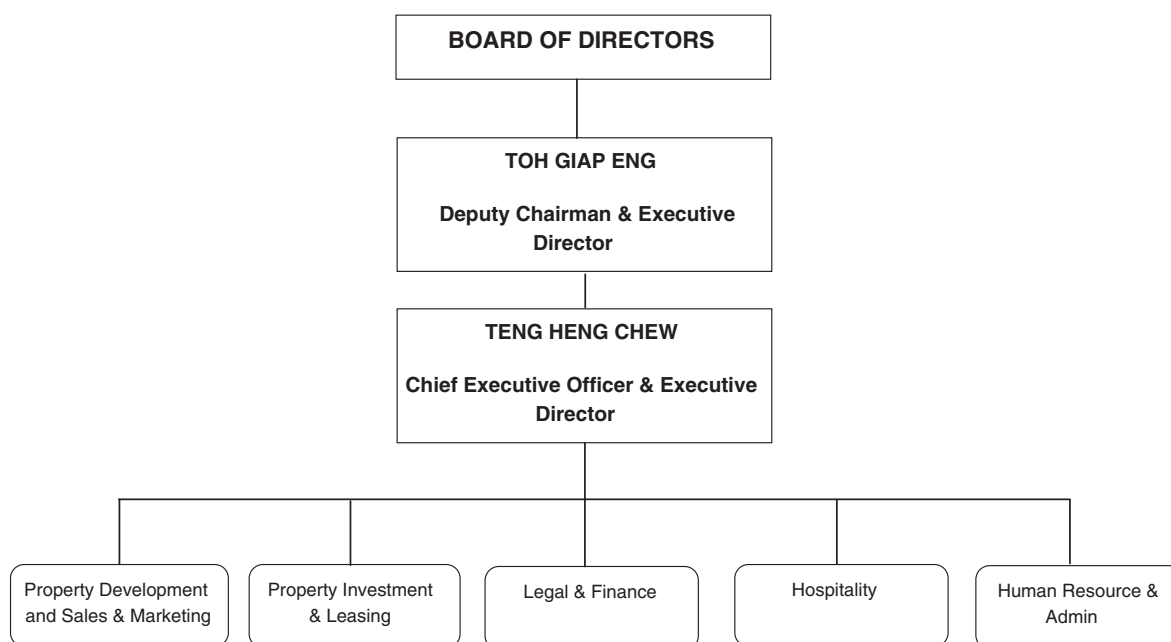
7. INSURANCE

The Group maintains insurance policies for all its assets, including all of its land bank, properties under development, investment properties, equipment and employees. The Group covers its employees, including its management, professional and administrative staff with workmen's compensation, medical and hospitalisation insurance. In particular, the Group maintains liabilities insurance policies for its Directors and officers. The Group also has public liability insurance and money insurance. For its assets, the risks covered by the policies include all natural disasters, theft, vandalism and public liability which are normally incurred by companies in Singapore in similar industries. However, the Group's all risk insurance does not cover acts of God, war or civil disorder. The Group also insures for public liabilities for claim by third parties in respect of bodily injury and damage arising out of properties and other assets owned by the Group.

The Group requires its contractors to be covered by contractor's all risks and work injury compensation insurances during the construction period and maintenance period of the relevant project. Upon TOP being obtained, the responsibility of insuring each individual unit will typically pass to the purchasers. In the case of unsold development properties, the Group will take up insurance for each of such individual unit. In the case of completed properties, the Group, or the management corporation of the relevant development will take up fire and public liability insurance in relation to common property.

8. DIRECTORS AND KEY MANAGEMENT

The Group's key management as at the Latest Practicable Date is set out below:



8.1 Board of Directors

The Group's Board of Directors is entrusted with the responsibility of overall management of the Issuer. Certain information on the business and working experience of the Issuer's Directors is set out below:

(a) Mr Toh Khai Cheng (*Non-executive Chairman*)

Mr Toh is the founder of the Group and has been a director of the Issuer since July 1976. Mr Toh has been in the property development and investment for about four decades. Mr Toh is a member of the Audit and Remuneration Committees and he provides consultative and strategic advice to the Board and senior management of the Group.

(b) Mr Toh Giap Eng (*Deputy Chairman & Executive Director*)

Mr Toh was appointed as a Director of the Issuer on 1 July 1996 and has been with the Group since 1987. Mr Toh has held the position of CEO of the Group from December 2002 but has relinquished his duties as CEO and Managing Director and was appointed as Executive Deputy Chairman of the Group with effect from 4 January 2016.

Mr Toh's new role and responsibilities are to identify and secure investment and development properties in new markets, explore and develop related or new products/businesses as well as assist the Chairman in the overall stewardship and governance of the Group.

Mr Toh started his career in the banking and finance industry and holds a Bachelor of Arts (Business) from the UK. Mr Toh is also a member of the Nominating Committee.

(c) Mr Teng Heng Chew (*Chief Executive Officer*)

Mr Teng is the newly appointed Chief Executive Officer of the Group with effect from 4 January 2016. Mr Teng's key areas of responsibilities are to manage all aspects of the Group's businesses, develop and strengthen the capabilities of the management and staff as well as implement the directions, strategies and plans of the Board.

Prior to joining the Group, Mr Heng was an Adviser to Straits Trading Company Limited since January 2014 and the CEO of the property division in Straits Trading Company Limited from January 2010 to December 2013. He was concurrently the CEO of the Hospitality division of Rendezvous Hospitality Group under Straits Trading Company Limited from January 2011 to December 2013.

(d) Mr Toh Gap Seng (*Non-executive Director*)

Mr Toh was appointed as a Director of the Issuer on 10 February 1978. He has more than 20 years of experience in the property development and investment business. Mr Toh is currently the executive Director of Hong Heng Co Private Limited.

(e) Mr Tan Tiong Cheng (*Non-executive, Independent Director*)

Mr Tan was appointed as an independent director of the Issuer on 28 April 2009. Mr Tan is currently the Chairman of Knight Frank Pte Ltd's Group of Companies. He has extensive and in-depth knowledge of real estate over the last four decades. A Colombo Plan Scholar, Mr Tan graduated top of his class with a Diploma in Urban Valuation from the University of Auckland, New Zealand. Mr Tan is a fellow of the Singapore Institute of Surveyors and Valuers, a fellow of the Association of Property and Facility Managers, and an associate of the New Zealand Institute of Valuers. Mr Tan is the Lead Independent Director, Chairman of the Remuneration Committee and a member of the Audit and Nominating Committee. Mr Tan is also an independent director of Straits Trading Co. Ltd and UOL Group Ltd.

(f) Mr Chew Chin Hua (*Non-executive, Independent Director*)

Mr Chew was appointed as an independent director of the Issuer on 27 December 2002. Mr Chew is currently the Chairman of the Audit Committee and a member of the Nominating Committee. He has many years of experience in the accounting and auditing profession. Mr Chew is a member of the Association of Chartered Certified Accountants.

(g) Mr Chia Kwok Ping (*Non-executive, Independent Director*)

Mr Chia was appointed as an independent director of the Issuer on 15 October 2012. Mr Chia has more than 20 years of experience in property development, property investment and hospitality. Mr Chia is the Chairman of the Nomination Committee and a member of the Remuneration Committee. He is currently an independent director of Amara Holdings Limited.

8.2 Key Management

(a) Ms Heng Lee Cheng, Cheryl (*Chief Financial Officer*)

Ms Heng was promoted from Group Financial Controller to Chief Financial Officer in July 2012. She is responsible for the Group's accounting, finance and leasing activities. She has several years of experience in the auditing and accounting profession before she joined the Group in April 2000. She holds a Bachelor of Accountancy from the Nanyang Technological University of Singapore and is a Chartered Accountant of Singapore.

(b) Ms Janet Tan Hong Sien (*General Manager, Project Development & Marketing*)

Ms Tan joined the Group in October 2012 as General Manager, Project Development & Marketing. She oversees the property development activities of the Group in Singapore. Ms Tan holds a Bachelor degree of Applied Science in Construction Management & Economics and a Diploma of Building. She has about 20 years of experience in real estate industry and was an Assistant General Manager, Project, with a reputable listed developer for about six years.

(c) Mr Liu Chun Bong, Edwin (*Country Head, UK and Europe*)

Mr Liu joined the Group in 2012. As a Country Head, he oversees property development and investment matters in the UK and Europe. Working closely with the Singapore head office, Edwin assists the executive board in identifying opportunities in the region. He manages the operation of the Heeton UK office in London and spearheads the implementation of development projects. Edwin is a Chartered Architect of the UK who has practised for over ten years in the UK and in South East Asia, he holds two Bachelor degrees in Architecture.

(d) Mr Adrian Koh Seng Hui (*General Manager, Hospitality (International)*)

Mr Koh has worked in the field of international hotel investments since 1995. He joined Heeton as General Manager, Hospitality (International) in 2014 as part of an expansion programme following the Group's new strategic focus on hospitality. Adrian oversees the Group's hotel operational and reporting functions including integrating newly-acquired hotels into the Heeton portfolio. He has a law degree from Kings College London University. Prior to joining Heeton he worked for two other Singaporean companies representing their interests overseas.

(e) Ms Eemin Loh Yi Xuan (*Manager, Human Resource and Administration*)

Eemin Loh Yi Xuan joined the Group in March 2001 as Personal Assistant to the Chief Executive Officer. In July 2010, she was promoted to Manager, Human Resource and Administration. She is responsible for formulating human resource and administration policies, overseeing payroll as well as staff welfare and development. Within the administration portfolio, she continues to hold the position of Personal Assistant to the Executive Deputy Chairman. Eemin holds a Graduate Diploma in Business Management from University of Bradford (UK) and Master of Social Science from Swinburne University of Technology (Australia).

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following selected financial information has been extracted from the audited financial statements of the Group for FY2015, FY2014, FY2013 and the unaudited financial statements of the Group for 1Q2016 and 1Q2015 as announced by the Issuer on 6 May 2016 and 14 May 2015 respectively.

Consolidated statement of comprehensive income

	1Q2016 (Unaudited) S\$'000	1Q2015 (Unaudited) S\$'000	FY 2015 (Audited) S\$'000	FY 2014 (Audited) S\$'000	FY 2013 (Audited) S\$'000 (Restated)
CONTINUING OPERATIONS					
Revenue	13,786	7,003	34,294	36,318	15,065
Cost of properties sold	(6,115)	(1,993)	(10,001)	(19,837)	(3,193)
Other operating income	640	774	3,008	3,151	3,733
Personnel expenses	(1,921)	(1,283)	(6,087)	(4,347)	(3,394)
Depreciation of fixed assets	(104)	(57)	(506)	(218)	(240)
Other operating expenses	(3,762)	(2,992)	(11,785)	(9,111)	(6,379)
Profit from operations	2,524	1,452	8,923	5,956	5,592
Financial expenses	(3,303)	(3,623)	(16,286)	(11,236)	(2,931)
Financial income	1,120	1,403	5,881	4,972	3,030
Share of results of associated companies/joint venture companies	6,256	2,580	34,615	11,792	8,655
Gain from fair value adjustments of investment properties	–	–	600	3,400	5,300
Provision for foreseeable losses on development property	–	–	(29,080)	(5,000)	–
Profit before taxation	6,597	1,812	4,653	9,884	19,646
Income tax expense	(762)	(589)	(43)	(1,114)	(1,297)
Profit for the financial period/year net of tax	5,835	1,223	4,610	8,770	18,349
Other comprehensive income					
Foreign currency translation	(3,994)	359	626	(793)	1,227
Other comprehensive income for the year, net of tax	(3,994)	359	626	(793)	1,227
Total comprehensive income for the period/year	1,841	1,582	5,236	7,977	19,576
Profit attributable to:					
Owners of the Issuer	5,802	1,460	5,651	9,455	18,350
Non-controlling interests	33	(237)	(1,041)	(685)	(1)
	5,835	1,223	4,610	8,770	18,349
Total comprehensive income attributable to:					
Owners of the Issuer	1,732	1,819	6,476	8,662	19,577
Non-controlling interests	109	(237)	(1,240)	(685)	(1)
	1,841	1,582	5,236	7,977	19,576
Earnings per share attributable to owners of the Issuer (cents per share)					
Basic	1.78	0.53	1.96	3.43	6.83
Diluted	1.78	0.53	1.96	3.43	6.83

Balance sheet as at 31 March 2016 (unaudited), 31 December 2015, 31 December 2014 and 31 December 2013

	1Q 2016 (Unaudited) S\$'000	FY 2015 (Audited) S\$'000	FY 2014 (Audited) S\$'000	FY 2013 (Audited) S\$'000 (Restated)
Non-current assets				
Fixed assets	114,763	105,242	68,291	455
Investment properties	172,059	173,980	172,333	138,900
Associated companies	71,566	64,689	44,022	22,137
Joint venture companies	63,431	64,091	50,330	55,962
Amounts due from associated companies, joint venture companies and investee companies	149,259	149,076	175,327	111,013
Other investments	218	218	218	218
Intangible assets	109	109	109	109
Deferred tax assets	–	–	–	8
	<u>571,405</u>	<u>557,405</u>	<u>510,630</u>	<u>328,802</u>
Current assets				
Development properties	203,131	198,765	210,694	224,261
Trade receivables	876	538	159	287
Other receivables	5,998	7,275	8,670	6,039
Prepayments	762	2,620	574	835
Amounts due from related parties (trade)	12	12	37	13
Amounts due from joint venture company (non-trade)	164	606	1,293	–
Amounts due from joint venture company (trade)	15	341	–	–
Fixed deposits	3,606	6,099	20,036	47,124
Cash and bank balances	19,563	16,227	19,485	9,155
	<u>234,127</u>	<u>232,483</u>	<u>260,948</u>	<u>287,714</u>
Current liabilities				
Trade payables	11,952	8,046	5,944	6,710
Other payables and accruals	6,492	4,833	5,135	4,728
Lease obligations	–	–	20	45
Bond	–	–	75,000	–
Short-term bank loans	14,000	4,000	–	1,000
Bank term loans	161,641	163,885	92,139	56,365
Income tax payable	1,457	935	1,407	1,367
Derivatives	182	23	–	–
	<u>195,724</u>	<u>181,722</u>	<u>179,645</u>	<u>70,215</u>
Net current assets	<u>38,403</u>	<u>50,761</u>	<u>81,303</u>	<u>217,499</u>
Non-current liabilities				
Other payables and accruals	1,005	1,150	1,025	960
Amounts due to associated companies & joint venture companies (non-trade)	38,536	38,273	36,079	–
Amounts due to non-controlling interests (non-trade)	29,558	25,230	–	–
Bonds	60,000	60,000	60,000	75,000
Lease obligations	–	–	–	21
Bank term loans	137,224	142,197	167,923	167,191
Deferred tax liabilities	827	499	159	–
	<u>(267,150)</u>	<u>(267,349)</u>	<u>(265,186)</u>	<u>(243,172)</u>
Net assets	<u>342,658</u>	<u>340,817</u>	<u>326,747</u>	<u>303,129</u>
Equity attributable to owners of the Issuer				
Share capital	86,624	86,624	58,803	58,803
Other reserves	(4,285)	(215)	(1,040)	(247)
Retained earnings	259,038	253,236	249,197	244,577
	<u>341,377</u>	<u>339,645</u>	<u>306,960</u>	<u>303,133</u>
Non-controlling interests	1,281	1,172	19,787	(4)
Total equity	<u>342,658</u>	<u>340,817</u>	<u>326,747</u>	<u>303,129</u>

Financial Review

1Q2015 versus 1Q2016

Consolidated Income Statements

Turnover comprises management fee, rental income from investment properties and hotel operations as well as proceeds from the sales of the Group's residential projects.

The Group's turnover for the period ended 31 March 2016 ("**1Q2016**") increased by 96.9% to \$13.79 million compared to \$7.00 million for the previous corresponding period ended 31 March 2015 ("**1Q2015**"). This was mainly due to the recognition of higher sales proceeds from residential projects, Onze@Tanjong Pagar and the Earlington in 1Q2016 of \$8.05 million compared to \$2.60 million in 1Q2015, and revenue of \$1.14 million from the newly acquired hotels, ibis Budget Bradford and ibis Hotel Gloucester in UK.

Cost of properties sold in 1Q2016 relates to the residential projects, Onze@Tanjong Pagar and the Earlington, while cost of properties sold in 1Q2015 only relates to Onze@Tanjong Pagar.

Personnel expenses increased by 49.7% to \$1.92 million in 1Q2016 as a result of increase in headcounts following the acquisition of ibis Budget Bradford and ibis Hotel Gloucester, as well as staff bonuses paid in 1Q2016.

Other operating expenses increased to \$3.76 million in 1Q2016 from \$2.99 million in 1Q2015. This was mainly due to (i) the qualifying certificate extension fee of \$1.46 million incurred for iLiv@Grange in 1Q2016 and (ii) operating expenses for both the newly acquired hotels of approximately \$0.58 million. Other operating expenses for 1Q2015 included an amount of \$0.87 million loss on disposal of fixed assets in Hotel ibis Styles Kensington for which there was none in 1Q2016.

Finance expenses decreased to \$3.30 million in 1Q2016 from \$3.62 million in 1Q2015. This was mainly due to lower bond interest expense as a result of the repayment made for the \$75.00 million bond in November 2015.

Finance income decreased 20.2% to \$1.12 million mainly due to a decrease in interest-bearing loans to associated companies.

Share of profits from associated companies/joint venture companies increased by 142.5% to \$6.26 million. This was mainly attributed to progressive profit recognition of residential projects, NeWest and King Albert Park.

Income tax expense increased from \$589,000 to \$762,000 in 1Q2016, in line with the increase in profit before tax.

Taking into account the above factors, the Group recorded a 377.1% increase in net profit after tax to \$5.84 million for 1Q2016, compared to \$1.22 million recorded in 1Q2015.

Consolidated Balance Sheets

Fixed assets amounting to \$114.76 million mainly comprised the following hotel properties:

- (i) land site for hotel development in Brisbane, Australia;
- (ii) Hotel ibis Styles London Kensington in London, UK;
- (iii) ibis Budget Bradford in Bradford City, UK;
- (iv) the newly acquired ibis Hotel Gloucester in Gloucester City, UK; and
- (v) hotel site currently under development at Glenthorne Road, London, UK.

The increase in associated and joint venture company balances was due mainly to the share of 1Q2016 results of associated and joint venture companies of \$6.26 million.

Development properties increased from \$198.76 million to \$203.13 million in 1Q2016 as a result of progress in construction of Onze@Tanjong Pagar.

Other receivables decreased from \$7.28 million to \$6.00 million and was mainly due to deposits placed to acquire ibis Hotel Gloucester as at 31 December 2015 being utilised upon the completion of the acquisition in 1Q2016.

Trade payables increased by \$3.91 million from \$8.05 million due to increase in account payables for development properties and hotel operations.

Other payables and accruals increased from \$4.83 million to \$6.49 million mainly due to expenses accrued for hotel operations.

Amounts due to non-controlling interests of \$29.56 million represents loans from non-controlling interests for various overseas projects.

Cash Flow Statements

Cash and cash equivalents increased by \$0.84 million in 1Q2016 because the following major cash inflows exceed cash outflows during the period:

Cash inflows:

- net cash generated from operating activities of \$1.74 million;
- proceeds from loan from non controlling interests of \$5.61 million;
- net repayment of loan from associated companies and joint venture companies of \$1.18 million; and
- net proceeds from bank loans of \$7.90 million.

Cash outflows:

- net cash outflow of \$15.30 million for purchase of fixed assets comprise mainly the acquisition of ibis Hotel Gloucester in 1Q2016 of \$12.03 million and construction costs incurred for the development of the hotel at Glenthorne Road, London, UK.

The consolidated statements of cash flows for the three-month period ending 31 March 2016 can be found in Appendix IV to this Information Memorandum.

FY2015 versus FY2014

Consolidated Income Statements

Revenue comprises management fees, rental income from investment properties and hotel operations as well as proceeds from the sales of the Group's residential projects.

The Group's revenue for FY2015 decreased by 5.6% to \$34.29 million compared to \$36.32 million for FY2014. Revenue from residential projects fell \$10.70 million during FY2015 as the overseas project 'The Earlington' was substantially completed and recognised during the 2014 financial year. Revenue from investment properties and hotel operations in FY2015 increased by \$7.13 million mainly due to newly acquired properties, Adam House and Hotel ibis Styles London Kensington in London which commenced operations in the period ended 31 December 2014 ("**4Q2014**").

Cost of properties sold in FY2015 decreased by 49.6% over FY2014 as a result of lower revenue contribution from residential projects.

Personnel expenses increased by 40.0% to \$6.09 million in FY2015 as a result of increases in headcount following the commencement of full operations in Adam House and Hotel ibis Styles London Kensington in London.

Other operating expenses increased by 29.3% to \$11.78 million in FY2015. This was mainly due to (i) the absence of significant expenses which were recorded in FY2014 - sales and marketing expenses of \$2.30 million for residential projects, Onze@Tanjong Pagar and Earlington and expenses of \$0.96 million incurred for the \$60.0 million bond issued in FY2014; (ii) additional operating expenses of approximately \$3.08 million incurred in FY2015 for newly acquired properties, Adam House and Hotel ibis Styles London Kensington and (iii) extension charges paid for a residential project of \$1.46 million in FY2015.

Finance expenses increased by 44.9% to \$16.29 million from \$11.24 million in FY2014. This was mainly due to higher bond interest expense as a result of the additional bond issue of \$60.0 million in June 2014 as well as loan interest for the various properties acquired in the United Kingdom.

Finance income rose by 18.3% to \$5.88 million, mainly due to an increase in interest-bearing advances made to associated companies in FY2015 as compared to FY2014.

Share of profits from associated companies and joint venture companies increased by 193.5% to \$34.62 million in FY2015. This was mainly attributed to higher progressive profit recognition from various residential projects as well as fair value gain of an investment property belonging to a joint venture.

The Group recorded a \$600,000 fair value gain during FY2015 from an investment property, as compared to \$3.40 million fair value gain during FY2014 for three investment properties.

The Group made a provision of \$29.08 million for foreseeable losses in a development property in FY2015.

Taking into account the above factors, the Group recorded a 47.4% decrease in net profit after tax to \$4.61 million in FY2015, compared to \$8.77 million recorded in FY2014.

Consolidated Balance Sheets

Fixed assets of \$105.24 million mainly comprised the following freehold hotel properties:

- (i) land site for hotel development in Brisbane, Australia;
- (ii) Hotel ibis Styles London Kensington in London, United Kingdom; and
- (iii) the newly acquired property at Glenthorne Road, London, United Kingdom of approximately \$31.32 million in 1Q2015.

The increase in associated companies and joint venture companies were due mainly to the share of FY2015 results of associated companies and joint venture companies of \$34.62 million in FY2015.

The decrease in amounts due from associated companies and joint venture companies from \$175.33 million to \$149.08 million was mainly due to repayment of loans from an associated company and a joint venture company during FY2015.

Development properties decreased slightly from \$210.69 million to \$198.77 million. This was mainly due to the provision made for foreseeable losses in one residential project of \$29.08 million being offset by the acquisition of a development property at New York Road, Leeds, United Kingdom in the period ended 30 September 2015 of approximately \$16.37 million.

Fixed deposits decreased from \$20.04 million to \$6.10 million mainly due to funds utilised for the acquisition of the properties at Glenthorne Road, London and New York Road, Leeds, both in United Kingdom.

Trade payables increased by \$2.10 million from \$5.94 million due to increase in account payables for development properties.

The \$75.00 million bond issued in November 2013 was redeemed in November 2015. The 3-year bond of \$60.00 million at coupon rate of 5.9% per annum was issued in June 2014 and will be payable in 2017.

Total bank term loans increased by \$46.02 million to \$306.08 million as at 31 December 2015 mainly as a result of loans drawn down relating to Adam House, Glenthorne Road, and New York Road, Leeds, in United Kingdom.

Amounts due to non-controlling interests of \$25.23 million represents loans from non-controlling interests for various overseas projects.

Cash Flow Statements

Cash and cash equivalents decreased by \$17.20 million in FY2015 because the following major cash outflows exceed cash inflows during the year:

Cash outflows:

- net cash outflow of \$37.85 million for the acquisition of fixed assets, mainly the property at Glenthorne Road in London;
- net cash used in operating activities of \$15.28 million mainly due to the increase in development properties of \$17.15 million;
- dividend payments made during the year of \$1.61 million; and
- repayment of bond in November 2015 of \$75.0 million.

Cash inflows:

- proceeds from bank loans of \$49.55 million;
- repayment of loan from associated companies and joint venture companies of \$28.78 million;
- additional loans from non-controlling interest of \$6.76 million; and
- shares proceeds from rights issue of additional 56,541,298 ordinary shares of \$27.82 million.

The consolidated statements of cash flows for FY2015 can be found in Appendix III to this Information Memorandum.

FY2014 versus FY2013

Consolidated Income Statements

Turnover comprises rental income from investment properties as well as proceeds from the sales of the Group's residential projects.

The Group's turnover for FY2014 increased by 141.1% to \$36.32 million compared to \$15.07 million for FY2013. This was mainly due to revenue contribution of \$24.11 million from two residential projects, Onze@Tanjong Pagar and the Earlington in London, as compared to only \$3.37 million from one residential project, the Britton in London, in FY2013.

Similarly, cost of properties sold in FY2014 increased by 521.3% over FY2013 as a result of recognition of cost of development for Onze@Tanjong Pagar and the Earlington in London.

Other operating income decreased by 15.6% to \$3.15 million from \$3.73 million. This was mainly due to the absence of dividend income of \$593,000 which was received from an investee company during FY2013.

Personnel expenses increased by 28.1% to \$4.35 million in FY2014, and was mainly due to the increase in headcounts following the commencement of operations in London.

Provision for foreseeable losses of \$5.0 million was made for one of the Group's development property in 4Q2014.

Other operating expenses increased by 42.8% to \$9.11 million from \$6.38 million. This was mainly due to sales and marketing expenses of \$2.30 million relating to two residential projects, Onze@Tanjong Pagar and the Earlington, as well as expenses of \$0.96 million incurred for the \$60.0 million bond issued in second quarter of 2014.

Finance expenses increased by 283.4% to \$11.24 million from \$2.93 million in FY2013. This was mainly due to (i) the \$135.0 million bond interest expenses of \$6.26 million; (ii) interest expense of \$803,000 on loans from associated companies; and (iii) bank loan interest expense of \$1.90 million on a development property in which TOP was obtained in October 2013.

Finance income rose by 64.1% to \$4.97 million, mainly due to an increase in interest-bearing advances made to associated companies in FY2014 as compared to FY2013.

Share of profits from associated companies and joint venture companies increased by 36.2% to \$11.79 million in FY2014. This was mainly attributed to higher progressive profit recognition of various residential projects in the associated companies.

The Group recorded a \$3.40 million fair value gain during FY2014 from three investment properties, Tampines Mart, The Woodgrove, and 62 Sembawang Road during FY2014.

Taking into account the above factors, the Group recorded a 52.2% decline in net profit after tax to \$8.77 million in FY2014, compared to \$18.35 million recorded in FY2013.

Consolidated Balance Sheets

The increase in fixed assets from \$455,000 to \$68.29 million was mainly due to (i) the Group's acquisition of a piece of land for \$6.58 million for hotel development in Brisbane, Australia, in the period ended 30 September 2014 ("**3Q2014**"); and (ii) the acquisition and refurbishment costs of Hotel ibis Styles London Kensington (previously known as Enterprise Hotel) in London, United Kingdom during FY2014 for \$61.38 million.

Investment properties amounting to \$172.33 million mainly comprised Tampines Mart, The Woodgrove and the Group's new investment property, Adam House in London, United Kingdom. The increase of \$33.43 million was mainly due to (i) the acquisition of Adam House in 3Q2014 for \$30.03 million; and (ii) the recognition of fair value gain of \$3.40 million during FY2014.

The increase in associated companies and joint venture companies from \$78.10 million to \$94.35 million was mainly due to equity accounting of the Group's share of profits of associated companies and joint venture companies of \$11.79 million during FY 2014.

The increase in amounts due from associated companies, joint venture companies and investee companies from \$111.01 million to \$175.33 million was mainly due to the increase in loan to associated companies and the Group's additional investment in Australia, and the Group's additional investment in China through an investee company.

Development properties amounting to \$210.69 million consist of residential property projects in various stages of development.

Other receivables increased from \$6.04 million to \$8.67 million mainly due to a temporary advance made to non-controlling interest for an investment in London.

Fixed deposits decreased by \$27.09 million to \$20.04 million as a result of deployment of funds for the Group's investment in United Kingdom and Australia.

Total bank term loans increased by \$36.51 million to \$260.06 million as at 31 December 2014 mainly as a result of loans drawn down to fund the acquisition of Hotel ibis Styles London Kensington.

Total amounts due to associated companies increased to \$36.08 million as a result of loans from the Group's associated companies.

In June 2014, the Company issued a fixed rate 3 year bond of \$60.00 million at coupon rate of 5.9% per annum under its \$300 million multicurrency debt issuance programme. The proceeds will be used for several corporate purposes, including refinancing of borrowings, financing investments and for general working capital. The \$75.00 million bond issued in November 2013, payable in November 2015, has been reclassified to current liabilities as at 31 December 2014.

Cash Flow Statements

Cash and cash equivalents decreased by \$16.76 million in FY2014 because the following major cash outflows exceed cash inflows during the year:

Cash outflows:

- net cash outflow of \$53.68 million for the investment in subsidiaries mainly for the acquisition of Woodley Hotels (Kensington) Limited, the owner of Hotel ibis Styles London Kensington;
- net cash outflow of \$22.17 million for the acquisition of investment property, Adam House;
- net cash outflow of \$4.20 million for the acquisition of a hotel site in Brisbane, Australia;
- loans of \$5.83 million and \$23.96 million to investee company and associated companies / joint venture companies respectively; and
- dividend payments made during the year of \$4.84 million.

Cash inflows:

- net cash generated from operations of \$13.01 million partly due to receipt of progress billings upon the completion of Earlington residential project in London;
- proceeds from bond issue amounting to \$60.0 million; and
- proceeds from bank loans of \$35.51 million.

The consolidated statements of cash flows for FY2014 can be found in Appendix II to this Information Memorandum.

INVESTMENT CONSIDERATIONS

Prior to making an investment or divestment decision, prospective investors or existing holders of the Securities should carefully consider all the information set forth in this Information Memorandum and any documents incorporated by reference herein, including the risk factors set out below.

The risk factors set out below do not purport to be complete or comprehensive of all the risk factors that may be involved in the business, assets, financial condition, performance or prospects of the Issuer and its respective subsidiaries or the properties owned by the Group or any decision to purchase, own or dispose of the Securities. Additional risk factors which the Issuer is currently unaware of may also impair its business, assets, financial condition, performance or prospects. If any of the following risk factors develop 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 and investors may lose all or part of their investment in the Securities.

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. Neither this Information Memorandum nor any document or information (or 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 a recommendation by the Issuer, the Arranger 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.

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, even if the investor has received information to assist it in making such a determination. Each person receiving this Information Memorandum acknowledges that such person has not relied on the Issuer, its subsidiaries and/or its associated companies (if any), the Arranger 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 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 the Securities should determine for itself the relevance of the information contained in this Information Memorandum and any such other document or information (or any part thereof) and its investment or divestment should be, and shall be deemed to be, based solely on its own independent investigation of the financial condition and affairs, and its own appraisal of the credit worthiness of the Issuer and the Group, the Conditions of the Securities and any other factors relevant to its decision, including the merits and risk involved. A prospective investor should consult with its legal, tax and/or other advisers prior to deciding to make an investment in the Securities.

This Information Memorandum contains forward-looking statements. These forward-looking statements are based on a number of assumptions which are subject to uncertainties and contingencies, many of which are outside of the Issuer's control. The forward-looking information in this Information Memorandum may prove inaccurate. Please see the section on "Forward-Looking Statements" on page 6 of this Information Memorandum.

RISKS RELATING TO THE SECURITIES GENERALLY

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:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Securities, the merits and risks of investing in the Securities and the information contained or incorporated by reference in this Information Memorandum or any applicable supplement to this Information Memorandum;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Securities and the impact such investment will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Securities, including Securities with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Securities and be familiar with the behaviour of any relevant indices and financial markets; and
- (v) 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.

Some Securities are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in 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 the Securities and the impact such investment will have on the potential investor's overall investment portfolio.

Investment activities may be subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Securities are legal investments for them, (2) Securities can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase of any Securities. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Securities under any applicable risk-based capital or similar rules.

Modification and waivers

The Conditions of the Securities contain provisions for calling meetings of Securityholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Securityholders including Securityholders who did not attend and vote at the relevant meeting and Securityholders who voted in a manner contrary to the majority.

The Conditions of the Securities also provide that the Trustee may agree, without the consent of the 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, is made 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 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 Securityholders.

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.

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. Similarly, holders of beneficial interests in the Global Securities and Global Certificates will not have a direct right under the respective Global Securities and Global Certificates to take enforcement action against the Issuer following an Event of Default or, as the case may be, Enforcement Event (each as defined in the Trust Deed) under the relevant Securities but will have to rely upon their rights under the Trust Deed.

Limited liquidity of the Securities issued under the Programme

There can be no assurance regarding the future development of the market for the Securities issued under the Programme, the ability of the Securityholders, or the price at which the Securityholders may be able, to sell their Securities. The Securities may have no established trading market when issued, and one may never develop. Even if a market for the Securities does develop, there can be no assurance as to the liquidity or sustainability of any such market. 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.

Liquidity may have a severely adverse effect on the market value of the Securities. Although the issue of additional Securities may increase the liquidity of the Securities, there can be no assurance that the price of such Securities will not be adversely affected by the issue in the market of such additional Securities.

Fluctuation of market value of the Securities issued under the Programme

Trading prices of the Securities are influenced by numerous factors, including the operating results and/or financial condition of the Issuer, its subsidiaries and/or associated companies (if any), political, economic, financial and any other factors that can affect the capital markets, the industry, the Issuer, its subsidiaries and/or associated companies generally. Adverse economic developments, in Singapore as well as countries in which the Issuer, its subsidiaries and/or associated companies (if any) operate or have business dealings, could have a material adverse effect on the business, financial performance and financial condition of the Issuer, its subsidiaries and associated companies (if any).

Further, recent global financial turmoil has resulted in substantial and continuing volatility in international capital markets. Any further deterioration in global financial conditions could have a material adverse effect on worldwide financial markets or may adversely affect the market price of any Series or Tranche of Securities.

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 note and/or perpetual security prices, 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, note and/or perpetual security prices may rise. The Securityholders may enjoy a capital gain but interest 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 the actual returns.

The market prices of Securities issued at a substantial discount or premium tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities

The market values of securities issued at a substantial discount or premium to their nominal 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 are not secured

The Notes, the Senior Perpetual Securities and Coupons relating thereto constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* 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 thereto constitute direct, unconditional, subordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* without any preference or priority among themselves, and *pari passu* with any Parity Obligations (as defined in the Trust Deed) of the Issuer.

Accordingly, on a winding-up or termination 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 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 owed to the Securityholders.

The Trustee may request the Securityholders to provide an indemnity and/or security to its satisfaction before taking action on behalf of Securityholders

In certain circumstances (pursuant to Condition 11 of the Notes or Condition 9 of the Perpetual Securities), the Trustee may (at its sole discretion) request Securityholders to provide an indemnity and/or security to its satisfaction before it takes action on behalf of Securityholders. The Trustee shall not be obliged to take any such action if not indemnified and/or secured to its satisfaction. Negotiating and agreeing to an indemnity and/or security can be a lengthy process and may impact on when such actions can be taken.

The Trustee may not be able to take action, notwithstanding the provision of an indemnity or security to it, in breach of the terms of the Trust Deed and in circumstances where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the Securityholders to take such actions directly.

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 Trust Deed and the Agency Agreement of their obligations thereunder including the performance by the Trustee, the Issuing and Paying Agent and/or the Agent Bank of their respective obligations. Whilst the non-performance of any relevant parties 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 fulfil its obligations to the Securityholders and the Couponholders.

Currency risk associated with Securities denominated in foreign currencies

The Issuer's revenue is generally denominated in Singapore dollars and the majority of the Issuer's operating expenses are generally incurred in Singapore dollars as well. As the Securities can be denominated in currencies other than Singapore dollars, the Issuer 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 Issuer may be able to fully hedge the currency risks associated with such Securities denominated in foreign currencies.

Exchange rate risks and exchange controls may result in Securityholders receiving less interest or principal than expected

The Issuer will pay principal and interest on the Securities in the currency specified. This presents certain risks relating to currency conversions if Securityholder's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than the currency in which the Securities are denominated. These include the risk that exchange rates may significantly change (including changes due to devaluation of the currency in which the Securities are denominated or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the currency in which the Securities are denominated would decrease (i) the Investor's Currency equivalent yield on the Securities, (ii) the Investor's Currency equivalent value of the principal payable on the Securities and (iii) the Investor's Currency equivalent market value of the Securities.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, Securityholders may receive less interest or principal than expected, or no interest or principal.

Changes in market interest rates may adversely affect the value of fixed rate Securities

Investment in fixed rate Securities involves the risk that subsequent changes in market interest rates may adversely affect the value of fixed rate Securities.

Legal risk factors may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Securities are legal investments for it, (2) the Securities can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Securities. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Securities under any applicable risk-based capital or similar rules.

RISKS RELATING TO THE NOTES

Failure by an investor to pay a subsequent instalment of partly-paid Notes may result in an investor losing all of its investment

The Issuer may issue Notes where the issue price is payable in more than one instalment. Failure to pay any subsequent instalments could result in an investor losing all of its investment.

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 tax 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 fulfilment of certain conditions more particularly described in the section on “Singapore Taxation” herein.

However, there is no assurance that the conditions for “qualifying debt securities” will be met or that such Notes will continue to enjoy the tax concessions in connection therewith should the relevant tax laws be amended or revoked at any time.

Notes subject to optional redemption may have a lower market value than Notes that cannot be redeemed

An optional redemption feature is likely to limit the market value of the Notes. During any period when the Issuer elects to redeem the Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may redeem the Notes when its cost of borrowing is lower than the interest rate on the Notes. At that time, Noteholders generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Noteholders should consider reinvestment risk in light of other investments available at that time.

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 specified in the relevant Pricing Supplement, Perpetual Securityholders may not receive distribution payments if the Issuer elects to not to pay all or a part of a distribution under the 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 Group's financial condition. Investors should be aware that the interests of the Issuer may be different from the interests of the Securityholders.

If specified in the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the Issuer's option at 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. See "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 default 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 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. 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 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 and *pari passu* with the holders of all Parity Obligations, 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 any 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 Inland Revenue Authority of Singapore for the purposes of the ITA 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 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.

A change in the law governing the subordination provisions of the Perpetual Securities may adversely affect Securityholders

The provisions of the Conditions of the Perpetual Securities that relate to subordination are governed by Singapore law. No assurance can be given as to the impact of any possible judicial decision or change to such law or administrative practice after the date of issue of the relevant Perpetual Securities.

RISKS RELATING TO THE GROUP'S BUSINESS

(a) The Group's business is dependent on consumer preferences

The Group's development properties are dependent on consumer preferences, the popularity of its properties in terms of design and consumer spending trends. Consumer preferences and spending trends are influenced by external factors including the income level of consumers and the markets' demographic profiles. The designs of the properties which appeal to some customers may not appeal to others. It is therefore important that the Group is able to produce designs with sufficient market appeal to attract customers with different preferences. In the event that the Group's competitors are able to introduce more innovative and/or more functional designs or properties that can better cater to customers' needs or that are better accepted by the market, the Group may not be able to maintain its competitive edge and its profitability and financial performance may be adversely affected.

(b) The Group may face disputes with its joint venture partners

The Group has entered into co-operation agreements and joint ventures with partners in property development and investment projects. As joint ventures generally enable the pooling of financial resources and management expertise in the development of projects to reduce the risks undertaken by a single party, the Group views joint ventures as an important factor in the success of any property development and investment project. Depending on the nature, the Group's equity interest and the extent of its involvement in such projects, the Group may not be able to control the decision-making process of joint venture projects without reference to its joint venture partners. However, the Group might, through contractual provisions and representatives appointed by the Group on board such projects, have the ability to control or influence the decision-making process.

Any dispute among joint venture partners over obligations and differing views would affect the process and profitability of such projects. If there are disagreements between the Group and its joint venture partners regarding the business and operations of the joint ventures, the Group cannot provide assurance that it will be able to resolve them in a manner that will be in the best interests of the Group. In addition, the Group's joint venture partners may have economic or business interests that are inconsistent with the Group's and may take actions contrary to its instructions or requests. These factors may materially and adversely affect the performance of its joint ventures, which may in turn materially and adversely affect the financial condition and results of operations of the Group.

Political uncertainties or new government regulations (such as restrictions on property ownership) or changes in economic, business and operating conditions may also result in a decline in the Group's investment in these joint ventures or a loss in the Group's ability to influence the management, directors and decisions made under these joint ventures. There is no assurance that the Group will not, in the future, encounter such business risks which may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

(c) The Group is subject to financing risks and may not have adequate capital resources to finance business activities such as land acquisitions or property developments

Property development is capital intensive, as are business activities with respect to property investment and the hospitality industry. The availability of adequate financing is crucial to the Group's ability to acquire land and to complete its development projects according to plan. The Group finances its business activities through a combination of internal and external sources of funds. Internal sources of funds comprise mainly cash generated from its operating activities (which include cash inflows arising from sales, leasing and operation of its property developments) and cash and bank balances while external sources comprise mainly bank loans and capital contribution from shareholders. The mismatching cash flows nature of the Group's property development may result in periods where the Group experiences net negative operating cash flows that have to be financed through its existing cash and bank balances and external sources of funds, which represent greater reliance on such sources of funds during these periods.

The Group finances the development of properties by means of equity and debt financing. As a significant amount of funds is required in property projects, in addition to internally generated funds, the Group would typically seek debt financing of between 60 per cent. and 70 per cent. of the cost of development on a secured basis. In addition, the Group may also fund the operations of the Group's hotel and investment properties through secured term loans and overdrafts.

For the financing requirements of any property project, the Group would be charged interest on variable interest rates, which fluctuate according to the market rates charged by commercial banks. Consequently, the Group's ability to estimate interest expense in the financing of the Group's property development projects will have an impact on the Group's profitability. The Group tries to secure financing on favourable terms which will enable the Group's projects to achieve their intended returns. The Group has financed its property projects (development and investment properties) with both short-term and long-term loans from financial institutions based on various factors, including the estimated returns on these projects, the timing of the completion, the expected interest charges to be incurred for the entire project period, the risk of recall of loans, increase in interest rates, and, should there be negative changes to the business environment, demand to top-up collateral. In the case of property development projects which usually have long construction periods, the Group's development projects will generally have negative cash flows in the early phase.

Positive cash flow will usually be registered only after the completion of the project, when the ownership of the properties has been transferred to the relevant buyers and full payment is received from them. If the Group's property businesses do not generate sufficient cashflow to meet the financing costs of the Group's property projects, the Group's profits would be adversely affected.

Similarly, in order to fund its activities with respect to the property investment and the hospitality industries, it is crucial for the Group to be able to secure financing on favourable terms which will enable any purported commercial ventures within such industries to achieve the intended outcomes and returns.

Although the Group has obtained financing in the past to fund its business activities, the Group cannot provide assurance that it will have adequate capital resources available to finance its business activities such as land acquisitions, property developments or other activities that are necessary for the Group's property investment and for the hospitality business. This may arise from inadequacy of internal funds such as low cash levels and/or (with respect to the Group's property development business) the Group's inability to achieve sufficient pre-sales in order to fund its property developments. The incurrence of additional debt will increase its interest payments required to service its debt obligations and could result in operating and financial covenants that restrict its operations and the Issuer's ability to discharge its payment obligations under the Securities.

(d) The Group may be subject to risks in relation to interest rate movements

The Group may face risks in relation to interest rate movements in particular as a result of the debts undertaken by it to finance its property developments.

Changes in interest rates will affect the Group's interest income and interest expense from short-term deposits and other interest-bearing financial assets and liabilities. This could in turn have a material and adverse effect on its financial performance. Furthermore, an increase in interest rates would also adversely affect the willingness and ability of prospective customers to purchase its properties and its ability to raise and service long-term debt, which could have a material and adverse effect on the financial performance and results of operations of the Group.

(e) The Group may be adversely affected by unsold properties

In the event that the Group is unable to sell a significant proportion of its properties, its financial performance will be materially and adversely affected as the Group may incur holding costs, including interests costs and maintenance costs. Furthermore, the unsold properties that the Group continues to hold for sale post-completion may be relatively illiquid, which will limit its ability to realise cash from unsold units on short notice. Such illiquidity may also have a negative effect on the prices of unsold units in the event that the Group is required to sell the unsold properties urgently, and limits its ability to vary its portfolio of property held for sale in response to changes in economic, political, social or regulatory conditions in a timely manner. In such an event, the Group's cash flow and financial performance will be adversely affected.

(f) The Group may be subject to liquidity risks arising from bank borrowings

Where financing has been procured by the Group to acquire land for any development projects or for any other business projects, there may be a gradual development of the Group's inability to continue to acquire funding within a reasonable timeframe, and conversely affect the Group's ability to meet its debt obligations without incurring unacceptably large losses. The Group may thus be subject to liquidity risks, where the Group might not be able to meet its current and future cash flow and collateral needs (both expected and unexpected), without materially affecting its daily operations or overall financial conditions.

(g) The Group may be subject to credit risks due to default on payment obligations

The Group may be subject to a certain level of susceptibility to credit risk that arise from counterparties who default on payment obligations owed to the Group in the conduct of its business. Credit risk arising from such circumstances, however, are somewhat mitigated as the Group deals with payment (for property development) on a downpayment/deposit basis, followed by payments to be repaid via progress payments. With respect to the Group's business in the hospitality industry, goods and services provided either through the provision of hotel rooms and food and beverage products and services are not likely to attract default on payment obligations.

(h) The Group may be subject to foreign exchange transaction risks

The Group may be subject to foreign exchange risks as its combined financial statements are denominated in Singapore dollar while the financial statements of its foreign subsidiaries and associated companies are prepared in their respective functional currencies. For the purpose of consolidating the financial results of its foreign subsidiaries and associated companies, the assets and liabilities and income and expenses of the Group's foreign subsidiaries and associated companies are translated to Singapore dollar based on the year end exchange rates for the relevant financial period or year. Any significant fluctuation of the Singapore dollar against the respective functional currencies of the Group's foreign subsidiaries and associated companies may adversely affect its results of operations.

The value of Singapore dollar against the Malaysia Ringgit, English Pound, Thai Baht and/or the currency of any country in which the Group has operations in may fluctuate and be affected by changes in the political, social and economic conditions in Malaysia, UK, Thailand and/or any country in which the Group has operations in and any significant revaluation of the Malaysia Ringgit, English Pound, Thai Baht and/or the currency of any country in which the Group has operations in may have an adverse effect on the Group's business, financial condition, results of operations and prospects.

In addition, some of the Group's materials for construction and development and capital expenditures for future expansion programs may be denominated in foreign currencies, and any future appreciation in the Malaysia Ringgit, English Pound, Japanese Yen and Thai Baht against the Singapore dollar would increase the Group's cost of materials and the cost of the Group's capital expenditures in Malaysia Ringgit, English Pound, Japanese Yen or Thai Baht could have an adverse effect on its business, financial condition, results of operations and prospects.

The Group currently does not have any formal policy for hedging against foreign exchange exposure. However, the Group will continue to monitor its foreign exchange exposure and may employ forward currency contracts to manage its foreign exchange exposure should the need arise.

(i) The Group is exposed to construction risk

The property development projects that the Group undertake usually require huge initial capital outlay during the construction phase. Such projects usually take between 12 and 36 months to complete. The time taken and the costs involved in completing such property projects can be adversely affected by several factors including shortage of materials, shortage of equipment and labour, adverse weather conditions, disputes with contractors, accidents, delay in approval from the authorities and other unforeseen circumstances. Any of these could delay the completion and launch of the Group's property projects and could result in cost overruns. The Group's profitability will be affected if the Group is not able to pass on the cost overruns to its contractors, or if the Group is unable to launch property projects in accordance with the Group's schedule. Furthermore, delay in project completion beyond the scheduled dates may expose the Group to liquidated damages payable to purchasers of the development.

(j) The Group is dependent on contractors

In the ordinary course of its business, the Group relies on its contractors to provide various construction services for its property development projects. While it adopts stringent measures in selecting contractors and ensuring that their works are acceptable according to specifications, there is no assurance that the services and products rendered by the contractors will always be satisfactory and in compliance with the Group's standards and requirements. Should the contractors fail to rectify any unsatisfactory works and/or suitable alternative solutions are not found in a timely manner, the projects may not be completed within the budget and time schedule, resulting in cost overruns and project delays. Moreover, should the contractors fail to sustain their operations due to adverse changes in their financial conditions and suitable replacements are not secured in a timely manner, the Group's projects will be subject to disruption and delay. As a result, the Group's profitability and financial performance may be adversely affected.

(k) The Group is subject to risks in relation to the prices of building materials, labour and equipment

The construction costs of the Group's future projects will be subject to fluctuations in the prices of various construction materials, such as metal, stone, cement, sand, pipes, electric cables, sanitary fittings, window and door fittings, light fittings and other materials. In addition, the Group's business is dependent on the construction industry, which is human capital intensive and requires a large number of skilled and unskilled labour. Cost of labour may be subject to further fluctuations.

Similarly, the costs of leasing construction equipment, including excavators, cranes and lifting hoists, may also fluctuate over time due to changing market supply and demand conditions.

In the event that there is a material increase in the costs of construction materials, labour and equipment, the Group's main contractors are likely to pass on such additional costs to the Group and the operating costs of the Group's projects may increase. This may, as a result, have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

(l) The success of the Group is dependent on its Directors and Executive Officers

The Directors of the Group, including its non-executive Chairman, Toh Khai Cheng, its non-executive Director, Toh Gap Seng, its Executive Deputy Chairman, Toh Giap Eng and its Chief Executive Officer Teng Heng Chew, have contributed significantly to the success of the Group with their experience in the property-related industry. The success of the Group is dependent on the continued efforts of its Directors with assistance from its Executive Officers. The loss of one or more members of the senior management team may have a direct adverse impact on the Group's future business and continued growth if suitable replacements are not found in a timely manner or at all.

(m) The Group's ability to compete effectively against its competitors

In general, the businesses of property development, hospitality and property investment are intensely competitive and highly fragmented. The Group competes with various property developers and competition between property developers may result in, among other things, increased costs of the acquisition of land for development, oversupply of properties, a decrease in property prices, a slow-down in the rate at which new property developments will be approved and/or reviewed by the relevant government authorities, an increase in construction costs and difficulty in obtaining high quality contractors and qualified employees. In addition, the real estate market globally is rapidly changing, and if the Group cannot respond to changes in market conditions more swiftly or effectively than its competitors, its ability to generate revenue, its financial condition and financial performance will be adversely affected.

To compete successfully, the Group would need to develop innovative property designs, marketing strategies and adopt competitive pricing to attract buyers for its development properties. For its property investment business, the Group competes for tenancy of its investment properties. Competitive pricing from its competitors affects its rental income. This is especially so in a weak economy where demand for properties is poor. In addition, oversupply of development properties or investment properties will also result in price competition. Failure to secure buyers or tenancies or the significant reduction in property prices or rental incomes would have a negative effect on the Group's turnover and profitability.

In relation to the Group's hospitality businesses, the Group is venturing into a market where there is no lack of supply of hotels. In the event where there is an oversupply of hotels in the countries that the Group operates hotels in, price competition may result. In the event of such failure to secure appropriate demand, or where the tourism or business travel industry does not provide sufficient demand to secure hotel occupancy rates, the Group's turnover and profitability may be negatively affected.

The Group cannot provide assurance that it will be able to compete effectively or successfully with current or future competitors or that the competitive pressure it faces will not harm the Group's business.

(n) The Group's profit will depend on the Group's ability to source for new land bank

In the business of property development, the Group needs to identify the right land for property development in order to achieve good investment returns. The Group replenishes and sources for new land bank through the participation of government tenders and auctions as well as acquiring plots of land from private owners. The Group competes with other property developers for the sourcing of land bank. Failure to secure sizeable land bank for property development would directly affect its turnover.

(o) Illiquidity of property investment

Real estate investments are relatively illiquid. Such illiquidity limits the Group's ability to convert real estate assets into cash on short notice or may have a substantial impact on the selling price that might otherwise be sought for such assets to ensure a quick sale. Such illiquidity also limits the ability of the Group to vary its portfolio in response to changes in economic or other conditions.

(p) The Group may not be able to generate adequate returns on its properties held for long-term investment or its hotel business

Property investment is subject to varying degrees of risks. The investment returns available from investments in real estate depend primarily on the amount of capital appreciation generated, the income earned from the rental of the relevant properties and expenses incurred. The revenue derived from the disposal of such investment properties will depend on market conditions and levels of liquidity, which may be subject to significant fluctuations arising from the then prevailing economic conditions.

Revenue from the Group's investment properties comes primarily from rental income. The revenue derived from the rental of the relevant properties may be adversely affected by a number of factors, including but not limited to changes in market rates for comparable rentals, the inability to secure renewal of tenancies from the Group's tenants, the inability to collect rent due to bankruptcy or insolvency of tenants and the cost from on-going maintenance, repair and re-letting. Factors such as the delay in payment, or non-payment of rent by the Group's tenants or the bankruptcy or insolvency of the Group's tenants would have a negative impact on the Group's turnover and profitability. In addition, the Group is also unable to collect rent for those properties under maintenance, renovation or repair. Such repair, maintenance or renovation is carried out to preserve the value of the Group's properties. The inability to collect rent from the Group's tenants due to non-payment or properties under prolonged maintenance would adversely affect the Group's turnover and profitability.

Where the Group's hotel business is concerned, renovation work, repair and maintenance or physical damage to hotels may affect the ability of the affected hotel to meet consumer demand. In such an event, the ability to generate revenue (notwithstanding that consumer demand is present) will be affected accordingly.

(q) The Group's revenue and profits from its hospitality projects and hotel businesses are subject to certain inherent industry risks

There is a continual increase of competition from new supply or existing hotel properties in the markets which the Group operate in, which may adversely affect occupancy rates and revenues. In addition to the increase in such traditional forms of competition, a new form of competition may also arise from the advent of Airbnb and other businesses that operate on a model similar to that of Airbnb.

Apart from increasing competition, the attractiveness of the Group's hotel properties, the level of services provided to guests, and whether the attraction and standards of the foregoing can be continually maintained and improved as against other hotels, also play a major role in influencing the Group's revenue and profits.

The factors that the Group's profits and revenue are dependent on include (but are not limited to) the level of business (for example, meeting and conference business), commercial and leisure travel, and tourism at different points in time of the year. Consequently, the Group's financial performance is also dependent on the condition and outlook of other hospitality-related sectors, which are similarly also vulnerable to cyclicalities and other factors outside of the Group's control.

Inflation, increases in interest rates and borrowing expenses, higher energy and power costs, salaries, real estate taxes and other operating expenses may also reduce the Group's revenues.

Finally, changing travel patterns by tourists and consumers to the markets that the Group operates hotel properties in, as a reaction to increased air travel prices due to higher fuel prices or taxes or from the shift of consumer preferences for travel destinations, will also influence the number of visitors seeking lodging at the Group's hotel properties, thereby impacting on the Group's revenue and/or profits for this part of its business.

(r) Hotel managers are not under the direct control of the Group

Hotel managers are generally not under the direct control or supervision of the Group, and their failure to generate income independently could adversely affect the success of the Group's hotels. In the event where hotel managers are merely service providers to the Group's various hospitality and/or hotel businesses (and do not have actual equity participation in any such hospitality or hotel business with the Group as a shareholder), the only control or supervision that the Group can avail itself to such a hotel manager, will be through the agreed terms of the relevant hotel management agreement.

(s) The Group's operating costs and expenses from its hospitality projects and hotel businesses are constant regardless of demand for its services

The operating costs and expenses of the Group's hospitality projects and hotel businesses continue to remain constant, regardless of the hotel occupancy rate. During periods of time where the Group's revenue and/or profits derived from this part of its business is impacted negatively due to low demand for its rooms and services, the Group's relevant operating costs and expenses continue to be incurred.

(t) Mismanagement of property development projects

The Group manages property development projects initiated by the Group as the Group believes that good project management is critical to the success of the projects. Depending on the nature of the projects, the Group monitors and supervises work progress, work quality and also ensures adherence to its budgets. The Group's staff would also participate in meetings to discuss issues arising out of the development operations and carry out regular control reviews to ensure that the development projects are properly and efficiently run. The failure to monitor and manage any one of the Group's projects may result in delays and cost overruns which would adversely affect the Group's profitability.

(u) The Group's ability to identify new property development and investment projects

The performance of the Group is dependent on the Group's ability to identify potential and profitable property projects. The viability and profitability of property projects are affected by the general economic conditions in the various jurisdictions the Group operates in, the prevailing interest rates and the cost of construction. While the Group has been successful in identifying and developing property projects, it is not possible to guarantee the continuing success of such projects in the future. The failure to identify potential and profitable property projects would have an adverse effect on the Group's turnover and profitability.

(v) The Group's actual selling prices that may be achieved from future sales of its unsold property development units may materially differ from its valuation

Unanticipated changes in relation to the Group's unsold property development units, changes in general or local economic or regulatory conditions or other relevant factors could affect the valuations in respect of such units and the returns that the Group can realise from the sale of such units. The actual selling prices that may be achieved by the Group from future sales of unsold units may materially differ from the value attributed to them in the valuation reports.

In addition, based on the accounting policies of the Group, unsold property development units which are classified as "investment properties" in the Group's financial statements are initially recorded at cost. Subsequent to recognition, investment properties are measured at fair value and gains or losses arising from changes in the fair values of investment properties are included in the income statement in the period in which they arise. In the event that the fair values of the investment properties are substantially lower than the carrying values, there will be substantial losses to be recognised in the income statement in the period when the fair values are measured.

(w) The value of properties and land sites is subject to fluctuations

The valuations of the Group's properties are conducted by professional independent valuers under certain assumptions and prevailing market conditions. These valuations are subject to, *inter alia*, changes in market conditions and thus may not accurately reflect the actual value of such properties upon realisation or disposal. Should the value of the Group's properties and land sites be lower for any reason upon realisation or disposal, its financial position and performance will be adversely affected. In addition, the Group may record impairment losses in its financial statements in the event that the market value of the unsold properties and land sites, as determined by professional independent valuers, fall below their carrying amounts.

(x) The Group is subject to the risk of inability to collect progress payments from purchasers of its property development projects

For its development properties, the Group is subject to the solvency or creditworthiness of its customers. In this respect, it may sometimes face delay or even non-payment in its collection of progress payments from the purchasers of its property development projects. Any significant delay or inability in collecting payment will impact negatively on the Group's financial performance.

(y) The Group may be affected by uninsured loss to its properties

The Group maintains insurance policies covering its development and investment properties in conformity with market practice, with policy specifications and insured limits which the Group believes are adequate. Risks insured against include floods, fire, lightning and physical damage by the general public. However, certain types of losses such as acts of God, war and civil disorder are generally not insurable. Should there be loss arising out of the damage to the Group's properties which are not covered by the Group's insurance policies or should such damage be in excess of the amount for which the Group is insured, the Group's profitability would be adversely affected.

(z) The Group's financial performance may fluctuate from period to period if it is unable to undertake or complete new projects

The Group is vulnerable to revenue volatility which is characteristic of property development companies. For the Group's property development business, the level of revenue that it can achieve is subject to fluctuations and is dependent on, amongst others, the demand for its development projects, the pricing and number of property development projects and the overall schedules of its projects which are in turn, to a large extent, affected by the market sentiment, market competition, general economic and property markets conditions, as well as government regulations. Accordingly, the Group is susceptible to revenue volatility between financial periods. The Group's financial performance has varied significantly in the past and may continue to fluctuate significantly from period to period in the future. Therefore, historical financial performance of the Group is not indicative of its future performance.

(aa) 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 involved in the development and sale of its properties such as main contractors, sub-contractors, suppliers, construction companies, purchasers, other partners and lenders. 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 decrees that result in financial losses and delay the construction or completion of its projects. Any project delays arising from the above will affect the Group's business and financial performance.

(bb) The Group may face uncertainties associated with the expansion of its business overseas

The Group is subject to foreign laws, regulations and policies as a result of property investments in foreign countries. There may be a negative impact on any property owned by the Group in a foreign country as a result of measures and policies adopted by the relevant foreign governments and regulatory authorities at national, provincial or local levels, such as government control over property investments or regulations in relation to foreign exchange. Legal protection and recourse available to the Group in certain countries may also be limited.

In addition, the income and gains derived from investments in property in other countries may be subject to various types of taxes in Singapore and these foreign jurisdictions, which include income tax, withholding tax, capital gains tax, and any other taxes that may be imposed specifically for ownership of real estate. All of these taxes are subject to changes in laws and regulations that may lead to an increase in tax rates or the introduction of new taxes, and could adversely affect and erode the returns from these development properties. There is also no assurance that the Group will be able to repatriate the income and gains derived from investments outside Singapore to Singapore on a timely and regular basis.

Accordingly, there is no assurance that the Group will be able to execute its growth strategies successfully or that the performance of any strategic alliances, acquisitions or investments would meet the Group's expectations.

(cc) The Group is subject to government regulation and policy in the countries where it has operations

Governments of the foreign countries in which the Group has operations may seek to promote a stable and sustainable property market by monitoring the property market and adopting measures as and when they deem necessary. These governments may introduce new policies or amend or abolish existing policies at any time and these policies may have retroactive effect. These changes may have a material and adverse impact on the overall performance of the property markets in which the Group has operations and thus affect the Group's business, financial condition, prospects and results of operations.

In addition, a property developer must obtain various permits, licences, certificates and other approvals from the relevant administrative authorities at various stages of the property development process, including land use rights certificates, planning permits, construction permits, pre-sale permits and certificates or confirmation of completion and acceptance. Each approval is dependent on the satisfaction of certain conditions. Problems may be encountered in obtaining such government approvals or in fulfilling the conditions required for obtaining the approvals, especially as new laws, regulations or policies may come into effect from time to time with respect to the real estate industry in general or the particular processes with respect to the granting of approvals. If the Group fails to obtain relevant approvals or fulfil the conditions of those approvals for its property developments in the relevant foreign country it has operations, these developments may not proceed as scheduled, and the Group's business, financial condition, prospects and results of operations may be adversely affected.

The Group's operation and management of hotels may also be subject to various laws and regulations. Hotel licences may be required for the operation of hotels and the withdrawal, suspension or non-renewal of any of these licences, or the imposition of any penalties, as a result of any possible infringement or non-compliance with any requirement, may have an adverse impact on the Group's business. In addition, if the Group is unable to obtain such licences for any new hotels, its business and operations could be adversely affected.

(dd) The Group is dependent on the quality of its title to properties in the land bank of the Group

The quality, nature and extent of the title to and interests in the land and properties under the Group's development varies, depending on a number of factors, including:

- (i) the country and location of the property;
- (ii) the laws and regulations that apply to the property;
- (iii) the extent to which the contract pursuant to which the property interest was acquired has been performed, the extent to which the terms and conditions thereunder have been complied with, and the amount of the purchase consideration which has been paid;
- (iv) the extent of compliance by the Group or any other relevant party (including previous owners, the vendor of the property and the entity in which the Group has invested that has acquired or is acquiring the property) with all relevant laws and regulations relating to the ownership, use, sale, development or construction of the property;
- (v) the manner under which the interest in the property is held, whether through a joint venture, a development or joint operation agreement, under a master lease or otherwise; and
- (vi) the capacity, power, authority and general creditworthiness of the counterparties to the contractual and other arrangements through which the Group has acquired an interest in the property.

Due to the laws in some of the countries where the Group operates and the lack of a uniform title system in such countries, there is potential for disputes over the quality of title and/or quality of the assets purchased. Delays in acquiring properties required for the Group's development activities could negatively affect the Group's Performance. The Group's acquisition of properties and/or assets is dependent on the due diligence as to, *inter alia*, title, which in turn is dependent on the quality of professional advice and the availability of reliable, accurate, complete and up-to-date information in the relevant countries. The quality and extent of the title to the Group's property interest may be challenged or adversely impacted or may adversely affect the Group's ability to deal with its property interests and in turn the value of the Group's investment in these properties.

(ee) The Group is subject to health, safety and environment standards

Property developers and/or building contractors are subject to various laws and regulations relating to workplace health and safety and environmental pollution control. The Group cannot predict future amendments, new enactments or more stringent administration of these health, safety and environment standards. Any change in such regulations and/or standards may result in the Group incurring additional time and costs for the purposes of compliance. Further, any failure to comply with these regulatory standards at the Group's project sites may result in fines, penalties, sanctions or temporary suspension resulting in project delays, which may have a material adverse effect on the Group's business operations and prospects.

(ff) The Group could incur significant costs related to environmental matters

The Group may be subject to various laws and regulations in the countries where the Group operates 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 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 substances and other regulated materials. 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.

RISKS RELATING TO THE GROUP'S BUSINESS IN SINGAPORE

(a) The Group's performance may be adversely affected by changes in Singapore government policies

The Singapore government monitors the property market closely and adopts measures as and when it deems necessary to promote a stable and sustainable property market. Thus, the government may introduce new policies or amend or abolish existing policies at any time. Such regulations include land and title acquisition, development, planning, design and construction as well as mortgage financing and refinancing. The Singapore government has in the past, intervened in and regulated the movement in property prices. The Group may be affected by changes in government regulations and policies in Singapore such as the introduction of new property-cooling measures, revisions to the terms of the housing developer's licence, zoning changes, new compulsory acquisition policies and property tax regimes. These changes may have a material adverse impact on the overall performance of the Singapore property market which may adversely affect the Group's profitability and financial performance.

Property-cooling measures

In particular, the Group may be affected by property-cooling measures introduced by the Singapore government from time to time. For example, with effect from 12 January 2013, the government has imposed ABSD of between five per cent. and 15 per cent. in respect of purchases of residential property to moderate investment demand for residential property and promote a more stable and sustainable property market.

Non-Singaporeans and non-Singapore permanent residents are now required to pay 15 per cent. ABSD in respect of any purchase of residential property, while Singapore permanent residents are required to pay five per cent. ABSD on their first purchase, and 10 per cent. on any second or subsequent purchases, of residential property. In addition, Singaporeans who already own one residential property are required to pay seven per cent. ABSD on their second purchase, and 10 per cent. ABSD on their third and subsequent purchases of residential property. ABSD is imposed over and above buyer's stamp duty.

Further, the LTV limit on housing loans has been tightened for individuals who already have at least one outstanding housing loan, as well as for non-individuals such as companies. Besides tighter LTV limits, the minimum cash down payment for individuals applying for a second or subsequent housing loan has also been raised to 25 per cent. The lower LTV limits and higher minimum cash down-payment are subject to certain reliefs. Such property cooling measures may have an adverse impact on the business and financial performance of the Group.

Moreover, 15 per cent. ABSD is payable by corporate property developers which purchase residential land or property, unless remission applies. Should the Group be unable to comply with any conditions to ABSD remission, the ABSD payable may contribute towards an increase in the cost of developing residential units, and in turn, may adversely affect the profitability and financial performance of the Group.

In addition, if a residential property is purchased on or after 20 February 2010, seller's stamp duty is payable if the residential property is sold within the holding period.

In June 2013, the government introduced the TDSR framework for property loans in June 2013 in order to stabilise the overheated property market and encourage financial prudence among borrowers. The 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 government expects any property loan extended by financial institutions to not exceed a TDSR threshold of 60% and will regard any property loan in excess of a 60% TDSR to be imprudent. The government has further stated that it will review the 60% threshold over time, with a view to further encouraging financial prudence.

Housing developer's licence

The Issuer or its relevant subsidiaries that engage in the property development business is required to obtain a housing developer's licence before undertaking a housing development project comprising more than four units. The Issuer is also required to obtain a Qualifying Certificate in order to acquire any interest in residential properties in Singapore. Failure by the Group to obtain, renew or maintain the required licences and certificates, or cancellation, suspension or revocation of any of the Group's licences and certificates may result in the interruption of its operations and may have a material adverse effect on the Group's business.

Compulsory acquisition /zoning changes

From time to time, the relevant authorities may carry out redevelopment plans or effect zoning changes to particular areas. The supply of land to property developers is also regulated by the Singapore government. The Singapore government is also authorised under the Land Acquisition Act, Chapter 152 of Singapore, to compulsorily acquire land for particular purposes. These changes may have a material and adverse impact on the overall performance of the Singapore property market which may adversely affect the Group's profitability and financial performance.

Property tax regime

On 25 February 2013, the Singapore Government announced the Singapore Budget 2013, which includes changes to the property tax regime (including the property tax rates) with effect from 1 January 2014, with further revisions to the progressive property tax rates with effect from 1 January 2015.

For owner-occupied residential properties, more progressive property tax rates will be applicable on the annual value of such properties. With effect from 1 January 2015, progressive property tax rates will be revised to rates of up to 16 per cent.

For non-owner-occupied residential properties, the flat property tax rate on the annual value of such properties will be replaced with progressive property tax rates ranging from 10 per cent. to 19 per cent. with effect from 1 January 2014. With effect from 1 January 2015, such progressive property tax rates will be revised to rates of up to 20 per cent. In addition, the current tax concession which provides tax refunds on vacant properties will be removed.

The Singapore government is likely to continue to regulate the property market. Should any new and stringent measures be introduced to the property market, the Group's operations, profitability and financial performance may be adversely affected. In addition, property developers and/or building contractors are subject to laws and regulations relating to workplace health and safety, environmental pollution control and other areas that may concern the industry. There is no assurance that such regulatory standards will remain unchanged in the future. Should the relevant authorities implement additional and/or more stringent requirements, the Group may have to incur additional expenses and devote extra time or effort to comply with such changes. In the event of any non-compliance with such regulatory standards at project sites, the Group's project sites may be subject to temporary suspension or further examinations resulting in project delay. Should such situations arise, the Group's profitability and financial performance may be adversely affected.

(b) The Group's business is subject to the performance of the property industry in Singapore

The Group's business is subject to the performance of the property industry in Singapore, which is cyclical in nature. Cyclical downturns may arise from changes in global and local economic conditions, periodic local oversupply of properties for sale or lease, competition from other developers, changes in wages, energy costs, construction and maintenance costs, government regulations or changes in interest rates, and availability of financing for operating and/or capital requirements. Should the property market experience a downturn, demand for the Group's property development projects may slow down significantly. On the other hand, cyclical upturns may prompt the authorities to implement cooling measures. These factors may adversely affect the Group's financial performance and profitability.

(c) The Group's financial performance may be adversely affected by amendments to the Singapore Financial Reporting Standards

The Group's accounting policy is in compliance with the current SFRS, whereby revenue from the sale of private residential development projects in Singapore prior to completion of the properties that are regulated under the Singapore Housing Developers (Controller and Licensing) Act (Chapter 130) and uses the standard form of sale and purchase agreements prescribed under the Housing Developers Rules is recognised using the percentage of completion method and revenue from the sale of industrial and commercial development projects and overseas developments are recognised using the completion of construction method. Under the percentage of completion method, the percentage of work completed is measured based on the costs incurred up until end of the reporting periods as a proportion of total costs expected to be incurred and revenue is recognised by reference to this percentage of work completed. Under the completion of construction method, revenue is recognised when the development units are delivered to the purchasers. However, if the SFRS is amended and the Group has to change its accounting policy in relation to revenue recognition from percentage of completion method to completion of construction method or vice versa, the Group's financial performance and profitability may be adversely affected.

RISKS RELATING TO THE GROUP'S BUSINESS IN THE UK

(a) The Group's business may be adversely affected by regulations promulgated by the UK authorities

The real estate business in London is affected by the planning policies and guidelines of the authorities both at the central as well as at the local government level. Such planning guidelines in UK are unpredictable because of two main factors:

- (i) Planning guidelines issued by the Central Government provide room for varying interpretation by the local authorities. For example, although "affordable housing" is required to be provided for private housing developments exceeding 25 units, the formula for "commuted" payments in lieu of affordable housing provision varies from local authority to local authority. In some cases, local authorities will insist on affordable housing to be integrated on site with the private housing scheme instead of accepting "commuted" payments in lieu of provision on site.
- (ii) Public consultation is a statutory requirement under the laws governing the UK planning system and the public needs to be consulted for all planning applications. This invariably slows down the planning process. Applications for major schemes which are opposed strongly by residents and other pressure groups may be subject to the strict scrutiny and approval of the Central Government. This will result in extensive delays and very often reduction in the height and density of the proposed development following the public inquiry process organised by the Central Government.

(b) The Group's business may be adversely affected by economic and political factors in the UK

The Labour Government has largely adopted the stance of the former Conservative Government in its management of the UK economy. The markets have generally reacted favourably to the government's approach to the economy so far. However, there is no assurance that such policy decisions over the last two years could be sustained due to changes in economic conditions or changes in the ruling party.

The real estate industry in London, like any other business, is closely linked to the general economic and business climates. The proper functioning of businesses is carried out within the framework of a stable and effective political regime. The performance of the Group is very much dependent on the strength of the economy and the continued growth of the residential market in particular, within a favourable political environment.

(c) The Group's business is exposed to risks related to the UK's decision to terminate its membership in the EU on June 2016

The UK Government held a referendum on whether the UK will stay in the EU on 23 June 2016. The results of the referendum, where the UK eventually voted in favour of leaving the EU, may impinge upon the health of the global economic and/or financial system, and may affect investor sentiment. This could materially and adversely affect the operational, regulatory, currency, insurance and tax regime to which the Group is currently subject to. It could also result in prolonged uncertainty regarding aspects of the UK economy. The effect of these risks, were they to materialise, could be to increase compliance and operating costs for the Group and may also materially affect the Group's tax position or business, results of operation and financial position more generally.

For example, because a significant proportion of the regulatory regime in the UK and forthcoming regulatory reform is derived from EU directives and regulations, the referendum could materially change the regulatory regime that would be applicable to the Group's operations in the future. This could increase compliance and operating costs for the Group and have a material adverse effect on the Group's business, financial condition, results of operations and prospects, as well as creating disruption and/or uncertainty in the market.

(d) The Group's business may be adversely affected by stamp duty regulations in the UK

In the UK, stamp duty on the purchase of property has been progressively increased since July 1997. However, UK stamp duty is still lower compared with most of the other countries in the EU. There is the possibility that stamp duty could be raised again in future budgets towards the level of some other countries in the EU. By and large, the effect of the previous two successive increases in stamp duty has not dampened investment activity or considerably reduced property transactions over the past year. However, another increase in stamp duty could potentially discourage property activity, reduce liquidity in the market and deter overseas investors.

(e) The Group's business may be adversely affected by property prices in UK and is subject to the performance of the property industry in the UK in general

There may be a downturn in the UK property market in terms of capital value or a weakening of rental yields. Commercial property values are affected by factors such as the level of interest rates, economic growth, fluctuations in property yields and tenant default. In the event of a default by an occupational tenant, there will be a rental shortfall and additional costs, including legal expenses are likely to be incurred in maintaining, insuring and re-letting properties.

Immovable property and immovable property-related assets are inherently difficult to value due to the individual nature of each property. As a result, valuations are subject to uncertainty and are a matter of an independent valuer's opinion. There is no assurance that the estimates resulting from the valuation process will reflect the actual sales price even where a sale occurs shortly after the valuation date.

These points are compounded by the fact that businesses related to the property industry in UK and in general are cyclical in nature. Cyclical downturns may arise from changes in global and local economic conditions, periodic local oversupply of properties for sale or lease, competition from other developers, changes in wages, energy costs, construction and maintenance costs, government regulations or changes in interest rates, and availability of financing for operating and/or capital requirements. Should the property market experience a downturn, demand for the Group's property development projects may slow down significantly. On the other hand, cyclical upturns may prompt the authorities to implement cooling measures. These factors may adversely affect the Group's financial performance and profitability.

RISKS RELATING TO THE GROUP'S BUSINESS IN THAILAND

(a) The Group's business may be adversely affected by the highly competitive and regulated property development industry in Thailand

The Group's business is dependent on sufficient demand in Thailand's property market. The Group may face significant competition from listed property firms in Thailand which possess considerable capital which enables them to expand their investments.

Property development business in Thailand is regulated and controlled by various laws and legislation. There are also specific regulations prescribed and issued in certain local areas of construction and development, which must be adhered to.

From time to time, there may be uncertainty in interpreting laws and regulations by authorities in Thailand, especially that in relation to foreigners carrying on business and investment in Thailand, or with respect to land ownership by foreigners in Thailand. As a result of this uncertainty in interpretation, there is no assurance that the Group is in material compliance with all applicable laws and regulations in Thailand and any non-compliance may subsequently have a material adverse effect on the Group's business operations and prospects in Thailand.

(b) The Group may be affected by natural disasters in Thailand

The Group may be subject to natural disasters in Thailand, such as the severe flooding in late 2011 which affected all sectors of the Thailand property market. In the event that similar flooding or other natural disasters occur in Thailand and the other regions the Group operates in, there may be disruptions and damage, which may lead to increased construction costs and delays and consequently may have a material adverse effect on the Group's business operations and prospects.

(c) The Group's business may be adversely affected by economic and political factors in the Thailand

Thailand has been plagued by political uncertainty, internal strife and civil commotions and occasional outbreaks of violence in recent years since the ousting of former Prime Minister Thaksin Shinawatra in a *coup d'etat* in October 2006, which has led to economic disruption. These incidents escalated in April 2010 with several violent confrontations between protesters and the police and/or the army, which have resulted in injuries and fatalities. Any unfavourable changes in the political and social conditions in Thailand may disrupt the Group's activities, which will have an adverse effect on the Group's business operations and prospects.

The Group's business and prospects may also be adversely affected by developments with respect to inflation, interest rates, currency fluctuations, government policies, price and wage controls, exchange control regulations, industry laws and regulations, land zoning or state acquisition laws, taxation, expropriation, social instability and other political, legal, economic or diplomatic developments in Thailand. The Group has no control over such conditions and developments and any changes in such conditions and developments may have an adverse effect on its business operations and prospects.

RISKS RELATING TO THE GROUP'S BUSINESS IN JAPAN

(a) The Group's business may be adversely affected by natural disasters in Japan

The Group may be subject to natural disasters in Japan, such as earthquakes, which have traditionally affected all sectors of the Japanese economy, including the Japanese property market. In the event that similar natural disasters occur in Japan and the other regions the Group operates in, there may be disruptions and damage, which may either lead to increased construction costs and delays, or necessitating rebuilding costs and loss of profits from operations, and consequently may have a material adverse effect on the Group's business operations and prospects.

(b) The Group's business may be adversely affected by the increase in stamp duties or taxes in Japan

The various taxes involved in the property industry in Japan include the following:

- (i) Property Registration and License Tax;
- (ii) Stamp Duty;
- (iii) Consumption Tax;
- (iv) Property Tax and City Planning Tax;
- (iii) Capital Gain Tax;
- (vi) Rental Income Tax; and
- (vii) Estate Tax.

In the event that the Japanese government promulgates regulations that may lead to an increase in the above, investment activity may be dampened and could potentially discourage property activity, reduce liquidity in the market and deter any potential overseas investors. There has already been a planned increase in Japan's consumption tax to 10 percent, up from 8 percent, in April 2017, and it remains to be seen if investment activity will be dampened with such increase.

RISKS RELATING TO THE GROUP'S BUSINESS IN AUSTRALIA

(a) The Group's business may be adversely affected by certain inherent risks with respect to conducting business in Australia

There are certain risks involved when conducting business in Australia, and they include the following:

(i) Legal Risk

The Group will need to ensure that it remains up-to-date with relevant Australian laws, and how these laws interact with the laws of its home country, Singapore, in order to fully understand how such differences will affect its ability to conduct business smoothly in Australia. This will include, but not be limited to, differences in contract law and in ensuring that tailored advice on contract terms is procured to ensure enforceability and binding effect, and any differences and/or changes in relevant property related laws (such as, for example, land zoning and state acquisition laws).

(ii) Exchange Rate Risk

There may be an exchange rate risk due to fluctuations in the value of a currency will lead to this risk. Profit margins may not meet their expected projections should there be any exchange rate fluctuations that have not been anticipated. The Group will have to look towards measures such as hedging against currency fluctuations, amongst others, as one of the possible ways to minimise unanticipated and/or sudden erosions of revenue due to such fluctuations.

(iii) Non-payment Risk

The risk of not being paid for goods and services provided is one that is prevalent in many countries, including Australia. The Group can mitigate this and protect itself against payment default by using methods which provide some security of repayment (such as pre-payment, deposits or irrevocable letters of credit, depending on the given situation). The Group will have to implement measures that seek towards lowering the risk of not being paid.

(iv) Performance of the property industry in Australia

Businesses related to the property industry in Australia and in general are cyclical in nature. Cyclical downturns may arise from changes in global and local economic conditions, periodic local oversupply of properties for sale or lease, competition from other developers, changes in wages, energy costs, construction and maintenance costs, government regulations or changes in interest rates, and availability of financing for operating and/or capital requirements. Should the property market experience a downturn, demand for the Group's property development projects may slow down significantly. On the other hand, cyclical upturns may prompt the authorities to implement cooling measures. These factors may adversely affect the Group's financial performance and profitability.

RISKS RELATING TO THE GROUP

(a) The Group may be affected by any changes in the general economic, regulatory, political and social conditions in the countries in which it has operations

The Group currently has operations in Singapore, Thailand, Malaysia, UK and Japan and is further looking to expand its property development business overseas. As a result, its businesses and future growth are dependent on the economic, regulatory, political, and social conditions of these countries. The Group's business and prospects may also be materially and adversely affected by inflation, interest rates, currency fluctuations, government policies, price and wage controls, exchange control regulations, industry laws and regulations, taxation, expropriation, social instability and other political, legal, economic or diplomatic developments in or affecting the markets in these countries. The Group has no control over such conditions and developments and any changes in such conditions and developments may have a material adverse effect on its business, financial condition, results of operations and prospects.

For example, Malaysia and Thailand have, in the past, been affected by political upheavals, internal strife, civil commotions and epidemics. The recurrence of these political and social conditions may affect the Group's ability to operate or conduct business in these countries

(b) The Group may be affected by adverse impact from the outbreak of communicable diseases or environmental conditions

An outbreak of communicable diseases or changes in environmental conditions (such as, for example, haze or smog) in Singapore where the Group's operations are largely based or in the other countries in which the Group's operations are based in, may have an adverse impact on its operations and financial performance. Market sentiment and consumer confidence could be affected and this may lead to a deterioration of economic conditions. In the event that the Group's employees or those of its contractors or sub-contractors are infected or suspected of being infected with any communicable disease, the Group may be required by health authorities to temporarily shut down the affected project sites and quarantine the relevant workers to prevent the spread of the disease. This will result in delays in the Group's projects and adversely affect the Group's profitability and financial performance. When environmental conditions are concerned, Singapore has in recent years been affected regularly by haze generated by forest fires in Indonesia. Where haze or smog reaches certain unacceptable levels, health authorities will issue compulsory orders for relevant workers to stop work until acceptable levels resume. This might affect the progress of project and development sites, and such delays will similarly affect the Group's profitability and financial performance.

(c) Terrorist attacks, riots, public unrest, civil commotions and other similar acts of violence or wars may adversely affect the markets in which the Group operates in and its profitability

Since the occurrence of certain terrorist attacks in different areas of the world in recent years, there has been an escalation of a general fear of expansion of terrorist activities around the world, which could have an adverse effect on the world economy, as well as on the demand levels for tourism. For example in August 2015, Thailand suffered from a terrorist attack in the form of a bombing inside the Erawan Shrine in Bangkok.

If there is a general fear of economic fall-out around the world due to terrorism and other acts of violence or wars, the economic outlook of the Group's markets may become uncertain and there is no assurance that such markets will not be affected by the worldwide economic downturn, or that recovery would appear in the near future. This similarly applies if the levels of tourism are affected in the Group's markets. This could have a negative impact on the demand for the Group's goods and services and its sales, business, future growth and profitability may be adversely affected.

Similarly, in the event of any unexpected riots, public unrest, civil commotions, levels of tourism will be affected and demand that drives the Group's revenue will be negatively impacted.

(d) The Group's reputation and brand image may be affected by adverse developments or negative publicity

The Group has built up its reputation and customers' goodwill over the course of its business. However, with the rise of social media, the Group's reputation may be adversely affected because dissatisfied members of the public can now easily broadcast messages to many people to influence the public perception and other people's impression of the Group.

Any degradation or adverse media developments relating to the Group's reputation or brand could adversely affect the business, financial condition, results of operations and prospects of the Group as such degradation or adverse media developments may adversely affect the confidence that the Group's customers have in the Group, and the Group's attractiveness to its customers.

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, including financing new investments and acquisition, refinancing of borrowings and for the general working capital of the Issuer or its subsidiaries, or such other purpose 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 a 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 Securities and Futures Act, Chapter 289 of Singapore 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 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 Inland Revenue Authority of Singapore (“IRAS”) and 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. These laws, guidelines and circulars are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. 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(s)) may be subject to special rules or tax rates. Holders or 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, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Issuer, the Arranger and any other persons involved in the Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Securities.

In addition, the disclosure below is on the assumption that the IRAS 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 (“QDS”), provided that the other conditions for the QDS 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 QDS 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 15.0 per cent. final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17.0 per cent. The applicable rate for non-resident individuals is currently 22.0 per cent. 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 15.0 per cent. The rate of 15.0 per cent. may be reduced by applicable tax treaties.

However, 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 and 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.

In addition, as the Programme as a whole was arranged by DBS Bank Ltd., which was a Financial Sector Incentive (Bond Market) (“**FSI-BM**”) Company (as defined in the ITA) at such time, any tranche of the Securities (“**Relevant Securities**”) issued as debt securities under the Programme during the period from the date of this Information Memorandum to 31 December 2018 would be QDS 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 MAS may direct, to MAS of a return on debt securities for the Relevant Securities in the prescribed format within such period as MAS may specify and such other particulars in connection with the Relevant Securities as MAS may require, 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 “**Qualifying 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 such person’s operation through a permanent establishment in Singapore, are exempt from Singapore tax;
- (ii) subject to certain conditions having been fulfilled (including the furnishing by the Issuer, or such other person as MAS may direct, to MAS of a return on debt securities for the Relevant Securities in the prescribed format within such period as MAS may specify and such other particulars in connection with the Relevant Securities as MAS may require), Qualifying Income from the Relevant Securities derived by any company or body of persons (as defined in the ITA) in Singapore is subject to income tax at a concessionary rate of 10.0 per cent. (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); 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 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 furnishing by the Issuer, or such other person as MAS may direct, to MAS of a return on debt securities for the Relevant Securities in the prescribed format within such period as MAS may specify and such other particulars in connection with the Relevant Securities as MAS may require,

payments of Qualifying Income derived from the Relevant Securities are not subject to withholding of tax by the Issuer.

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 persons and 50.0 per cent. 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 QDS; and
- (B) even though a particular tranche of Relevant Securities are QDS, if, at any time during the tenure of such tranche of Relevant Securities, 50.0 per cent. or more of such Relevant Securities which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying 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.

The terms “**prepayment fee**”, “**redemption premium**” and “**break cost**” are defined in the ITA as follows:

“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;

“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; and

“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.

References to “prepayment fee”, “redemption premium” and “break cost” in this Singapore tax disclosure have the same meaning as defined in the ITA.

Where interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) is derived from the Relevant Securities by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS under the ITA (as mentioned above) shall not apply if such person acquires such Relevant Securities using the funds and profits of such person’s operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) 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 MAS may direct, to MAS of a return on debt securities in respect of the QDS in the prescribed format within such period as MAS may specify and such other particulars in connection with the QDS as MAS may require), income tax exemption is granted on Qualifying Income from QDS (excluding Singapore Government Securities) which:

- (a) are issued during the period from 16 February 2008 to 31 December 2018;
- (b) have an original maturity of not less than 10 years;
- (c) cannot have their tenure shortened to less than 10 years from the date of their issue, except where –
 - (i) the shortening of the tenure is a result of any early termination pursuant to certain specified early termination clauses which the Issuer included in any offering document for such QDS; and
 - (ii) the QDS do not contain any call, put, conversion, exchange or similar option that can be triggered at specified dates or at specified prices which have been priced into the value of the QDS at the time of their issue; and
- (d) cannot be re-opened with a resulting tenure of less than 10 years to the original maturity date.

However, even if a particular tranche of the Relevant Securities are QDS which qualify under the QDS Plus Scheme, if, at any time during the tenure of such tranche of Relevant Securities, 50.0 per cent. or more of such Relevant Securities which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income from such Relevant Securities derived 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 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 apply or are required to apply the 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, in accordance with FRS 39. 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 IRAS has issued a circular entitled “Income Tax Implications Arising from the Adoption of FRS 39 - Financial Instruments: Recognition & Measurement” (the “**FRS 39 Circular**”). The ITA has since been amended to give effect to the FRS 39 Circular.

The FRS 39 Circular generally applies, 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 15 February 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 the Securities 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 meaning given to them by Regulation S under the Securities Act.

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, 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, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of an identifiable tranche of which such Securities are a part, as determined and certified to the Issuing and Paying Agent by such Dealer (or, in the case of an identifiable tranche of Securities sold to or through more than one Dealer, by each of such Dealers with respect to Securities of an identifiable tranche purchased by or through it, in which case the Issuing and Paying Agent shall notify such Dealer when all such Dealers have so certified), 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 out 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 meaning given to them by Regulation S under the Securities Act.

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 any dealer (whether or not participating in the offering of such Securities) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration requirements under the Securities Act.

Hong Kong

Each Dealer has represented 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 (Cap. 571) of Hong Kong 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

The selling restrictions herein contained may be modified, varied or amended by agreement of the Issuer and the Dealers following a change in a relevant law, regulation or directive. Any such modification or supplement to the selling restrictions will be set out in the Pricing Supplement to be issued in respect of the issue of the Securities to which it relates or in a supplement to this Information Memorandum.

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 the Information Memorandum 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. The name and position of each of the Directors are set out below:

Name	Position
Toh Khai Cheng	Non-Executive Chairman
Toh Giap Eng	Deputy Chairman and Executive Director
Teng Heng Chew	Chief Executive Officer and Executive Director
Toh Gap Seng	Non-Executive Director
Tan Tiong Cheng	Independent Non-Executive Director
Chew Chin Hua	Independent Non-Executive Director
Chia Kwok Ping	Independent Non-Executive Director

2. No Director is or was involved in any of the following events:
- (a) 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;
 - (b) 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 in Singapore or elsewhere, or being named subject to any pending proceedings which may lead to such a conviction or judgment, or so far as such person is aware, any criminal investigation pending against him; or
 - (c) 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.
3. Save as disclosed below, the Directors are not related by blood or marriage to one another nor are they related to any substantial shareholder of the Issuer.
- (a) Mr Toh Khai Cheng is the father of Mr Toh Gap Seng and Mr Toh Giap Eng.
 - (b) Mr Toh Gap Seng and Mr Toh Giap Eng are brothers.

4. The interests of the Directors and the substantial shareholders of the Issuer in the Shares as at the Latest Practicable Date are as follows:

Directors

	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Toh Khai Cheng ⁽²⁾	22,084,392	6.79	144,510,959	44.44
Toh Giap Eng ⁽¹⁾	38,741,249	11.91	89,854,559	27.64
Teng Heng Chew	70,000	0.02	–	–
Toh Gap Seng ⁽³⁾	17,768,370	5.46	770,000	0.24
Tan Tiong Cheng	12,000	n.m	–	–
Chew Chin Hua	36,000	0.01	–	–
Chia Kwok Ping	–	–	–	–

Substantial Shareholders (other than Directors)

	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Heeton Investments Pte Ltd ⁽⁴⁾	64,854,559	19.95	25,000,000	7.69
Hong Heng Company Private Limited	54,656,400	16.81	–	–
Tan Fuh Gih ⁽⁵⁾	–	–	18,000,000	5.54
Tan Hoo Lang ⁽⁵⁾	–	–	18,000,000	5.54
Tan Kim Seng ⁽⁵⁾	–	–	18,000,000	5.54
Kim Seng Holdings Pte Ltd ⁽⁵⁾	–	–	18,000,000	5.54

Notes:

- (1) Toh Giap Eng is deemed to be interested in the 89,854,559 Shares held by Heeton Investments Pte Ltd.
- (2) Toh Khai Cheng is deemed to be interested in the 89,854,559 Shares held by Heeton Investments Pte Ltd and the 54,656,400 Shares held by Hong Heng Company Private Limited.
- (3) Toh Gap Seng is deemed to be interested in the 770,000 Shares held by his spouse.
- (4) Heeton Investments Pte Ltd is deemed to be interested in the 25,000,000 ordinary shares held by Sing Investments and Finance Limited.
- (5) Tan Fuh Gih, Tan Hoo Lang, Tan Kim Seng are deemed to be interested in the 18,000,000 Shares held by Kim Seng Holdings Pte Ltd.

SHARE CAPITAL

5. 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 Constitution of the Issuer.
6. The issued share capital of the Issuer as at the Latest Practicable Date is as follows:

Share Designation	Issued Share Capital	
	Number of Shares	Amount
Ordinary Shares	325,156,492	S\$87,032,525.674

BORROWINGS

7. Save as disclosed in Appendix IV, the Group had as at 31 March 2016 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

8. The Directors are of the opinion that, 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 their present requirements.

CHANGES IN ACCOUNTING POLICIES

9. There has been no significant change in the accounting policies of the Issuer since its audited consolidated financial statements for the financial year ended 31 December 2015.

LITIGATION

10. There are no legal or arbitration proceedings pending or, so far as the Directors are aware, threatened against the Issuer or any of its subsidiaries the outcome of which, in the opinion of the Directors, 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 Group.

MATERIAL ADVERSE CHANGE

11. There has been no material adverse change in the financial condition or business of the Issuer or the Group since 31 December 2015.

CONSENT

12. Ernst & Young LLP has given and has not withdrawn its written consent to the issue of this Information Memorandum with the references herein to its name and, where applicable, reports in the form and context in which they appear in this Information Memorandum.

DOCUMENTS AVAILABLE FOR INSPECTION

13. Copies of the following documents may be inspected at the registered office of the Issuer at 60 Sembawang Road #01-02/03 Hong Heng Mansions Singapore 779088 during normal business hours for a period of six months from the date of this Information Memorandum:
 - (a) the Constitution of the Issuer;
 - (b) the Trust Deed;
 - (c) the letter of consent referred to in paragraph 12 above; and
 - (d) the audited consolidated financial statements of the Group for the financial years ended 31 December 2014 and 31 December 2015.

FUNCTIONS, RIGHTS AND OBLIGATIONS OF THE TRUSTEE

14. The functions, rights and obligations of the Trustee are set out in the Trust Deed.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF HEETON HOLDINGS
LIMITED AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2014**

The information in this Appendix II has been reproduced from the auditor's report on the consolidated financial statements of Heeton Holdings Limited and its subsidiaries for the financial year ended 31 December 2014 and has not been specifically prepared for inclusion in this Information Memorandum.

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014

Independent auditor's report to the members of Heeton Holdings Limited

Report on the financial statements

We have audited the accompanying financial statements of Heeton Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 41 to 145, which comprise the balance sheets of the Group and the Company as at 31 December 2014, the consolidated statement of changes in equity, consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2014

Independent auditor's report to the members of Heeton Holdings Limited

Opinion

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

Report on other legal and regulatory requirements

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

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

31 March 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

	Note	2014 \$'000	2013 \$'000 (Restated)
Revenue	4	36,318	15,065
Cost of properties sold		(19,837)	(3,193)
Other operating income	5	3,151	3,733
Personnel expenses	6	(4,347)	(3,394)
Depreciation of fixed assets		(218)	(240)
Other operating expenses		(9,111)	(6,379)
Profit from operations	7	5,956	5,592
Finance expenses	8(a)	(11,236)	(2,931)
Finance income	8(b)	4,972	3,030
Share of results of associated companies/joint venture companies		11,792	8,655
Gains from fair value adjustments of investment properties	12	3,400	5,300
Provision for foreseeable losses on development property	20	(5,000)	-
Profit before tax		9,884	19,646
Income tax expense	9	(1,114)	(1,297)
Profit for the year		8,770	18,349
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		(793)	1,227
Other comprehensive (expense)/income for the year, net of tax		(793)	1,227
Total comprehensive income for the year		7,977	19,576
Profit for the year			
Attributable to:			
Owners of the Company		9,455	18,350
Non-controlling interests		(685)	(1)
		8,770	18,349
Total comprehensive income for the year:			
Attributable to:			
Owners of the Company		8,662	19,577
Non-controlling interests		(685)	(1)
		7,977	19,576
Earnings per share attributable to owners of the Company (cents per share)			
Basic	10	3.52	6.83
Diluted	10	3.52	6.83

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

BALANCE SHEETS

AS AT 31 DECEMBER 2014

(In Singapore dollars)

	Note	Group			Company	
		31.12.2014	31.12.2013 (Restated)	01.01.2013 (Restated)	31.12.2014	31.12.2013
		\$'000	\$'000	\$'000	\$'000	\$'000
Non-current assets						
Fixed assets	11	68,291	455	498	161	206
Investment properties	12	172,333	138,900	209,600	-	-
Subsidiaries	13	-	-	-	25,606	31,670
Associated companies	14	44,022	22,137	16,755	-	-
Joint venture companies	15	50,330	55,962	55,173	5,000	5,000
Amounts due from associated companies, joint venture companies and investee companies	16	175,327	111,013	103,428	-	-
Other investments	17	218	218	218	-	-
Intangible assets	18	109	109	109	-	-
Deferred tax assets	19	-	8	8	-	8
		510,630	328,802	385,789	30,767	36,884
Current assets						
Development properties	20	210,694	224,261	137,203	73,679	69,055
Trade receivables	21	159	287	241	-	1
Other receivables	22	8,670	6,039	661	3	737
Prepayments		574	835	34	19	307
Amounts due from subsidiaries (non-trade)	23	-	-	-	219,002	128,567
Amounts due from related parties (trade)	23	37	13	163	-	-
Amounts due from joint venture company (non-trade)	23	1,293	-	80	1,293	-
Fixed deposits	24	20,036	47,124	-	19,221	47,000
Cash and bank balances	25	19,485	9,155	665	13,344	3,550
		260,948	287,714	139,047	326,561	249,217
Current liabilities						
Trade payables	26	5,944	6,710	3,314	1,272	529
Other payables and accruals	27	5,135	4,728	3,124	2,032	1,683
Amounts due to subsidiaries (non-trade)	23	-	-	-	29,729	14,958
Amounts due to joint venture company (non-trade)	23	-	-	1,700	-	-
Amounts due to related parties (non-trade)	23	-	-	1,550	-	-
Lease obligations	33	20	45	94	-	4
Bond	30	75,000	-	-	75,000	-
Short-term bank loans	28	-	1,000	34,705	-	1,000
Bank term loans	29	92,139	56,365	3,740	-	-
Bank overdrafts		-	-	10,832	-	-
Income tax payable		1,407	1,367	1,663	-	85
		179,645	70,215	60,722	108,033	18,259
Net current assets		81,303	217,499	78,325	218,528	230,958

(In Singapore dollars)

	Note	Group			Company	
		31.12.2014	31.12.2013 (Restated)	01.01.2013 (Restated)	31.12.2014	31.12.2013
		\$'000	\$'000	\$'000	\$'000	\$'000
Non-current liabilities						
Other payables and accruals	27	1,025	960	1,034	-	-
Lease obligations	33	-	21	66	-	-
Amounts due to associated companies (non-trade)	16	36,079	-	-	-	-
Bonds	30	60,000	75,000	-	60,000	75,000
Bank term loans	29	167,923	167,191	176,551	60,995	60,995
Deferred tax liabilities		159	-	-	159	-
		(265,186)	(243,172)	(177,651)	(121,154)	(135,995)
Net assets		326,747	303,129	286,463	128,141	131,847
Equity attributable to owners of the Company						
Share capital	31	58,803	58,803	58,803	58,803	58,803
Shareholders' contribution	35	8,596	8,596	8,596	-	-
Other reserve	32	(1,040)	(247)	(1,474)	-	-
Retained earnings		240,601	235,981	220,541	69,338	73,044
		306,960	303,133	286,466	128,141	131,847
Non-controlling interests	13	19,787	(4)	(3)	-	-
Total equity		326,747	303,129	286,463	128,141	131,847

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

	Note	Attributable to owners of the Company					Non-controlling interests	Total equity
		Share capital	Share-holders' contribution	Other reserves	Retained earnings	Total		
		(Note 31)		(Note 32)				
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Balance at 1 January 2013		58,803	8,596	(1,474)	220,541	286,466	(3)	286,463
Profit for the year		-	-	-	18,350	18,350	(1)	18,349
Other comprehensive income								
- Foreign currency translation		-	-	1,227	-	1,227	-	1,227
Total comprehensive income for the year		-	-	1,227	18,350	19,577	(1)	19,576
Dividend on ordinary shares	42	-	-	-	(2,910)	(2,910)	-	(2,910)
At 31 December 2013		58,803	8,596	(247)	235,981	303,133	(4)	303,129
Balance at 1 January 2014		58,803	8,596	(247)	235,981	303,133	(4)	303,129
Profit for the year		-	-	-	9,455	9,455	(685)	8,770
Other comprehensive income								
- Foreign currency translation		-	-	(793)	-	(793)	-	(793)
Total comprehensive income for the year		-	-	(793)	9,455	8,662	(685)	7,977
Dividend on ordinary shares	42	-	-	-	(4,835)	(4,835)	-	(4,835)
Investment in new subsidiaries		-	-	-	-	-	20,476	20,476
At 31 December 2014		58,803	8,596	(1,040)	240,601	306,960	19,787	326,747

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

	Note	2014 \$'000	2013 \$'000 (Restated)
Cash flow from operating activities			
Profit before tax		9,884	19,646
Adjustments:			
Depreciation of fixed assets	11	218	240
Dividend income from investee company	5	-	(593)
Share of results of associated companies/joint venture companies		(11,792)	(8,655)
Gains from fair value adjustments of investment properties	12	(3,400)	(5,300)
Provision for foreseeable losses on development property	20	5,000	-
Interest expense	8(a)	11,236	2,931
Interest income	8(b)	(4,972)	(3,030)
Unrealised exchange differences		(462)	438
Total adjustments		(4,172)	(13,969)
Operating cash flows before changes in working capital		5,712	5,677
Changes in working capital:			
Decrease/(increase) in development properties		9,855	(7,641)
Decrease/(increase) in trade receivables		128	(46)
Increase in other receivables		(2,631)	(5,378)
Decrease/(increase) in prepayments		261	(801)
(Decrease)/increase in trade payables		(766)	3,396
Increase in other payables and accruals		472	1,530
Decrease in amounts due to related parties (non-trade)		-	(1,550)
(Decrease)/increase in amounts due from related parties (trade)		(24)	185
Total changes in working capital		7,295	(10,305)
Cash flows generated from/(used in) operations		13,007	(4,628)
Interest received		4,972	3,030
Interest paid		(12,524)	(5,808)
Income taxes paid		(907)	(1,594)
Net cash flows generated from/(used in) operating activities		4,548	(9,000)

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

	Note	2014 \$'000	2013 \$'000 (Restated)
Cash flows used in investing activities			
Dividends received from investee company		-	593
Net cash outflow on investment in an associated company		(2,092)	-
Net cash outflow on investment in subsidiaries		(53,681)	-
Net cash outflow on acquisition of an investment property		(22,169)	-
Increase in amounts due from associated companies, joint venture companies and investee companies		(29,791)	(6,507)
Purchase of fixed assets		(4,198)	(198)
Net cash flows used in investing activities		<u>(111,931)</u>	<u>(6,112)</u>
Cash flows from financing activities			
Dividends paid on ordinary shares by the Company	42	(4,835)	(2,910)
Proceeds from loans and borrowings		35,506	9,561
Proceeds from bond issue		60,000	75,000
Repayment of lease obligations		(46)	(94)
Net cash flows generated from financing activities		<u>90,625</u>	<u>81,557</u>
Net (decrease)/increase in cash and cash equivalents		(16,758)	66,445
Cash and cash equivalents at beginning of year		<u>56,279</u>	<u>(10,166)</u>
Cash and cash equivalents at end of year	A	<u>39,521</u>	<u>56,279</u>
A. Cash and cash equivalents			
Cash and cash equivalents consist of unpledged fixed deposits and cash and bank balances, as follows:			
Fixed deposits	24	20,036	47,124
Cash and bank balances	25	19,485	9,155
Cash and cash equivalents at end of year		<u>39,521</u>	<u>56,279</u>

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

1. Corporate information

Heeton Holdings Limited (the "Company") is a limited liability company domiciled and incorporated in the Republic of Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The registered office and principal place of business is located at 60 Sembawang Road, #01-02 Hong Heng Mansions, Singapore 779088.

The Company is principally engaged in property development and investment holding. The principal activities of the subsidiaries are as shown in Note 13 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

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

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

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

2.2 *Changes in accounting policies*

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

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

2.2 *Changes in accounting policies* (cont'd)

FRS 111 Joint Arrangements and Revised FRS 28 Investments in Associates and Joint Ventures

The adoption of FRS 111 has resulted in the Group having to revise its method of accounting for its joint arrangements. Investments in jointly controlled entities had been previously consolidated proportionately. Under FRS 111, these arrangements are classified as joint ventures and are to be equity accounted.

The change in accounting policy has been applied in accordance with the transitional provision in FRS 111. The initial investment was measured as the aggregate of the carrying amounts of the assets and liabilities that the Group previously proportionately consolidated. The effects of adoption of FRS 111 and FRS 28 are as follows:

Impact on statement of comprehensive income (increase/(decrease)):

	Group
	2013
	\$'000
Revenue	(45,296)
Cost of sales	(36,147)
Other operating income	1,073
Personnel expenses	(139)
Depreciation of fixed assets	(2)
Other operating expenses	(3,592)
Finance expenses	(2,321)
Finance income	(13)
Share of profits of joint venture companies	1,545
Profit before tax	(490)
Income tax expense	(490)
Net impact on profit, net of tax	-

(In Singapore dollars)

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

2.2 Changes in accounting policies (cont'd)

Impact on balance sheets (increase/(decrease)):

	Group	
	31.12.2013 \$'000	01.01.2013 \$'000
Non-current assets		
Fixed assets	(2)	(3)
Investment properties	(126,202)	(125,000)
Associated companies and joint venture companies	89,240	81,223
Deferred tax assets	(54)	(55)
	(37,018)	(43,835)
Current assets		
Development properties	(105,533)	(111,985)
Trade receivables	(3,522)	(1,786)
Other receivables	(10)	(19)
Prepayments	(415)	(145)
Amounts due from related parties (trade)	-	(35)
Amounts due from joint venture company (non- trade)	-	80
Fixed deposits	(3,463)	(7,713)
Cash and bank balances	(1,971)	(1,266)
	(114,914)	(122,869)
Current Liabilities		
Trade payables	(3,529)	(5,945)
Other payables and accruals	(2,068)	(2,258)
Amounts due to joint venture company (non-trade)	-	1,700
Short-term bank loans	(12,000)	(12,000)
Bank term loans	(64,895)	(33,645)
Income tax payable	(539)	(2,124)
	(83,031)	(54,272)
Net current assets	(31,883)	(68,597)
Non-current liabilities		
Other payables and accruals	(400)	(432)
Bank term loans	(68,501)	(112,000)
	(68,901)	(112,432)
Net assets	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

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

2.2 *Changes in accounting policies* (cont'd)

Impact on statement of cash flows (increase/(decrease)):

	Group
	2013
	\$'000
Operating activities	(1,781)
Investing activities	(6,925)
Financing activities	12,250
Net increase in cash and cash equivalents	<u>3,544</u>

The Group has opted to provide the quantitative disclosures of the effect of the application of FRS 110 and FRS 111 only for the immediately preceding period. i.e., period ended 31 December 2013 and not for the current period.

2.3 *Standards issued but not yet effective*

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

Description	Effective for annual periods beginning on or after
Amendments to FRS 19 <i>Defined Benefit Plans: Employee Contributions</i>	1 July 2014
Improvements to FRSs (January 2014)	
(a) Amendments to FRS 102 <i>Share Based Payment</i>	1 July 2014
(b) Amendments to FRS 103 <i>Business Combinations</i>	1 July 2014
(c) Amendments to FRS 108 <i>Operating Segments</i>	
(d) Amendments to FRS 113 <i>Fair Value Measurement</i>	1 July 2014
(e) Amendments to FRS 16 <i>Property, Plant and Equipment</i> and FRS 38 <i>Intangible Assets</i>	1 July 2014
(f) Amendments to FRS 24 <i>Related Party Disclosures</i>	1 July 2014
Improvements to FRSs (February 2014)	
(a) Amendments to FRS 103 <i>Business Combinations</i>	1 July 2014
(b) Amendments to FRS 113 <i>Fair Value Measurement</i>	1 July 2014

(In Singapore dollars)

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

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

Description	Effective for annual periods beginning on or after
<i>FRS 114 Regulatory Deferral Accounts</i>	1 January 2016
<i>Amendments to FRS 16 and FRS 41: Agriculture: Bearer Plants</i>	1 January 2016
<i>Amendments to FRS 27: Equity Method in Separate Financial Statements</i>	1 January 2016
<i>Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
<i>Amendments to FRS 111: Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
<i>Improvements to FRSs (November 2014)</i>	1 January 2016
<i>Amendments to FRS 110 & FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	1 January 2016
<i>FRS 115 Revenue from Contracts with Customers</i>	1 January 2017
<i>FRS 109 Financial Instruments</i>	1 January 2018

Except for FRS 115 and FRS 109, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 115 and FRS 109 are described below.

FRS 115 Revenue from Contracts with Customers

FRS 115 was issued in November 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under FRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

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

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

FRS 109 Financial Instruments

In December 2014, the ASC issued the final version of FRS 109 Financial Instruments which reflects all phases of the financial instruments project and replaces FRS 39 Financial Instruments: Recognition and Measurement. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. FRS 109 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory in the year of adoption. The adoption of FRS 109 will have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

2.4 *Foreign currency*

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

(a) *Transactions and balances*

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Company's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Company on disposal of the foreign operation.

(In Singapore dollars)

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

2.4 *Foreign currency* (cont'd)

(b) *Consolidated financial statements*

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

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

2.5 *Subsidiaries, basis of consolidation and business combinations*

(a) *Subsidiaries*

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

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

(b) *Basis of consolidation*

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

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

2.5 *Subsidiaries, basis of consolidation and business combinations* (cont'd)

(b) *Basis of consolidation* (cont'd)

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

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

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

(c) *Business combinations and goodwill*

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

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

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

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.9(a). In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

(In Singapore dollars)

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

2.5 *Subsidiaries, basis of consolidation and business combinations* (cont'd)

(c) *Business combinations and goodwill* (cont'd)

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

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

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

2.6 *Transactions with non-controlling interests*

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

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

2.7 *Joint arrangements*

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

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

2.7 *Joint arrangements* (cont'd)

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

a) **Joint operations**

The Group recognises in relation to its interest in a joint operation,

- (a) its assets, including its share of any assets held jointly;
- (b) its liabilities, including its share of any liabilities incurred jointly;
- (c) its revenue from the sale of its share of the output arising from the joint operation;
- (d) its share of the revenue from the sale of the output by the joint operation; and
- (e) its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the accounting policies applicable to the particular assets, liabilities, revenues and expenses.

b) **Joint ventures**

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method. The accounting policy for investment in joint venture is set out in Note 2.8.

2.8 *Joint ventures and associates*

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

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

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

(In Singapore dollars)

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

2.8 *Joint ventures and associates* (cont'd)

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

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

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

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

2.9 *Fixed assets*

All items of fixed assets are initially recorded at cost. Subsequent to recognition, fixed assets other than freehold properties are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of fixed assets and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying fixed asset. The accounting policy for borrowing costs is set out in Note 2.20. The cost of an item of fixed asset is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

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

2.9 *Fixed assets* (cont'd)

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

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

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful lives of the asset as follows:

Plant and equipment	-	10 years
Renovations	-	5 to 6 years
Motor vehicles	-	5 to 10 years
Equipment and fixtures	-	3 to 10 years
Furniture and fittings	-	5 to 10 years
Computers	-	3 years

The carrying values of fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

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

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

(In Singapore dollars)

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

2.10 *Investment properties*

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

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

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

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

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner occupied property to investment property, the property is accounted for in accordance with the accounting policy for fixed assets set out in Note 2.9 up to the date of change in use.

For a transfer from development property to investment property that will be carried at fair value, any difference between the fair value of the property at that date and its previous carrying amount shall be recognised in profit or loss.

2.11 *Construction contracts*

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

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

2.11 *Construction contracts* (cont'd)

The outcome of a construction contract can be estimated reliably when: (i) total contract revenue can be measured reliably; (ii) it is probable that the economic benefits associated with the contract will flow to the entity; (iii) the costs to complete the contract and the stage of completion can be measured reliably; and (iv) the contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with prior estimates.

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

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

In applying the percentage of completion method, revenue recognised corresponds to the total contract revenue (as defined below) multiplied by the actual completion rate based on the proportion of total contract costs (as defined below) incurred to date to the estimated costs to complete.

Contract revenue – Contract revenue corresponds to the initial amount of revenue agreed in the contract and any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue; and they can be reliably measured.

Contract costs – Contract costs include costs that relate directly to the specific contract and costs that are attributable to contract activity in general and can be allocated to the contract.

2.12 *Development properties*

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

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

The costs of development properties consist of land stated at cost and development expenditure incurred to date. Development expenditure includes finance charges and all expenditure incurred in connection with the development of the properties. Finance charges are not capitalised once the development is completed. A development is considered complete on the date of issue of the temporary occupation permit.

(In Singapore dollars)

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

2.12 *Development properties* (cont'd)

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

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

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

All known or anticipated losses on the development projects are provided for in the year in which such losses are determined.

The Group recognises revenue and cost on development properties that have been sold using the percentage of completion method. Under the percentage of completion method, profits are recognised only in respect of finalised sales agreements and to the extent that such profits relate to the progress of the construction of development properties. When it is probable that the total development costs will exceed the total revenue, the expected loss is recognised as an expense immediately.

2.13 *Intangible assets*

Goodwill

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

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

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

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

2.13 *Intangible assets* (cont'd)

Goodwill (cont'd)

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.4.

Goodwill and fair value adjustments which arose on acquisitions of foreign operation before 1 January 2005 are deemed to be assets and liabilities of the Company and are recorded in SGD at the rates prevailing at the date of acquisition.

2.14 *Impairment of non-financial assets*

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

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

(In Singapore dollars)

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

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

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

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

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.15 *Financial instruments*

(a) *Financial assets*

Initial recognition and measurement

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

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

2.15 *Financial instruments* (cont'd)

(a) *Financial assets* (cont'd)

Subsequent measurement

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

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by FRS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

The Group has not designated any financial assets upon initial recognition at fair value through profit or loss.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

(ii) Loans and receivables

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

(In Singapore dollars)

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

2.15 *Financial instruments* (cont'd)

(a) *Financial assets* (cont'd)

Subsequent measurement (cont'd)

(iii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

(iv) Available-for-sale financial assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

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

2.15 *Financial instruments* (cont'd)

(a) *Financial assets* (cont'd)

De-recognition

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

Regular way purchase or sale of a financial asset

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

(b) *Financial liabilities*

Initial recognition and measurement

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

All financial liabilities are recognised initially at fair value and in the case of other financial liabilities, plus directly attributable transaction costs.

Subsequent measurement

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

(In Singapore dollars)

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

2.15 *Financial instruments* (cont'd)

(b) *Financial liabilities* (cont'd)

Derecognition

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

(c) *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.16 *Impairment of financial assets*

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

(a) *Financial assets carried at amortised cost*

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

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

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

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

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

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

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

(b) *Financial assets carried at cost*

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

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

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

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

(In Singapore dollars)

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

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

(c) *Available-for-sale financial assets* (cont'd)

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

2.17 *Cash and cash equivalents*

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

2.18 *Trade and other receivables*

Payment terms granted to customers are in accordance with the progress payment schedule for the purchase of the development properties under construction. Tenants of investment properties are granted payment terms as set out in the respective tenancy agreements.

2.19 *Financial guarantee*

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

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

2.20 *Borrowing costs*

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

2.21 *Provisions*

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

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

2.22 *Leases*

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

(a) *As lessee*

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

(In Singapore dollars)

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

2.22 *Leases* (cont'd)

(a) *As lessee* (cont'd)

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

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

(b) *As lessor*

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.24(III). Contingent rents are recognised as revenue in the period in which they are earned.

2.23 *Employee benefits*

(a) *Defined contribution plans*

The Group makes contribution to the Central Provident Fund ("CPF") scheme in Singapore, a defined contribution pension scheme. CPF contributions are recognised as an expense in the period in which the related service is performed.

(b) *Employment leave entitlement*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the end of the reporting period.

2.24 *Revenue*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The following specific recognition criteria must also be met before revenue is recognised:

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

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

2.24 Revenue (cont'd)

I Sale of completed development property

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

II Sale of development property under construction

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

- A contract to construct a property; or
- A contract for the sale of completed property
 - (a) Where a contract is judged to be for the construction of a property, revenue is recognised using the percentage of completion method as construction progresses.
 - (b) Where the contract is judged to be for the sale of a completed property, revenue is recognised when the significant risks and rewards of ownership of the real estate have been transferred to the buyer (i.e. revenue is recognised using the completed contract method).
 - (i) If, however, the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the purchaser, the percentage of completion method of revenue recognition is applied and revenue is recognised as work progresses.
 - (ii) In Singapore context, INT FRS 115 includes an accompanying note on application of INT FRS 115 in Singapore which requires the percentage of completion method of revenue recognition to be applied to sale of private residential properties in Singapore prior to completion of the properties that are regulated under the Singapore Housing Developers (Control and Licensing) Act (Chapter 130) and uses the standard form of sale and purchase agreements (SPAs) prescribed in the Housing Developers Rules. The accompanying note to INT FRS 115 does not address the accounting treatment for other SPAs, including SPAs with a Deferred Payment Scheme feature in the Singapore.

(In Singapore dollars)

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

2.24 Revenue (cont'd)

II Sale of development property under construction (cont'd)

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

III Rental income

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

IV Interest income

Interest income is recognised as interest accrues using the effective interest method.

V Rendering of services

Revenue from provision of services is recognised when these services are rendered.

VI Dividend income

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

2.25 Taxes

(a) Current income tax

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

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

2.25 Taxes (cont'd)

(b) *Deferred tax*

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

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

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

(In Singapore dollars)

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

2.25 Taxes (cont'd)

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

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

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

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in profit or loss.

(c) *Sales tax*

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

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

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

2.26 *Segment reporting*

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 41, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.27 *Share capital and share issue expenses*

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

2.28 *Contingencies*

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

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

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

(In Singapore dollars)

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

2.29 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

2.30 Related parties

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and Company if that person:
 - (i) has control or joint control over the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.

- (b) An entity is related to the Group and the Company if any of the following conditions applies:
 - (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - (iii) both entities are joint ventures of the same third party.
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a);
 - (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

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

2.31 *Transfers between levels of the fair value hierarchy*

Transfers between levels of the fair value hierarchy are deemed to have occurred on the date of the event or change in circumstances that caused the transfers.

3. Significant accounting estimates and judgements

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

3.1 *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the financial statement was prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) *Impairment of goodwill*

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of the Group's goodwill at 31 December 2014 was \$109,000 (2013: \$109,000). More details are given in Note 18.

(In Singapore dollars)

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

3.1 Key sources of estimation uncertainty (cont'd)

(b) *Impairment of investments and financial assets*

The Group follows the guidance of FRS 39 on determining when an investment or financial asset is other-than-temporary impaired. This determination requires significant judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment or financial asset is less than its cost; and the financial health of and near-term business outlook for the investment or financial asset, including factors such as industry and sector performance, changes in technology and operational and financing cash flow. The carrying amount of financial assets at the end of the reporting period is disclosed in Note 37 to the financial statements.

(c) *Revaluation of investment properties*

The Group carries its investment properties at fair value, with changes in fair values being recognised in profit or loss. The Group engaged independent valuation specialists to determine fair value as at 31 December 2014. The two valuation techniques adopted were the Direct Comparison Method and Income Approach Method. The former involves analysing recent sales evidence of similar properties. Adjustments are made to differences in location, age, tenure, floor area, condition, exposure, date of sale, amongst other factors, before arriving at the market value of the property. The latter involves the conversion of the net income of the property into a capital sum at a suitable rate of return which reflects the quality of the investment. The net income is the balance sum after deducting property tax, cost of repairs and maintenance and a reasonable percentage for vacancy from the gross rent. The value of the property is arrived at by capitalising the net rent at a suitable rate of return. The carrying amount of the Group's investment properties at 31 December 2014 was \$172,333,000 (2013: \$138,900,000).

If the yield adjustments used in the valuation had been 3% higher than management's estimate, the carrying amount of the investment properties would have been \$5,170,000 higher.

(d) *Estimation of net realisable value of development property*

Development properties are stated at the lower of cost and net realisable value.

Net realisable value of development properties is the estimated selling price in the ordinary course of the business, based on market prices at the end of the reporting period and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale. The carrying amount of development properties at the end of the reporting period is disclosed in Note 20 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

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

3.1 Key sources of estimation uncertainty (cont'd)

(e) Revenue recognition on development property under construction

The Group recognises revenue for pre-completion sales of certain types of properties by reference to the stage of completion using the percentage of completion method. The stage of completion is measured based on the costs incurred up until the end of the reporting periods as a proportion of total costs expected to be incurred. Significant assumptions are required to estimate the total contract costs and the recoverable variation works that affect the stage of completion and the revenue respectively. In making these estimates, management has relied on past experience and knowledge of the project engineers. The carrying amounts of assets as well as the revenue from sale of development property (recognised on percentage of completion basis) are disclosed in Note 20 (Development Properties) and 4 (Revenue) to the financial statements respectively.

3.2 Judgements made in applying accounting policies

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

(a) Operating lease commitments – As lessor

The Group has entered into commercial property leases on its investment and leasehold property portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of these properties and so accounts for the contracts as operating leases.

(b) Provision for foreseeable losses on development properties

The Group's accounting policy on development properties requires all known or anticipated losses on the development projects to be provided for in the year in which such losses are determined. Estimating such losses requires the Group to make an estimate of the expected selling price of the unsold development properties based on recent transactions or open market valuation of the unsold units. The Group also estimates the total development costs to determine the extent of the anticipated losses, if any. Changes in the estimated selling price of the development properties due to market conditions and revisions of the total estimated development costs will therefore impact the anticipated losses recognised, and therefore provision for foreseeable losses on development properties could be revised. During the current financial year, the Group recognised provision for foreseeable losses on development properties of \$5,000,000 (2013: \$Nil).

(In Singapore dollars)

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

3.2 Judgements made in applying accounting policies (cont'd)

(c) *Income taxes*

The Group's exposure to income taxes mainly arises from Singapore. Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of the Group's tax payables, deferred tax assets and deferred tax liabilities at 31 December 2014 was \$1,407,000 (2013: \$1,367,000), \$Nil (2013: \$8,000) and \$159,000 (2013: \$Nil) respectively.

(d) *Classification of property*

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

- Investment property comprises land and buildings (principally offices, commercial warehouse and retail property) which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income or for capital appreciation, or both.
- Development property comprises property that is held for sale in the ordinary course of business. Principally, this is residential property that the Group develops and intends to sell before or on completion of construction.

(e) *Classification of investments as associated companies*

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

Management has determined that it does not have control or joint control over its associated companies. The Group's associated companies are disclosed in Note 14 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

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

3.2 Judgements made in applying accounting policies (cont'd)

(f) *Assessment of a transaction or other event as a business combination or an asset acquisition*

On 31 January 2014, Chatteris Development Limited, the Group's 80% owned subsidiary, completed the purchase of the entire share capital of Woodley Hotels (Kensington) Limited ("the Purchase"). Management has determined that the Purchase does not constitute a business combination in accordance with FRS 103 Business Combinations, and has hence accounted for the Purchase as an asset acquisition. Details of the acquisition are disclosed in Note 13 to the financial statements.

4. Revenue

	Group	
	2014 \$'000	2013 \$'000 (Restated)
Revenue from sale of development properties (recognised on completed contract basis)	17,121	3,372
Revenue from sale of development properties (recognised on percentage of completion basis)	6,991	-
Total revenue from sale of development properties	24,112	3,372
Rental and related income from investment properties	12,162	11,635
Management fees income	44	58
	36,318	15,065

5. Other operating income

	Group	
	2014 \$'000	2013 \$'000 (Restated)
Dividend income from investee company	-	593
Forfeiture of deposits	30	90
Tentage and other rental	212	253
Management fees income from associated companies and joint venture companies	2,770	2,688
Others	139	109
	3,151	3,733

(In Singapore dollars)

6. Personnel expenses

	Group	
	2014 \$'000	2013 \$'000 (Restated)
Salaries and bonuses	3,893	3,084
Central Provident Fund contributions	327	225
Other staff costs	127	85
	<u>4,347</u>	<u>3,394</u>

Personnel expenses include directors' remuneration as stated in Note 7.

7. Profit from operations

Profit from operations is determined after charging/(crediting) the following:

	Group	
	2014 \$'000	2013 \$'000 (Restated)
Audit fees paid to:		
– auditors of the Company	173	148
Non-audit fees paid to:		
– auditors of the Company	74	102
– other auditors	21	16
Depreciation of fixed assets	218	240
Directors' remuneration		
– directors of the Company	1,122	1,204
– directors of subsidiaries	253	240
Directors' fees		
– directors of the Company	399	399
– directors of subsidiaries	21	21
Gains from fair value adjustments of investment properties	(3,400)	(5,300)
Building repairs and maintenance	976	868
Property tax	1,259	1,039
Sales and marketing expenses	2,300	1,267
Operating lease expenses	124	124
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

8. Finance expenses/(income)

	Note	Group	
		2014 \$'000	2013 \$'000 (Restated)
(a) Finance expenses			
Interest expense on:			
- bank loans		5,550	5,075
- bank overdrafts		48	103
- lease obligations		5	7
- bonds		6,266	644
- advances from associated companies/joint venture companies		650	-
- fair value adjustment on security deposits		5	(21)
		<u>12,524</u>	<u>5,808</u>
Less: Interest capitalised in development properties	20	<u>(1,288)</u>	<u>(2,877)</u>
		<u>11,236</u>	<u>2,931</u>
(b) Finance income			
Interest income from loans and receivables:			
- fixed deposits		(161)	(39)
- loans to associated companies		(3,910)	(2,417)
- loans to investee companies		(141)	(130)
- loans to joint venture companies		(760)	(444)
		<u>(4,972)</u>	<u>(3,030)</u>

(In Singapore dollars)

9. Income tax expense

Major components of income tax expense

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

	Group	
	2014 \$'000	2013 \$'000 (Restated)
<i>Statement of comprehensive income:</i>		
Current income tax:		
– Current year	1,400	1,256
– (Over)/under provision in respect of previous years	(453)	41
	947	1,297
Deferred income tax:		
– Origination and reversal of temporary differences	159	–
– Under provision in respect of previous years	8	–
	167	–
Income tax expense recognised in profit or loss	1,114	1,297

Relationship between tax expense and accounting profit

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

Profit before tax	9,884	19,646
Taxation at statutory tax rate of 17% (2013: 17%)	1,680	3,340
Adjustments:		
Non-deductible expenses	1,732	705
Income not subject to taxation	(760)	(1,188)
Effect of tax rebate and partial tax exemption	(232)	(217)
Benefits from previously unrecognised tax losses	–	(6)
Deferred tax assets not recognised	1,007	91
(Over)/under provision in respect of previous years	(445)	41
Share of results of associated companies/joint venture companies	(2,005)	(1,471)
Tax losses not allowed to be carried forward	150	16
Others	(13)	(14)
Income tax expense recognised in profit or loss	1,114	1,297

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

10. Earnings per share

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

Diluted earnings per share is calculated by dividing profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

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

	Group	
	2014	2013
	\$'000	\$'000
		(Restated)
Profit for the year attributable to owners of the Company used in the computation of basic earnings per share and diluted earnings per share	9,455	18,350
	No. of shares '000	No. of shares '000
Weighted average number of ordinary shares for basic earnings per share and diluted earnings per share computation	268,615	268,615

(In Singapore dollars)

11. Fixed assets

	At Cost								
	At valuation	Freehold properties	Plant and equipment	Renovations	Motor vehicles	Equipment and fittings	Furniture and fittings	Computers	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group									
Cost:									
At 1 January 2013 (Restated)	-	3,348	476	696	195	278	254	5,247	
Additions	-	150	-	-	2	14	31	197	
Disposal	-	-	-	-	-	-	(4)	(4)	
At 31 December 2013 and 1 January 2014	-	3,498	476	696	197	292	281	5,440	
Additions	67,965	-	8	-	6	1	74	68,054	
Disposal	-	-	-	-	-	-	(22)	(22)	
At 31 December 2014	67,965	3,498	484	696	203	293	333	73,472	
Accumulated depreciation:									
At 1 January 2013 (Restated)	-	3,348	429	332	194	273	173	4,749	
Charge for the year	-	21	42	130	1	2	44	240	
Disposal	-	-	-	-	-	-	(4)	(4)	
At 31 December 2013 and 1 January 2014	-	3,369	471	462	195	275	213	4,985	
Charge for the year	-	30	4	129	2	6	47	218	
Disposal	-	-	-	-	-	-	(22)	(22)	
At 31 December 2014	-	3,399	475	591	197	281	238	5,181	
Net book value:									
At 31 December 2014	67,965	99	9	105	6	12	95	68,291	
At 31 December 2013 (Restated)	-	129	5	234	2	17	68	455	

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

11. Fixed assets (cont'd)

Company	Renovations		Equipment and fixtures		Furniture and fittings		Computers		Motor vehicles		Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Cost:											
At 1 January 2013	12	71		18		255		330		686	
Additions	-	-	-	-	-	33	-	-	-	33	
Disposal	-	-	-	-	-	(4)	-	-	-	(4)	
At 31 December 2013 and 1 January 2014	12	71		18		284		330		715	
Additions	-	-	-	-	-	67	-	-	-	67	
Disposal	-	-	-	-	-	(22)	-	-	-	(22)	
At 31 December 2014	12	71		18		329		330		760	
Accumulated depreciation:											
At 1 January 2013	12	71		18		175		127		403	
Charge for the year	-	-	-	-	-	44	-	66	-	110	
Disposal	-	-	-	-	-	(4)	-	-	-	(4)	
At 31 December 2013 and 1 January 2014	12	71		18		215		193		509	
Charge for the year	-	-	-	-	-	46	-	66	-	112	
Disposal	-	-	-	-	-	(22)	-	-	-	(22)	
At 31 December 2014	12	71		18		239		259		599	
Net book value:											
At 31 December 2014	-	-	-	-	-	90	-	71	-	161	
At 31 December 2013	-	-	-	-	-	69	-	137	-	206	

(In Singapore dollars)

11. Fixed assets (cont'd)

Assets held under finance leases

As at 31 December 2014, the Group and Company had motor vehicles under finance leases with a net book value of approximately \$100,000 and \$71,000 (2013 restated: \$221,000 and \$137,000), respectively.

Lease assets are pledged as security for the related finance lease liabilities.

Freehold properties are mortgaged to banks to secure banking facilities granted to the Group (Note 29).

12. Investment properties

The investment properties held by the Group and Company as at 31 December are:

Description and location	Existing use	Tenure	Unexpired lease term	Group		Company	
				2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
					(Restated)		
(a) Tampines Mart (Block 5, 7, 9, 11 Tampines Street 32)	Shops	Leasehold	78 years	104,000	102,200	-	-
(b) The Woodgrove (30 Woodlands Avenue 1)	Shops	Leasehold	81 years	31,200	29,800	-	-
(c) 62 Sembawang Road	Transport facility	Freehold	Estate in perpetuity	7,100	6,900	-	-
(d) Adam House (7-10 Adam Street, London, United Kingdom)	Serviced office	Freehold	Freehold	30,033	-	-	-
				172,333	138,900	-	-

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

12. Investment properties (cont'd)

The movement in investment properties is as follows:

	Group		Company	
	2014 \$'000	2013 \$'000 (Restated)	2014 \$'000	2013 \$'000
Balance sheet				
Balance as at beginning of year (restated)	138,900	209,600	-	76,000
Transfer to development property	-	(76,000)	-	(76,000)
Additions	30,033	-	-	-
Gains from fair value adjustments recognised in statement of comprehensive income	3,400	5,300	-	-
Balance as at end of year	172,333	138,900	-	-

In 2013, the Group and Company transferred one property from investment property to development property following the change in use and the property commenced redevelopment for sale in September 2013.

	Group	
	2014 \$'000	2013 \$'000 (Restated)
Statement of comprehensive income:		
Rental income from investment properties:		
- Minimum lease payments	12,162	11,635
Direct operating expenses (including repairs and maintenance) arising from:		
- Rental generating properties	2,566	2,146

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

(In Singapore dollars)

12. Investment properties (cont'd)

Investment properties are stated at fair value, which has been determined based on valuations performed as at 31 December 2014 and 31 December 2013. The valuations were performed by CB Richard Ellis (Pte) Ltd, Knight Frank Pte Ltd and Savills (UK) Limited, independent valuers with recognised and relevant professional qualifications and with recent experience in the location and category of the properties being valued. The valuations are based on comparable market transactions that consider the sales of similar properties that have been transacted in the open market. Details of valuation inputs used are disclosed in Note 38.

All the above investment properties are mortgaged to banks to secure banking facilities granted to the Group (Note 29).

13. Subsidiaries

(a) Investment in subsidiaries comprises:

	Company	
	2014 \$'000	2013 \$'000
Unquoted equity shares, at cost	27,417	33,481
Less: Impairment losses	(1,811)	(1,811)
Carrying amount of investments	<u>25,606</u>	<u>31,670</u>
Movement of cost of investment:		
At beginning of year	33,481	33,481
Less: Reduction of investment resulting from voluntary liquidation of subsidiaries	(6,064)	-
At end of year	<u>27,417</u>	<u>33,481</u>
Movement of impairment losses:		
At beginning and end of year	<u>1,811</u>	<u>1,811</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

13. Subsidiaries (cont'd)

(a) Investment in subsidiaries comprises (cont'd):

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group		Cost of investment by the Company	
			2014	2013	2014	2013
			%	%	\$'000	\$'000
Held by the Company						
*	Heeton Estate Pte Ltd (Singapore)	Property investment holding	100	100	22,962	22,962
**	Development 11KS Pte. Ltd. (Singapore)	In voluntary liquidation	100	100	–	1,626
**	Market Holdings Pte Ltd (Singapore)	In voluntary liquidation	100	100	–	4,438
*	Heeton Venture (Overseas) Pte. Ltd. (Singapore)	Investment holding	100	100	99	99
*	Heeton Land Pte. Ltd. (Singapore)	Property development and property investment holding	100	100	976	976
*	Heeton Management Pte Ltd (Singapore)	Provision of administrative and management services	100	100	45	45
*	Heeton Properties Pte. Ltd. (Singapore)	Investment holding and leasing agent	100	100	2,335	2,335
*	Heeton Venture (Asia) Pte. Ltd. (Singapore)	Investment holding	100	100	– ^(a)	– ^(a)
*	Heeton Venture (China) Pte. Ltd. (Singapore)	Investment holding	100	100	– ^(a)	– ^(a)
*	Heeton Residence Pte. Ltd. (Singapore)	Property development and investment holding	100	100	1,000	1,000

(In Singapore dollars)

13. Subsidiaries (cont'd)

(a) Investment in subsidiaries comprises (cont'd):

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group		Cost of investment by the Company	
			2014	2013	2014	2013
			%	%	\$'000	\$'000
Held by the Company (cont'd)						
*	Heeton Homes Pte. Ltd. (Singapore)	Investment holding	100	100	— ^(a)	— ^(a)
*	Heeton Capital Pte. Ltd. (Singapore)	Property development and investment holding	100	100	— ^(a)	— ^(a)
*	MHP Pte. Ltd. (Singapore)	Investment holding	100	100	— ^(a)	— ^(a)
*	Heeton Invesco Pte. Ltd. (Singapore)	Investment holding	100	100	— ^(a)	— ^(a)
*	Heeton Corporation Pte. Ltd. (Singapore)	Investment holding	100	—	— ^(a)	—
Held through subsidiaries						
*	Kim Leong Development Pte Ltd (Singapore)	Dormant	100	83.56	—	—
*	Heeton Realty Pte. Ltd. (Singapore)	Property development	100	100	—	—
*	Prosper Development Pte. Ltd. (Singapore)	Investment holding	100	100	—	—
*	Prosper Holdings Pte. Ltd. (Singapore)	Investment holding	70	—	—	—
**	Fortitude Valley (Hotels) Pty Ltd (Australia)	Property investment holding	70	—	—	—

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

13. Subsidiaries (cont'd)

(a) Investment in subsidiaries comprises (cont'd):

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group		Cost of investment by the Company	
			2014	2013	2014	2013
			%	%	\$'000	\$'000
Held through subsidiaries (cont'd)						
*	Wickham Invesco Pte. Ltd. (Singapore)	Investment holding	55	-	-	-
**	Wickham 186 Pty Ltd (Australia)	Investment holding	55	-	-	-
*	Adam Street Pte. Ltd. (Singapore)	Investment holding	75	-	-	-
**	Zain Joy Holdings Limited (British Virgin Islands)	In voluntary liquidation	100	100	-	-
**	General Wealth Holdings Limited (British Virgin Islands)	Property development	100	100	-	-
*	Venture (UK) Pte. Ltd. (Singapore)	Investment holding	80	100	-	-
**	Chatteris Development Limited (British Virgin Islands)	Property development	80	100	-	-
***	Woodley Hotels (Kensington) Limited (England & Wales)	Property investment holding	80	-	-	-
***	Chatteris Kensington Limited (England & Wales)	Hotel operation	80	-	-	-
**	Acework Limited (British Virgin Islands)	Property investment holding	75	-	-	-

(In Singapore dollars)

13. Subsidiaries (cont'd)

(a) Investment in subsidiaries comprises (cont'd):

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group		Cost of investment by the Company	
			2014	2013	2014	2013
			%	%	\$'000	\$'000
Held through subsidiaries (cont'd)						
**	Adam Street Limited (England & Wales)	Property management	75	-	-	-
**	Ace Zone Holdings Limited (British Virgin Islands)	Property development	100	-	-	-
**	Hoxton Investments Limited (British Virgin Islands)	Property development	100	-	-	-
					27,417	33,481

* Audited by Ernst & Young LLP, Singapore.

** Not required to be audited.

*** Audited by LB Group, London

^a \$2 comprising two subscriber shares of \$1 each.

Impairment testing of investment in subsidiaries

As at 31 December 2014, the Company has recognised accumulated impairment losses on investment in subsidiaries amounting to \$1,811,000 (2013: \$1,811,000).

Acquisition of subsidiary

On 31 January 2014 (the "Acquisition Date"), Chatteris Development Limited, the Group's 80% owned subsidiary, completed the purchase of the entire share capital of Woodley Hotels (Kensington) Limited ("Woodley"), at a consideration of approximately Pound Sterling 22.9 million or S\$48 million.

Woodley is the beneficial owner of Hotel ibis Styles London Kensington (the "Hotel") located at Hogarth Road, Earls Court London which previously comprised 100 hotel rooms. The Group completed the refurbishment work in December 2014 and increased the number of rooms to 116 rooms.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

13. Subsidiaries (cont'd)

- (a) Investment in subsidiaries comprises (cont'd):

Acquisition of subsidiary (cont'd)

The Hotel commenced operations in October 2014. The Group is operating the Hotel under Franchise arrangements with Accor and brand name ibis Style.

Management has determined that the above transaction does not constitute a business combination in accordance with FRS 103 Business Combinations, and has hence accounted for the transaction as an acquisition of assets.

The fair value of the identifiable assets and liabilities of Woodley as at the Acquisition Date were:

	Fair value on Acquisition Date 2014 \$'000
Fixed assets	51,667
Inventories	4
Trade receivables	180
Cash and cash equivalents	73
	<u>51,924</u>
Trade payables	<u>(24,055)</u>
	<u>(24,055)</u>
Total identifiable net assets at fair value	27,869
Less:	
20% of net assets at fair value by Non-controlling interest	<u>(3,310)</u>
	<u>24,559</u>
Consideration transferred for the acquisition of Woodley Cash paid	<u>24,559</u>

The fair value of the fixed assets is based on a valuation performed by Jones Lang Lasalle, an independent valuer with recognised and relevant professional qualifications with recent experience in the location and category of the property being valued.

(In Singapore dollars)

13. Subsidiaries (cont'd)

(b) *Interest in subsidiaries with material non-controlling interest (NCI)*

As at 31 December 2014, the Group has the following subsidiaries that have NCI that are material to the Group. As at 31 December 2013, there are no subsidiaries that have NCI that are material to the Group.

Name of subsidiary	Principal place of business	Proportion of ownership interest held by non-controlling interest	Profit/(loss)	Accumulated	Dividends paid to NCI
			allocated to NCI during the reporting period	NCI at the end of reporting period	
			\$'000	\$'000	\$'000
31 December 2014:					
Chatteris Development Limited	British Virgin Islands	20%	(156)	3,154	-
Woodley Hotels (Kensington) Limited	England & Wales	20%	(278)	4,563	-
Acework Limited	British Virgin Islands	25%	81	7,824	-
Fortitude Valley (Hotels) Pty Ltd	Australia	30%	(6)	2,464	-
Wickham 186 Pty Ltd	Australia	45%	(49)	2,057	-

Significant restrictions:

There are no significant restrictions on the Group's ability to use or access assets and settle liabilities of subsidiaries with material non-controlling interests.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

13. Subsidiaries (cont'd)

(c) *Summarised financial information about subsidiaries with material NCI*

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interests are as follows:

Summarised balance sheets

	Chatteris Development Limited \$'000	Woodley Hotels (Kensington) Limited \$'000	Acework Limited \$'000	Fortitude Valley (Hotels) Pty Ltd \$'000	Wickham 186 Pty Ltd \$'000
Current					
Assets	8,439	1,237	43	629	30
Liabilities	(35,123)	(8,911)	(67)	-	-
Net current (liabilities)/ assets	(26,684)	(7,674)	(24)	629	30
Non-current					
Assets	25,607	54,581	30,034	6,579	4,134
Liabilities	-	(25,296)	(29,686)	(7,228)	(4,273)
Net non-current assets/ (liabilities)	25,607	29,285	348	(649)	(139)
Net (liabilities)/ assets	(1,077)	21,611	324	(20)	(109)

Summarised statement of comprehensive income

Revenue	-	-	326	-	-
(Loss)/profit before income tax	(782)	(1,389)	324	(20)	(108)
Income tax expense	-	-	-	-	-
(Loss)/profit after tax, representing total comprehensive (expense)/income	(782)	(1,389)	324	(20)	(108)

Other summarised information

Net cash flows from operations	(782)	(1,389)	324	(20)	(108)
Acquisition of significant Property, plant and equipment	-	(54,581)	(30,033)	(6,579)	-

(In Singapore dollars)

14. Associated companies

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

	Group	
	2014 \$'000	2013 \$'000 (Restated)
Econolodge Co., Ltd	14,081	14,048
186 Wickham Street (Residential) Pty Ltd	3,772	-
Unique Development Pte. Ltd.	9,257	3,830
Unique Realty Pte. Ltd.	2,537	-
Unique Consortium Pte. Ltd.	3,845	165
Unique Rezi Pte. Ltd.	4,252	308
Other associates	6,278	3,786
	44,022	22,137

The Group has not recognised losses relating to Dalvey Estate Co., Limited where its share of losses exceeds the Group's interest in this associate. The Group's cumulative share of unrecognised losses at the end of the reporting period was \$817,000 (2013: \$845,000), of which \$28,000 (2013: \$46,000) was the share of the current year's profits. The Group has no obligation in respect of these losses.

The Group has not recognised losses relating to Dalvey Holdings Co., Limited where its share of losses exceeds the Group's interest in this associate. The Group's cumulative share of unrecognised losses at the end of the reporting period was \$2,515,000 (2013: \$2,378,000), of which \$137,000 (2013: \$771,000) was the share of the current year's losses. The Group has no obligation in respect of these losses.

The Group has not recognised losses relating to Dalvey Residence Co., Limited where its share of losses exceeds the Group's interest in this associate. The Group's cumulative share of unrecognised losses at the end of the reporting period was \$1,230,000 (2013: \$1,111,000), of which \$119,000 (2013: \$9,000) was the share of the current year's losses. The Group has no obligation in respect of these losses.

The Group has not recognised losses relating to Unique Resi Estate Pte. Ltd. where its share of losses exceeds the Group's interest in this associate. The Group cumulative share of unrecognised losses at the end of the reporting period was \$65,000 (2013: \$18,000), of which \$47,000 (2013: profit of \$11,000) was the share of the current year's losses. The Group has no obligation in respect of these losses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

14. Associated companies (cont'd)

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group		Cost of investment by the Group	
			2014 %	2013 %	2014 \$'000	2013 \$'000
Held through subsidiaries						
##	Jiujiang Heeton Enterprise Ltd (China)	Dormant	30.00	30.00	4,101	4,101
***	KSH (China) Venture Pte. Ltd. (Singapore)	Dormant	20.00	20.00	200	200
**	Dalvey Estate Co., Ltd (Thailand)	Property development	38.98	38.98	65	65
**	Dalvey Residence Co., Ltd (Thailand)	Property development and investment holding	38.98	38.98	65	65
**	Dalvey Holdings Co., Ltd (Thailand)	Investment holding	49.00	49.00	47	47
***	Residenza Pte. Ltd. (Singapore)	Property development	36.00	36.00	360	360
***	Unique Realty Pte. Ltd. (Singapore)	Property development	40.00	40.00	400	400
***	Unique Consortium Pte. Ltd. (Singapore)	Investment holding	35.00	35.00	350	350
***	Unique Capital Pte. Ltd. (Singapore)	Investment holding	40.00	40.00	400	400
***	Unique Development Pte. Ltd. (Singapore)	Property development	45.00	45.00	450	450
***	Unique Rezi Pte. Ltd. (Singapore)	Investment holding	42.00	42.00	420	420
***	Unique Resi Estate Pte. Ltd. (Singapore)	Property development	30.00	30.00	300	300

(In Singapore dollars)

14. Associated companies (cont'd)

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group		Cost of investment by the Group	
			2014	2013	2014	2013
			%	%	\$'000	\$'000
Held through subsidiaries (cont'd)						
##	Unique Wellness Pte. Ltd. (Singapore)	Property development	20.00	20.00	— ⁰⁰⁰	— ⁰⁰⁰
*** ⁰	Dalvey Hospitality Co., Ltd (Thailand)	Investment holding	73.99	73.99	21	21
* ⁰	Econolodge Co., Ltd. (Thailand)	Hotel operation and property investment holding	86.74	86.74	12,824	12,824
###	KBD Westwood Pte. Ltd. (Singapore)	Property development	20.00	—	200	—
##	Imperial South East Asia Investment Pte. Ltd. (Singapore)	Dormant	32.65	—	3	—
##	Great Development Pte. Ltd. (Singapore)	Dormant	25.00	—	— ⁰⁰⁰	—
##	186 Wickham Street (Residential) Pty Ltd (Australia)	Property development	33.00	—	3,834	—
####	Eden I Residences Pte. Ltd. (Singapore)	Investment holding	30.00	30.00	450	450
####	Habitat Investments Pte. Ltd. (Singapore)	Investment holding	20.00	20.00	— ⁰⁰⁰	— ⁰⁰⁰
Held through Dalvey Holding Co., Ltd						
**	Dalvey Park Co., Ltd (Thailand)	Investment holding	48.99	48.99	—	—

NOTES TO THE FINANCIAL STATEMENTS

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(In Singapore dollars)

14. Associated companies (cont'd)

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group		Cost of investment by the Group	
			2014 %	2013 %	2014 \$'000	2013 \$'000
Held through Dalvey Residence Co., Ltd						
**	G.E.T. Realty Co. Ltd (Thailand)	Property development and property investment holding	38.98	38.98	-	-
**	Barracuda Group Co., Ltd (Thailand)	Hotel operation and property investment holding	38.98	-	-	-
Held through Dalvey Park Co., Ltd						
**	Dalvey Place Co., Ltd (Thailand)	Property development and property investment holding	48.99	48.99	-	-
**	Click Development Co., Ltd (Thailand)	Property development and property investment holding	48.99	48.99	-	-
**	Dalvey Homes Co., Ltd (Thailand)	Property development	48.99	48.99	-	-
Held through Unique Consortium Pte. Ltd.						
#	Oxley Viva Pte. Ltd. (Singapore)	Property development	12.25	12.25	-	-
#	Oxley YCK Pte. Ltd. (Singapore)	Property development	12.25	12.25	-	-

(In Singapore dollars)

14. Associated companies (cont'd)

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group		Cost of investment by the Group	
			2014	2013	2014	2013
			%	%	\$'000	\$'000
Held through Unique Rezi Pte. Ltd.						
#	Oxley Sanctuary Pte. Ltd. (Singapore)	Property development	12.60	12.60	-	-
Held through Unique Capital Pte. Ltd.						
***	Mountbatten Edge Pte. Ltd. (Singapore)	Property investment holding	16.00	16.00	-	-
					24,490	20,453

* Audited by member firm of Ernst & Young Global in Thailand.

** Audited by Horwath (Thailand) Limited.

*** Audited by Ernst & Young LLP, Singapore.

Audited by RSM Chio Lim LLP, Singapore.

Not required to be audited.

Audited by Pricewaterhousecoopers LLP, Singapore.

Audited by CPA Link Certified Public Accountants, Singapore.

Ⓐ Classified as associated companies based on voting power which does not constitute control.

ⒶⒶ \$1 comprising one subscriber share.

ⒶⒶⒶ \$200 comprising 200 shares.

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

	Group	
	2014 \$'000	2013 \$'000
Profit or loss after tax from continuing operations	3,497	5,817
Other comprehensive income	-	-
Total comprehensive income	3,497	5,817

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

14. Associated companies (cont'd)

The summarised financial information in respect of the material investments in associate companies, based on its FRS financial statements, and reconciliation with the carrying amount of the investment in the consolidated statements are as follows:

Summarised balance sheet

	Econoldge Co., Ltd		186 Wickham Street (Residential) Pty Ltd		Unique Development Pte. Ltd.		Unique Realty Pte. Ltd.		Unique Consortium Pte. Ltd.		Unique Rezi Pte. Ltd.	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Current assets	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Non-current assets excluding goodwill	2,104	1,772	4,637	-	67,781	138,302	89,739	98,035	34	34	160	18
Total assets	7,358	7,400	-	-	-	-	-	217	92,025	47,408	47,406	11,559
Current liabilities	9,462	9,172	4,637	-	67,781	138,302	89,739	98,252	92,059	47,442	47,566	11,577
Non-current Liabilities	(984)	(860)	(180)	-	(19,258)	(94,638)	(6,947)	(2,234)	(5)	(12)	(5)	(7)
Total liabilities	(3,021)	(3,130)	(1,013)	-	(27,951)	(35,153)	(76,449)	(96,084)	(81,067)	(46,959)	(37,436)	(10,837)
Net assets/(liabilities)	(4,005)	(3,990)	(1,193)	-	(47,209)	(129,791)	(83,396)	(98,318)	(81,072)	(46,971)	(37,441)	(10,844)
Net assets excluding goodwill	5,457	5,182	3,444	-	20,572	8,511	6,343	(66)	10,987	471	10,125	733
Proportion of the Group's ownership	5,457	5,182	3,444	-	20,572	8,511	6,343	(66)	10,987	471	10,125	733
Group's share of net assets/(liabilities)	86.74%	86.74%	33%	-	45%	45%	40%	40%	35%	35%	42%	42%
Negative goodwill on acquisition	4,733	4,495	1,137	-	9,257	3,830	2,537	(26)	3,845	165	4,252	308
Other adjustments	(564)	(564)	-	-	-	-	-	-	-	-	-	-
Carrying amount of the investment	9,912 ⁽¹⁾	10,117 ⁽¹⁾	2,635 ⁽²⁾	-	-	-	-	26	-	-	-	-
	14,081	14,048	3,772	-	9,257	3,830	2,537	-	3,845	165	4,252	308

(1) Other adjustments comprise of fair value adjustments to the assets of the associated company at date of acquisition by the Group.

(2) Other adjustments comprise of non-cash consideration by the other shareholders of the associated company.

(In Singapore dollars)

14. Associated companies (cont'd)

Summarised statement of comprehensive income

	186 Wickham Street											
	Econolodge Co., Ltd		186 Wickham Street (Residential) Pty Ltd		Unique Development Pte. Ltd.		Unique Realty Pte. Ltd.		Unique Consortium Pte. Ltd.		Unique Rezi Pte. Ltd.	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Revenue	4,386	5,148	-	-	123,770	64,996	71,039	23,680	-	-	-	-
Profit or loss from continuing operations	67	839	(186)	-	12,061	7,434	6,409	753	10,517	(480)	9,390	(510)
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income/(expense)	67	839	(186)	-	12,061	7,434	6,409	753	10,517	(480)	9,390	(510)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

14. Associated companies (cont'd)

Acquisition of an associated company

186 Wickham Street (Residential) Pty Ltd

On 18 August 2014, Wickham 186 Pty Ltd, a 55%-owned subsidiary of the Group, has entered into a shareholders agreement with Marvel Investments Pty Ltd ("Marvel") and 186 Wickham Street (Residential) Pty Ltd ("186 Wickham") and subscribed for 330 ordinary shares, representing 33% of the share capital of 186 Wickham at Australian Dollar 3.30 million or approximately S\$3.83 million. Marvel owns the balance 67% of the share capital of 186 Wickham.

15. Joint venture companies

The Company's investment in joint venture companies comprises:

	Company	
	2014 \$'000	2013 \$'000
Unquoted equity shares, at cost	5,000	5,000

Details of the joint venture companies are as follows:

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group		Cost of investment by the Company	
			2014	2013	2014	2013
			%	%	\$'000	\$'000
*	Canberra Development Pte Ltd (Singapore)	Property investment holding	50	50	5,000	5,000

(In Singapore dollars)

15. Joint venture companies (cont'd)

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group		Cost of investment by the Company	
			2014 %	2013 %	2014 \$'000	2013 \$'000
Held through subsidiaries						
*	Buildhome Pte. Ltd. (Singapore)	Property development	50	50	-	-
*	Phileap Pte. Ltd. (Singapore)	Property development	25	25	-	-
*	Unique Residence Pte. Ltd. (Singapore)	Investment holding	50	-	-	-
Held through joint venture company						
*	Fernvale Development Pte. Ltd. (Singapore)	Property development	20	-	-	-
					5,000	5,000

* Audited by Ernst & Young LLP, Singapore.

The Group's material investment in joint venture companies are summarised below:

	Group	
	2014 \$'000	2013 \$'000 (Restated)
Canberra Development Pte Ltd	41,564	43,311
Buildhome Pte. Ltd.	8,592	12,648
Other joint venture companies	174	3
	50,330	55,962

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

15. Joint venture companies (cont'd)

Summarised financial information in respect of the Group's material investments in joint venture companies, based on its FRS financial statements, and reconciliation with the carrying amount of the investments in the consolidated financial statements are as follows:

Summarised balance sheet

	Canberra Development Pte Ltd		Buildhome Pte. Ltd.	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Cash and cash equivalents	3	1,802	673	812
Other current assets	10	10	127,132	126,194
Trade receivables	1,869	52	-	-
Current assets	1,882	1,864	127,805	127,006
Non-current assets	269,662	252,407	99	99
Total assets	271,544	254,271	127,904	127,105
Current liabilities	(48,373)	(29,849)	(110,718)	(101,809)
Non-current liabilities (excluding trade, other payables and provision)	(137,000)	(137,000)	(2)	-
Other non-current liabilities	(3,043)	(800)	-	-
Total non-current liabilities	(140,043)	(137,800)	(2)	-
Total liabilities	(188,416)	(167,649)	(110,720)	(101,809)
Net assets	83,128	86,622	17,184	25,296
Net assets excluding goodwill	83,128	86,622	17,184	25,296
Proportion of the Group's ownership	50%	50%	50%	50%
Group's share of net assets	41,564	43,311	8,592	12,648
Carrying amount of the investment	41,564	43,311	8,592	12,648

(In Singapore dollars)

15. Joint venture companies (cont'd)

Summarised statement of comprehensive income

	Canberra Development Pte Ltd		Buildhome Pte. Ltd.	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Revenue	9,001	17,944	-	2,981
Operating income/(expenses), net	(9,523)	(8,973)	(6,028)	(4,251)
Interest expense	(2,818)	(2,714)	(2,220)	(1,929)
(Loss)/profit before tax	(3,340)	6,257	(8,248)	(3,199)
Income tax (expense)/credit	(156)	(977)	136	(11)
(Loss)/profit after tax, representing total comprehensive (expense)/income	(3,496)	5,280	(8,112)	(3,210)

16. Amounts due from/to associated companies, joint venture companies and investee companies

	Group	
	2014 \$'000	2013 \$'000 (Restated)
Amounts due from associated companies	81,830	74,681
Amounts due from joint venture companies	84,839	33,500
Amounts due from investee companies	8,658	2,832
	175,327	111,013

Amounts due from/to associated companies, joint venture companies and investee companies are unsecured and are to be settled in cash. These amounts have no fixed terms of repayment and are expected to be repaid from 2016 to 2019.

Amounts due from associated companies amounting to \$28,442,000 (2013: \$18,249,000) are interest free and denominated in Thai Baht. Amounts due from associated companies amounting to \$53,388,000 (2013: \$56,432,000) are denominated in Singapore Dollars, and includes an amount of \$53,388,000 (2013: \$44,403,000) which bears interest ranging from 1% to 5.35% (2013: 5%) per annum.

Amounts due from joint venture companies of \$67,408,000 (2013: \$29,375,000) bear interest ranging from 2.3% to 5.75% (2013: 2.3% to 2.5%) per annum.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

16. Amounts due from/to associated companies, joint venture companies and investee companies (cont'd)

Amounts due from investee companies of \$2,818,000 (2013: \$2,832,000) bear interest at 0.25% above the local banks' prime rate per annum. Amounts due from investee companies of \$5,625,000 (2013: \$Nil) are interest free.

17. Other investments

	Group	
	2014 \$'000	2013 \$'000
Equity instruments (unquoted), at cost	218	218

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group		Cost of investment by the Group	
			2014 %	2013 %	2014 \$'000	2013 \$'000
*	Panareno Sdn Bhd (Malaysia)	Property development	15	15	16	16
**	Development 26 Pte. Ltd. (Singapore)	Property development	10	10	100	100
**	Development 32 Pte. Ltd. (Singapore)	Property development	10	10	100	100
***	Unique Commercial Pte. Ltd. (Singapore)	Property development	15	15	2	2
***	KAP Holdings (China) Pte. Ltd. (Singapore)	Investment holding	15	-	Ⓐ	-
					218	218

* Audited by Messrs Cheong & Co.

** Audited by Ernst & Young LLP, Singapore.

*** Audited by Deloitte & Touche LLP, Singapore.

Ⓐ \$15 comprising 15 ordinary shares.

(In Singapore dollars)

18. Intangible assets

	Goodwill \$'000
Group	
Cost:	
At 1 January 2013, 31 December 2013, 1 January 2014 and 31 December 2014	175
Accumulated impairment:	
At 1 January 2013, 31 December 2013, 1 January 2014 and 31 December 2014	66
Net carrying amount:	
At 31 December 2013 and 31 December 2014	109

Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated for impairment testing purposes to the individual entity which is also the cash-generating unit ("CGU").

Allocated goodwill based on the CGU is as follows:

	Carrying amount as at		Basis on which recoverable amount is determined	Pre-tax discount rate
	2014 \$'000	2013 \$'000		
Heeton Estate Pte Ltd	109	109	Value-in-use	10%

A summary of goodwill allocated to the reportable segments to which this CGU belongs is presented below:

	Property investment \$'000
Net carrying amount:	
At 31 December 2014	109
At 31 December 2013	109

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

18. Intangible assets (cont'd)

The value-in-use calculations apply a discounted cash flow model using cash flow projections based on financial budgets and forecasts approved by management covering a 5-year period. The pre-tax discount rates applied to the cash flow projections are derived from the cost of capital plus a reasonable risk premium at the date of assessment of the cash generating unit. The growth rate during the forecast period has been conservatively assumed to be zero in the absence of a reliable average growth rate for the industry in which the entity operates.

No impairment loss was required for the financial years ended 31 December 2014 and 2013 as the amount of discounted net cash inflows attributable to the CGU was in excess of the carrying amount of the goodwill.

19. Deferred tax assets/(liabilities)

Deferred tax assets/(liabilities) arose as a result of:

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Deferred tax assets				
Differences in depreciation	-	8	-	8
Deferred tax liabilities				
Provisions	(159)	-	(159)	-

As at 31 December 2014, the Group had unutilised tax losses of approximately \$7,276,000 (2013: \$3,473,000) available for offset against future taxable income, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the Inland Revenue Authority of Singapore and compliance with the relevant provisions of the Singapore Income Tax Act.

Tax consequences of proposed dividends

There are no income tax consequences (2013: Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 42).

Unrecognised temporary differences relating to investments in associates

At the end of the reporting period, no deferred tax liability (2013: nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's overseas associates as the overseas associates of the Group cannot distribute its earnings until it obtains the consent of the shareholders. At the end of the reporting period, the Group does not foresee giving such consent.

Such temporary differences for which no deferred tax liability has been recognised aggregate to \$11,000 (2013: \$142,000).

(In Singapore dollars)

20. Development properties

	Group		Company	
	2014 \$'000	2013 \$'000 (Restated)	2014 \$'000	2013 \$'000
Cost of land	170,471	170,648	76,085	76,085
Interest capitalised	17,713	16,425	1,912	623
Development and related costs	51,146	45,816	4,522	913
	239,330	232,889	82,519	77,621
Attributable profit recognised	4,255	–	1,935	–
	243,585	232,889	84,454	77,621
Progress billings	(27,891)	(8,628)	(10,775)	(8,566)
	215,694	224,261	73,679	69,055
Provision for foreseeable losses	(5,000)	–	–	–
	210,694	224,261	73,679	69,055

Movements in provision for foreseeable losses during the year are as follows:

Balance at beginning of year	–	–	–	–
Provision during the year	5,000	–	–	–
At end of year	5,000	–	–	–
Interest capitalised during the year	1,288	2,877	1,289	623

- (i) As at the end of financial year, borrowing costs of \$18,039,000 (2013: \$16,425,000), arising from borrowings obtained specifically for the development properties were capitalised. The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation range from 2.39% to 2.51% (2013: 1.81% to 3.69%) per annum.
- (ii) Development properties amounting to \$209,016,000 (2013: \$209,656,000) under development have been pledged as security for bank loans (Note 29).
- (iii) As at 31 December 2014, the aggregate amount of costs incurred and recognised profits relating to agreements for which the Group recognises revenue using the percentage of completion method amounts to \$222,855,000 (2013 restated: \$218,222,000) and \$1,935,000 (2013 restated: \$Nil) respectively.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

20. Development properties (cont'd)

The development properties held by the Group (excluding associated companies/joint venture companies) as at 31 December 2014 are:

Name and Location	Percentage held (%)	Tenure	Proposed Development	Development	Approximate Land Area (sq m)	Gross Floor Area (sq m)	Estimated stage of completion as at date of annual report (%) (Expected year of completion)
iLiv@Grange at 74 Grange Road	100	Freehold	Apartment	1 block of 16-storey residential flats (total 30 units) with basement car park and communal facilities	1,888	4,362	TOP obtained in October 2013
Earlington at 30-31 Philbeach Gardens, London	100	Freehold	Apartment	15 apartment units	433	751	Completed in March 2014
Onze@Tanjong Pagar at 11 Kee Seng Street	100	Freehold	Commercial and residential	Proposed mixed development consisting of 56 residential units and 13 commercial units	1,373	5,572	Foundation stage (FY2018)

(In Singapore dollars)

21. Trade receivables

	Group		Company	
	2014 \$'000	2013 \$'000 (Restated)	2014 \$'000	2013 \$'000
Trade receivables	177	306	-	1
Less: Allowance for impairment	(18)	(19)	-	-
	<u>159</u>	<u>287</u>	<u>-</u>	<u>1</u>

Movements in allowance for impairment during the year are as follows:

At beginning of year	19	19	-	-
Write-back during the year	(1)	-	-	-
Written off	-	-	-	-
At end of year	<u>18</u>	<u>19</u>	<u>-</u>	<u>-</u>

Trade receivables are non-interest bearing and are generally on cash basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Receivables that are past due but not impaired

The Group has trade receivables amounting to \$159,000 (2013: \$254,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period are as follows:

	Group	
	2014 \$'000	2013 \$'000 (Restated)
Trade receivables past due but not impaired:		
Lesser than 30 days	100	69
30 to 60 days	52	67
61 to 90 days	6	17
91 to 120 days	-	-
More than 120 days	1	101
	<u>159</u>	<u>254</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

21. Trade receivables (cont'd)

Receivables that are impaired

	Group Individually impaired	
	2014 \$'000	2013 \$'000
Trade receivables – nominal amounts	18	19
Less: Allowance for impairment	(18)	(19)
	-	-

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

22. Other receivables

	Group		Company	
	2014 \$'000	2013 \$'000 (Restated)	2014 \$'000	2013 \$'000
Deposits	2,013	5,754	-	714
Advances to non-controlling interests	4,314	-	-	-
Other receivables	2,343	285	3	23
	8,670	6,039	3	737

(In Singapore dollars)

**23. Amounts due from/to subsidiaries (non-trade)
Amounts due from related parties (trade)
Amounts due to related parties (non-trade)
Amounts due from/to joint venture companies (non-trade)**

These balances are unsecured, non-interest bearing and are repayable on demand except for amounts due from subsidiaries of \$167,782,000 (2013: \$84,865,000) and amounts due to subsidiaries of \$28,558,000 (2013: \$14,259,000) which bear interest at 4.50% (2013: 3.25%) per annum. These amounts are to be settled in cash.

	Company	
	2014	2013
	\$'000	\$'000
Amounts due from subsidiaries	224,166	133,914
Less: Allowance for impairment	(5,164)	(5,347)
	219,002	128,567

Movements in allowance for impairment of amounts due from subsidiaries are as follows:

At beginning of year	(5,347)	(5,347)
Write-back during the year	183	-
At end of year	(5,164)	(5,347)

Receivables that are impaired

At the end of the reporting period, the Company has provided an allowance of \$5,164,000 (2013: \$5,347,000) for impairment of receivables from subsidiaries with a nominal amount of \$20,464,000 (2013: \$12,102,000). These subsidiaries have been suffering financial losses for the current and past financial years.

24. Fixed deposits

The weighted average effective interest rates as at 31 December 2014 for the Group and the Company were 0.32% (2013: 0.26%) and 0.32% (2013: 0.57%) respectively.

The fixed deposits of the Group and the Company have an average maturity of 40 days (2013: 57 days) and 41 days (2013: 47 days) respectively.

The Group's and Company's fixed deposits includes \$5,000,000 (2013: \$6,000,000) held under the Housing Developers' (Project Account) Rules 1985, withdrawals from which are specific to payments for expenditure incurred on specified projects.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

25. Cash and bank balances

	Group		Company	
	2014 \$'000	2013 \$'000 (Restated)	2014 \$'000	2013 \$'000
Cash at bank	19,485	9,155	13,344	3,550

The Group's and Company's cash at bank includes \$810,000 (2013: \$1,011,000) held under the Housing Developers' (Project Account) Rules 1985, withdrawals from which are specific to payments for expenditure incurred on specified projects.

26. Trade payables

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

27. Other payables and accruals

	Group		Company	
	2014 \$'000	2013 \$'000 (Restated)	2014 \$'000	2013 \$'000
Current portion:				
<i>Financial liabilities</i>				
Accrued operating expenses	3,919	2,369	2,026	1,665
Rental deposits received	1,029	1,066	1	-
Other deposits received	1	111	-	2
Other payables	72	1,013	5	16
	5,021	4,559	2,032	1,683
<i>Non-financial liabilities</i>				
Advance rental received	65	66	-	-
Deferred lease income	49	103	-	-
	5,135	4,728	2,032	1,683
Non-current portion:				
<i>Financial liabilities</i>				
Rental deposits received	1,025	960	-	-

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

(In Singapore dollars)

28. Short-term bank loans

In 2013, the Group's and Company's short-term loans were unsecured and bore interest at rates ranging from 1.5% to 1.8% above swap cost, bank's board rate or bank's cost of fund per annum during the year.

29. Bank term loans

Details of bank term loans are as follows:

	Group		Company	
	2014 \$'000	2013 \$'000 (Restated)	2014 \$'000	2013 \$'000
Secured	260,062	223,556	60,995	60,995
Repayable:				
– not later than 1 year	92,139	56,365	–	–
– 1 year through 5 years	167,923	167,191	60,995	60,995
	260,062	223,556	60,995	60,995

Terms loans are generally secured by:

- first legal mortgage over the investment properties, development properties and freehold property of the Group or Company;
- legal assignment of all sales and rental proceeds from the investment properties, development properties and freehold property;
- legal assignment of tenancy, rental, lease and licence agreements;
- legal assignment of construction contract(s) and performance bonds;
- legal assignment of fire insurance policy; and
- corporate guarantee by the Company.

The Group's bank term loans bear interest at rates ranging from 1.50% to 3.0% (2013: 1.375% to 2.0%) above swap cost, bank's board rate or bank's cost of fund per annum during the year.

The Company's bank term loans bear interest at 2.0% (2013: 2.0%) above bank's board rate per annum during the year.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

30. Bonds

Bonds with a face value of \$75,000,000 were issued in 2013, are unsecured and are repayable in November 2015. The bonds bear interest at a fixed rate of 5.6% per annum.

Bonds with a face value of \$60,000,000 were issued in 2014, are unsecured and are repayable in June 2017. The bonds bear interest at a fixed rate of 5.9% per annum.

31. Share capital

	Group and Company			
	2014		2013	
	No. of shares '000	\$'000	No. of shares '000	\$'000
Issued and fully paid ordinary shares:				
At beginning of year	268,615	58,803	223,846	58,803
Bonus share issue	-	-	44,769	-
At end of year	268,615	58,803	268,615	58,803

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

On 3 September 2013, as part of a bonus issue exercise, the Company allotted and issued 44,769,194 new ordinary shares and 44,725,944 bonus warrants. The bonus warrants entitle the holders to subscribe for new ordinary shares at the exercise price of \$0.70 each, and the warrants may be exercised from 3 March 2014 to 3 September 2015.

32. Other reserve

	Group	
	2014 \$'000	2013 \$'000
Foreign currency translation reserve	(1,040)	(247)

(In Singapore dollars)

32. Other reserve (cont'd)

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

	Group	
	2014 \$'000	2013 \$'000
Balance at beginning of year	(247)	(1,474)
Foreign currency translation	(793)	1,227
Balance at end of year	(1,040)	(247)

33. Commitments

(a) *Operating lease commitments – as lessee*

As at 31 December 2014, the Group has operating lease commitments in respect of the rental of office premises. These leases have an average tenure of between one to four years with no renewal option or contingent rent provision included in the contracts. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

Operating lease payments recognised in the consolidated statement of comprehensive income during the year amount to \$124,000 (2013 restated: \$124,000).

Future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows:

	Group	
	2014 \$'000	2013 \$'000 (Restated)
Future minimum payments		
– not later than 1 year	124	124
– 1 year through 5 years	97	220
	221	344

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

33. Commitments (cont'd)

(b) *Operating lease commitments – as lessor*

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

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

	Group	
	2014 \$'000	2013 \$'000 (Restated)
Lease payments receivable		
– not later than 1 year	7,096	9,328
– 1 year through 5 years	4,358	8,697
– after 5 years	522	696
	11,976	18,721

(c) *Finance lease commitments*

	Total minimum lease payments	Present value of payments	Total minimum lease payments	Present value of payments
	2014 \$'000	2014 \$'000	2013 \$'000	2013 \$'000
Group				
Within one year	23	20	50	45
After one year but not more than five years	–	–	23	21
Total minimum lease payments	23	20	73	66
Less: Amounts representing finance charges	(3)	–	(7)	–
Present value of minimum lease payments	20	20	66	66

(In Singapore dollars)

33. Commitments (cont'd)

(c) *Finance lease commitments* (cont'd)

The Group has finance leases for motor vehicles. Lease terms do not contain restrictions concerning dividends, additional debt or further leasing. These leases also do not have terms of renewal, purchase options and escalation clauses. The lease obligations bear effective interest rate ranging from 1.88% to 4.33% (2013: 1.88% to 4.33%) per annum.

	Total minimum lease payments	Present value of payments	Total minimum lease payments	Present value of payments
	2014	2014	2013	2013
	\$'000	\$'000	\$'000	\$'000
Company				
Within one year	-	-	5	4
After one year but not more than five years	-	-	-	-
Total minimum lease payments	-	-	5	4
Less: Amounts representing finance charges	-	-	(1)	-
Present value of minimum lease payments	-	-	4	4

The Company has finance lease for a motor vehicle. Lease terms do not contain restrictions concerning dividends, additional debt or further leasing. The lease also does not have terms of renewal, purchase options and escalation clauses. The lease obligations bear effective interest rate at 1.88% (2013: 1.88%) per annum.

(d) *Capital commitment*

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

	Group	
	2014	2013
	\$'000	\$'000
Commitment in relation to investment in jointly controlled entity	5,500	5,500

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

34. Related party transactions

(a) *Sale and purchase of goods and services*

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

During the year, the Group has engaged a firm of which one of the independent directors of the Company is the chairman, for the provision of marketing and consultancy services for an amount of \$760,000 (2013: \$153,000).

	Group		Company	
	2014 \$'000	2013 \$'000 (Restated)	2014 \$'000	2013 \$'000
Income				
Interest income				
– subsidiaries	–	–	9,762	4,709
– associated companies	2,507	2,417	–	–
– joint venture companies	1,335	599	7	–
Management fees income				
– a joint venture company	2,096	2,096	2,000	2,000
– subsidiaries	–	–	776	662
– associated companies	534	592	–	–
– related party	43	42	–	–
Rental income from a subsidiary	–	–	110	1,380
Expenses				
Management fee paid to a subsidiary	–	–	576	504
Interest expenses – subsidiaries	–	–	3,796	2,862
– joint venture companies	188	–	–	–
– associated companies	615	–	–	–
Rental paid to related party	115	116	–	–

(In Singapore dollars)

34. Related party transactions (cont'd)

(b) *Compensation of key management personnel*

	Group	
	2014 \$'000	2013 \$'000
Short-term employee benefits	1,524	1,584
Central Provident Fund contributions	51	47
Other short-term benefits	78	78
	1,653	1,709
 <i>Comprise amounts paid to:</i>		
- Directors of the Company	1,122	1,204
- Other key management personnel	531	505
	1,653	1,709

35. Shareholders' contribution

In 2010, Heeton Realty Pte. Ltd. became a wholly-owned subsidiary of the Group, upon the exit of the joint venture partner ("JV partner"). The JV partner previously held a 45% interest in Heeton Realty Pte. Ltd.. In 2010, the JV partner had agreed to waive an amount of \$8,596,000 of its shareholder loans extended to Heeton Realty Pte. Ltd.. This amount has been classified as "Shareholders' contribution" within the equity of the Group.

36. Contingencies

The Company has provided corporate guarantees to banks and financial institutions of \$624,789,000 (2013: \$546,937,000) for credit facilities (Notes 28 and 29) taken by its subsidiaries, joint venture companies, associated companies and investee companies.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

37. Classification of financial instruments

Classification

The table below is an analysis of the carrying amounts of financial instruments by categories as defined in FRS 39 as at 31 December:

	Note	Group		Company	
		2014 \$'000	2013 \$'000 (Restated)	2014 \$'000	2013 \$'000
<i>Loans and receivables</i>					
Amounts due from associated companies, joint venture companies and investee companies	16	175,327	111,013	-	-
Trade receivables	21	159	287	-	1
Other receivables	22	8,670	6,039	3	737
Amounts due from subsidiaries (non-trade)	23	-	-	219,002	128,567
Amounts due from related parties (trade)	23	37	13	-	-
Amounts due from joint venture company (non-trade)	23	1,293	-	1,293	-
Fixed deposits	24	20,036	47,124	19,221	47,000
Cash and bank balances	25	19,485	9,155	13,344	3,550
		225,007	173,631	252,863	179,855
<i>Available-for-sale financial assets</i>					
Other investments	17	218	218	-	-

(In Singapore dollars)

37. Classification of financial instruments (cont'd)

	Note	Group		Company	
		2014 \$'000	2013 \$'000 (Restated)	2014 \$'000	2013 \$'000
Financial liabilities measured at amortised cost					
<i>Trade and other payables (current)</i>					
Trade payables	26	5,944	6,710	1,272	529
Other payables and accruals	27	5,021	4,559	2,032	1,683
Amounts due to subsidiaries	23	-	-	1,171	699
		10,965	11,269	4,475	2,911
<i>Other payables (non-current)</i>					
Other payables and accruals	27	1,025	960	-	-
Total trade and other payables		11,990	12,229	4,475	2,911
<i>Loans and borrowings (current)</i>					
Amounts due to subsidiaries	23	-	-	28,558	14,259
Lease obligations	33	20	45	-	4
Bond	30	75,000	-	75,000	-
Short-term bank loans	28	-	1,000	-	1,000
Bank term loans	29	92,139	56,365	-	-
		167,159	57,410	103,558	15,263
<i>Loans and borrowings (non-current)</i>					
Lease obligations	33	-	21	-	-
Amounts due to associated companies (non-trade)	23	36,079	-	-	-
Bonds	30	60,000	75,000	60,000	75,000
Bank term loans	29	167,923	167,191	60,995	60,995
Total loans and borrowings		431,161	299,622	224,553	151,258
Total finance liabilities measured at amortised cost		443,151	311,851	229,028	154,169

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

38. Fair value of assets and liabilities

(a) *Fair value hierarchy*

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

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

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

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

Management has determined that the carrying amounts of cash and bank balances and fixed deposits, current trade and other receivables (including amounts due from subsidiaries, related parties and joint venture company), current trade and other payables (including amounts due to subsidiaries) and accruals, short-term bank loans, current bank term loans and current bonds, based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature or are repriced frequently.

Non-current bank term loans reasonably approximate their fair values as they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

Non-current bonds reasonably approximate their fair values as the fixed interest rates on these bonds approximate the market interest rates at the end of the reporting period.

(c) *Financial instruments carried at other than fair value*

The non-current amounts due from associated companies, joint venture companies and investee companies and non-current amounts due to associated companies have no fixed terms of repayment and are expected to be repaid from 2016 to 2019. The fair values of these amounts are not determinable, as the timing of the future cash flows arising from these amounts cannot be estimated reliably. However, the directors do not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be settled.

(In Singapore dollars)

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

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

The fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

		2014 \$'000		2013 \$'000	
	Note	Carrying amount	Fair value	Carrying amount	Fair Value
Group					
Financial assets:					
Equity instruments, at cost	17	218	*	218	*
Financial liabilities:					
Obligations under finance leases	33	20	23	66	73
Company					
Financial liabilities:					
Obligations under finance leases	33	-	-	4	5

* Investment in equity instrument carried at cost (Note 17)

Fair value of the obligations under finance leases has been determined using discounted estimated cash flows. The discount rates used are the current market incremental lending rates for similar types of leasing arrangements.

Fair value information has not been disclosed for the Group's investments in equity securities that are carried at cost because fair value cannot be measured reliably. These equity securities represent ordinary shares in investee companies (Note 17) that are not quoted on any market and do not have any comparable industry peer that is listed. In addition, the variability in the range of reasonable fair value estimates derived from valuation techniques is significant. The Group does not intend to dispose of this investment in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

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(In Singapore dollars)

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

(e) Level 3 fair value measurements

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

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

Description	Fair Value at 31 December 2014 \$'000	Valuation techniques	Unobservable inputs	Range
Recurring fair value measurements				
Investment properties:				
Retail and commercial	172,333	Market comparable approach	Yield adjustments based on management's assumptions *	10% to 20%

* The yield adjustments are made for any difference in the nature, location or condition of the specific property.

For commercial investment properties, a significant increase (decrease) in yield adjustments based on management's assumptions would result in a significantly higher (lower) fair value measurement.

The following table shows the impact on the Level 3 fair value measurement of assets and liabilities that are sensitive to changes in unobservable inputs that reflect reasonably possible alternative assumptions. The positive and negative effects are approximately the same.

	Carrying amount \$'000	Effect of reasonably possible alternative assumptions	
		Profit or loss \$'000	Other comprehensive income \$'000
31 December 2014			
Recurring fair value measurements			
Investment property:			
- Retail and commercial	172,333	5,170	-

(In Singapore dollars)

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

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

(i) *Information about significant unobservable inputs used in Level 3 fair value measurements* (cont'd)

In order to determine the effect of the above reasonably possible alternative assumptions, the Group adjusted the following key unobservable inputs used in the fair value measurement:

- For commercial investment properties, the Group adjusted the yield adjustments based on management's assumptions by increasing and decreasing the adjustments by 3% depending on nature, location or condition of the specific property.

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

During the year, the Group has recognised gains from fair value adjustments of investment properties which amounted to \$3,400,000 (Note 12). The disclosure of the movement in the investment properties balance in Note 12 constitutes a reconciliation of the movement of assets which are measured at fair value based on significant unobservable inputs.

(iii) *Valuation policies and procedures*

The senior management of the Group (the "Management") oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures. In this regard, the Management reports to the Group's Audit Committee.

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. The Management is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and FRS 113 fair value measurement guidance.

For valuations performed by external valuation experts, the Management reviews the appropriateness of the valuation methodologies and assumptions adopted. The Management also evaluates the appropriateness and reliability of the inputs used in the valuations.

Significant changes in fair value measurements from period to period are evaluated by the Management for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

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(In Singapore dollars)

39. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The board of directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Chief Operating Officer. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The Group also has an interest rate swap facility. The purpose is to manage the interest rate risks arising from the Group's operations and sources of financing. There were no such transactions during the current financial year.

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

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

(a) *Credit risk*

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

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

Exposure to credit risk

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

- the carrying amount of each class of financial assets recognised in the balance sheets; and

(In Singapore dollars)

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

(a) **Credit risk** (cont'd)

Exposure to credit risk (cont'd)

- a nominal amount of \$624,789,000 (2013: \$546,937,000) relating to corporate guarantees provided by the Company to banks/ financial institutions on subsidiaries'/ joint ventures'/associated companies' credit facilities.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an on-going basis.

At the end of the reporting period, 100% (2013: 100%) of the Group's trade receivables were due from customers located in Singapore.

Financial assets that are neither past due nor impaired

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

(b) **Liquidity risk**

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

The Group's and the Company's liquidity risk management policy is that not more than 50% (2013: 30%) of loans and borrowings (including bonds and overdrafts) should mature in the next one year period, and to maintain sufficient liquid financial assets and stand-by credit facilities with three different banks. At the end of the reporting period, approximately 39% (2013: 19%) of the Group's loans and borrowings (Note 37) will mature in less than one year based on the carrying amount reflected in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

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

(b) *Liquidity risk* (cont'd)

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

	Note	1 year or less \$'000	1 to 5 years \$'000	Total \$'000
Group 2014				
Financial assets:				
Amounts due from associated companies, joint venture companies and investee companies	16	-	175,327	175,327
Trade receivables	21	159	-	159
Other receivables	22	8,670	-	8,670
Amounts due from related parties (trade)	23	37	-	37
Amounts due from joint venture company (non-trade)	23	1,293	-	1,293
Fixed deposits	24	20,106	-	20,106
Cash and bank balances	25	19,485	-	19,485
Total undiscounted financial assets		49,750	175,327	225,077
Financial liabilities:				
Trade payables	26	5,944	-	5,944
Other payables and accruals	27	5,021	1,025	6,046
Loans and borrowings		179,421	275,685	455,106
Total undiscounted financial liabilities		190,386	276,710	467,096
Total net undiscounted financial liabilities		(140,636)	(101,383)	(242,019)

(In Singapore dollars)

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

(b) *Liquidity risk* (cont'd)

	Note	1 year or less \$'000	1 to 5 years \$'000	Total \$'000
Group				
2013 (Restated)				
Financial assets:				
Amounts due from associated companies, joint venture companies and investee companies	16	–	111,013	111,013
Trade receivables	21	287	–	287
Other receivables	22	6,039	–	6,039
Amounts due from related parties (trade)	23	13	–	13
Fixed deposits	24	47,557	–	47,557
Cash and bank balances	25	9,155	–	9,155
Total undiscounted financial assets		63,051	111,013	174,064
Financial liabilities:				
Trade payables	26	6,710	–	6,710
Other payables and accruals	27	4,559	960	5,519
Loans and borrowings		74,558	254,329	328,887
Total undiscounted financial liabilities		85,827	255,289	341,116
Total net undiscounted financial liabilities		(22,776)	(144,276)	(167,052)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

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

(b) *Liquidity risk* (cont'd)

	Note	1 year or less \$'000	1 to 5 years \$'000	Total \$'000
Company 2014				
Financial assets:				
Other receivables	22	3	–	3
Amounts due from subsidiaries (non-trade)	23	226,552	–	226,552
Amounts due from joint venture company (non-trade)	23	1,293	–	1,293
Fixed deposits	24	19,287	–	19,287
Cash and bank balances	25	13,344	–	13,344
Total undiscounted financial assets		260,479	–	260,479
Financial liabilities:				
Trade payables	26	1,272	–	1,272
Other payables and accruals	27	2,032	–	2,032
Amounts due to subsidiaries	23	540	–	540
Loans and borrowings		114,328	123,202	237,530
Total undiscounted financial liabilities		118,172	123,202	241,374
Total net undiscounted financial assets/ (liabilities)		142,307	(123,202)	19,105

(In Singapore dollars)

39. Financial risk management objectives and policies (cont'd)(b) *Liquidity risk* (cont'd)

	Note	1 year or less \$'000	1 to 5 years \$'000	Total \$'000
Company				
2013				
Financial assets:				
Trade receivables	21	1	–	1
Other receivables	22	737	–	737
Amounts due from subsidiaries (non-trade)	23	131,303	–	131,303
Fixed deposits	24	47,432	–	47,432
Cash and bank balances	25	3,550	–	3,550
Total undiscounted financial assets		183,023	–	183,023
Financial liabilities:				
Trade payables	26	529	–	529
Other payables and accruals	27	1,683	–	1,683
Amounts due to subsidiaries	23	700	–	700
Loans and borrowings		17,186	146,591	163,777
Total undiscounted financial liabilities		20,098	146,591	166,689
Total net undiscounted financial assets/ (liabilities)		162,925	(146,591)	16,334

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

	Group and Company	
	1 year or less	
	2014	2013
	\$'000	\$'000
Financial guarantees	624,789	546,937

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

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

(c) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings and interest-bearing loans given to related parties, amounts due from investee companies and fixed deposits.

The Group's policy is to manage interest cost using floating rate debts.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if SGD interest rates had been 75 (2013: 75) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been \$1,697,000 (2013: \$1,465,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

The following tables sets out the carrying amount, by maturity, of the Group's and Company's financial instruments that are exposed to interest rate risk:

	Note	Within 1 year \$'000	1 to 5 years \$'000	Total \$'000
Group				
2014				
<i>Floating rate</i>				
Bank term loans	29	92,139	167,923	260,062
2013 (Restated)				
<i>Floating rate</i>				
Short-term bank loans	28	1,000	-	1,000
Bank term loans	29	56,365	167,191	223,556
Company				
2014				
<i>Floating rate</i>				
Bank term loans	29	-	60,995	60,995
2013				
<i>Floating rate</i>				
Short-term bank loans	28	1,000	-	1,000
Bank term loans	29	-	60,995	60,995

(In Singapore dollars)

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

(c) **Interest rate risk** (cont'd)

Interest on financial instruments subject to floating interest rates is contractually repriced at intervals of less than 6 months. Interests on financial instruments at fixed rates are fixed until the maturity of the instrument. The other financial instruments of the Group and Company that are not included in the above tables are not subject to material interest rate risks.

(d) **Foreign currency risk**

The Group's foreign currency risk arises mainly from the Group's operations in Thailand, Australia and London. The results and financial position of foreign operations are translated into SGD as disclosed under Note 2.4(b). Accordingly, the Group's balance sheet may be affected by fluctuations in the exchange rate between Thai Baht ("THB"), Australian Dollar ("AUD"), Pound Sterling ("GBP") and Singapore dollar. It is not the Group's policy to hedge exposures arising from such translations. The Group's strategy is to fund overseas operations with borrowings denominated in their functional currency as a natural hedge against overseas assets.

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances are as follows:

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Pound Sterling ("GBP")	18,229	1,284	14,848	-
Australian dollar ("AUD")	104	-	-	-
United States dollar ("USD")	11	8	11	7

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

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

(d) *Foreign currency risk* (cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the THB, AUD and GBP exchange rates (against SGD), with all other variables held constant, of the Group's profit net of tax and equity.

	2014		2013	
	Profit net of tax	Equity	Profit net of tax	Equity
	\$'000	\$'000	\$'000	\$'000
THB - strengthened 3% (2013: 3%)	1	856	9	547
- weakened 3% (2013: 3%)	(1)	(856)	(9)	(547)
AUD - strengthened 3% (2013: 3%)	6	228	-	-
- weakened 3% (2013: 3%)	(6)	(228)	-	-
GBP - strengthened 3% (2013: 3%)	567	2,879	6	557
- weakened 3% (2013: 3%)	(567)	(2,879)	(6)	(557)

40. Capital management

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

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

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and cash equivalents. Capital includes equity attributable to the equity owners of the Company.

(In Singapore dollars)

40. Capital management (cont'd)

	Note	Group	
		2014 \$'000	2013 \$'000
Trade and other payables	37	11,990	12,229
Loans and borrowings	37	431,161	299,622
Less:			
Cash and bank balances and fixed deposits		(39,521)	(56,279)
Net debt		403,630	255,572
Equity attributable to owners of the Company		306,960	303,133
Capital and net debt		710,590	558,705
Gearing ratio		57%	46%

41. Segment information

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

- I. The property investment segment is engaged in the leasing of residential, retail and commercial properties.
- II. The property development segment is involved in the development and sale of private residential properties.
- III. The corporate segment is involved in Group-level corporate services and treasury functions.

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

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

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

Geographical information

The Group operates mainly in Singapore and none of its foreign operations' results constitute 10% or more of the Group's total segment results, or own assets amounting to 10% or more of the total assets of all segments.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

(In Singapore dollars)

41. Segment information (cont'd)

31 December 2014

Revenue:

Sales to external customers	11,219	24,112	-	987	-	36,318
Inter-segment revenue	436	-	2,940	-	(3,376)	-
	11,655	24,112	2,940	987	(3,376)	36,318

Results:

Interest income	-	-	21,138	-	(16,166)	4,972
Interest expense	(1,622)	(2,705)	(20,840)	-	13,931	(11,236)
Gains from fair value adjustments of investment properties	3,400	-	-	-	-	3,400
Depreciation of fixed assets	(30)	-	(188)	-	-	(218)
Share of results of associated companies/joint venture companies	(1,137)	12,431	(5)	503	-	11,792
Segment profit/(loss) before tax	7,821	6,368	125	(877)	(3,553)	9,884

Assets:

Investment in associated companies/joint venture companies	42,182	24,397	-	27,773	-	94,352
Additions to non-current assets ¹	3,400	-	89	67,965	-	71,454
Segment assets	206,394	360,049	584,956	101,796	(481,617)	771,578
Segment liabilities	90,543	129,393	712,780	25,763	(513,648)	444,831

¹ Additions to non-current assets consist of additions to fixed assets and gains from fair value adjustments of investment properties.

(In Singapore dollars)

41. Segment information (cont'd)

	Property investment \$'000	Property development \$'000	Corporate \$'000	Others \$'000	Elimination \$'000	Note	Consolidated \$'000
31 December 2013 (Restated)							
Revenue:							
Sales to external customers	11,634	3,373	-	58	-		15,065
Inter-segment revenue	1,380	-	3,288	-	(4,668)	A	-
	13,014	3,373	3,288	58	(4,668)		15,065
Results:							
Interest income	62	63	13,228	-	(10,323)	A	3,030
Interest expense	(2,861)	(470)	(10,278)	-	10,678	A	(2,931)
Dividend income	-	-	-	593	-		593
Gains from fair value adjustments of investment properties	5,300	-	-	-	-		5,300
Depreciation of fixed assets	(41)	(19)	(180)	-	-		(240)
Share of results of associated companies/joint venture companies	5,326	2,987	-	342	-		8,655
Segment profit/(loss) before tax	16,606	515	2,740	345	(560)	B	19,646
Assets:							
Investment in associated companies/joint venture companies	46,537	15,868	-	15,694	-		78,099
Additions to non-current assets ¹	5,300	-	197	-	-		5,497
Segment assets	176,005	317,763	359,410	12,995	(249,657)	C	616,516
Segment liabilities	79,595	155,355	357,856	-	(279,419)	D	313,387

¹ Additions to non-current assets consist of additions to fixed assets and gains from fair value adjustments of investment properties.

NOTES TO THE FINANCIAL STATEMENTS

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(In Singapore dollars)

41. Segment information (cont'd)

Notes:

- A Inter-segment revenue, interest income and interest expense are eliminated on consolidation.
- B The following items are added to/(deducted from) segment profit to arrive at profit before tax presented in the consolidated statement of comprehensive income:

	2014	2013
	\$'000	\$'000
Profit from inter-segment sales	(1,318)	(915)
Finance expenses	13,931	10,678
Finance income	(16,166)	(10,323)
	<u>(3,553)</u>	<u>(560)</u>

- C The following items are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated balance sheet.

	2014	2013
	\$'000	\$'000
Investment in subsidiaries	(51,772)	(32,220)
Investment in associates	20,859	3,461
Investment in joint venture	43,542	49,216
Intangible assets	109	109
Fixed assets	6,756	-
Development properties	(5,666)	(400)
Inter-company loans	(495,445)	(269,823)
	<u>(481,617)</u>	<u>(249,657)</u>

- D The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated balance sheet:

	2014	2013
	\$'000	\$'000
Inter-company loans	(513,648)	(279,419)

(In Singapore dollars)

42. Dividend

	Group and Company	
	2014	2013
	\$'000	\$'000
<i>Declared and paid during the financial year:</i>		
Dividends on ordinary shares:		
- Final exempt (one-tier) dividend for 2013: 1.30 cents (2012: 1.30 cents) per share	3,492	2,910
- Interim exempt (one-tier) dividend for 2014: 0.50 cents (2013: nil) per share	1,343	-
	<hr/>	<hr/>
	4,835	2,910
<i>Proposed but not recognised as a liability as at 31 December:</i>		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
- Final exempt (one-tier) dividend for 2014: 0.60 cents (2013: 1.30 cents) per share	1,612	3,492
	<hr/>	<hr/>

43. Authorisation of financial statements for issue

The financial statements for the year ended 31 December 2014 were authorised for issue in accordance with a resolution of the directors on 31 March 2015.

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF HEETON HOLDINGS
LIMITED AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2015**

The information in this Appendix III has been reproduced from the auditor's report on the consolidated financial statements of Heeton Holdings Limited and its subsidiaries for the financial year ended 31 December 2015 and has not been specifically prepared for inclusion in this Information Memorandum.

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

Report on the financial statements

We have audited the accompanying financial statements of Heeton Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 38 to 122, which comprise the balance sheets of the Group and the Company as at 31 December 2015, the consolidated statement of changes in equity, consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and of the financial performance, changes in equity and cash flows of the Group for the year ended on that date.

INDEPENDENT AUDITOR'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2015

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 subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

1 April 2016

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

(In Singapore dollars)

	Note	2015 \$'000	2014 \$'000
Revenue	4	34,294	36,318
Cost of properties sold		(10,001)	(19,837)
Other operating income	5	3,008	3,151
Personnel expenses	6	(6,087)	(4,347)
Depreciation of fixed assets		(506)	(218)
Other operating expenses		(11,785)	(9,111)
Profit from operations	7	8,923	5,956
Finance expenses	8(a)	(16,286)	(11,236)
Finance income	8(b)	5,881	4,972
Share of results of associated companies/joint venture companies		34,615	11,792
Gains from fair value adjustments of investment properties	12	600	3,400
Provision for foreseeable losses on development property	19	(29,080)	(5,000)
Profit before tax		4,653	9,884
Income tax expense	9	(43)	(1,114)
Profit for the year		4,610	8,770
Other comprehensive income:			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Foreign currency translation		626	(793)
Other comprehensive income/(expense) for the year, net of tax		626	(793)
Total comprehensive income for the year		5,236	7,977
Profit for the year			
Attributable to:			
Owners of the Company		5,651	9,455
Non-controlling interests		(1,041)	(685)
		4,610	8,770
Total comprehensive income for the year:			
Attributable to:			
Owners of the Company		6,476	8,662
Non-controlling interests		(1,240)	(685)
		5,236	7,977
Earnings per share attributable to owners of the Company (cents per share)			
Basic	10	1.96	3.43
Diluted	10	1.96	3.43

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

BALANCE SHEETS

AS AT 31 DECEMBER 2015

(In Singapore dollars)

	Note	Group		Company	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Non-current assets					
Fixed assets	11	105,242	68,291	95	161
Investment properties	12	173,980	172,333	–	–
Subsidiaries	13	–	–	25,583	25,606
Associated companies	14	64,689	44,022	–	–
Joint venture companies	15	64,091	50,330	5,000	5,000
Amounts due from associated companies, joint venture companies and investee companies	16	149,076	175,327	–	–
Other investments	17	218	218	–	–
Intangible assets	18	109	109	–	–
		557,405	510,630	30,678	30,767
Current assets					
Development properties	19	198,765	210,694	75,695	73,679
Trade receivables	20	538	159	120	–
Other receivables	21	7,275	8,670	8	3
Prepayments		2,620	574	26	19
Amounts due from subsidiaries (non-trade)	22	–	–	218,035	219,002
Amounts due from related parties (trade)	22	12	37	–	–
Amounts due from joint venture company (non-trade)	22	606	1,293	536	1,293
Amount due from joint venture company (trade)	22	341	–	–	–
Fixed deposits	23	6,099	20,036	5,934	19,221
Cash and bank balances	24	16,227	19,485	4,155	13,344
		232,483	260,948	304,509	326,561
Current liabilities					
Trade payables	25	8,046	5,944	2,112	1,272
Other payables and accruals	26	4,833	5,135	1,444	2,032
Amounts due to subsidiaries (non-trade)	22	–	–	35,981	29,729
Lease obligations	35	–	20	–	–
Bond	27	–	75,000	–	75,000
Short-term bank loans	28	4,000	–	4,000	–
Bank term loans	29	163,885	92,139	58,745	–
Income tax payable		935	1,407	728	–
Derivatives	32	23	–	–	–
		181,722	179,645	103,010	108,033
Net current assets		50,761	81,303	201,499	218,528

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

BALANCE SHEETS

AS AT 31 DECEMBER 2015

(In Singapore dollars)

	Note	Group		Company	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Non-current liabilities					
Other payables and accruals	26	1,150	1,025	–	–
Amounts due to associated companies and joint venture companies (non-trade)	16	38,273	36,079	15,508	–
Amounts due to non-controlling interests (non-trade)	30	25,230	–	–	–
Bonds	27	60,000	60,000	60,000	60,000
Bank term loans	29	142,197	167,923	–	60,995
Deferred tax liabilities	31	499	159	545	159
		(267,349)	(265,186)	(76,053)	(121,154)
Net assets		340,817	326,747	156,124	128,141
Equity attributable to owners of the Company					
Share capital	33	86,624	58,803	86,624	58,803
Other reserve	34	(215)	(1,040)	–	–
Retained earnings		253,236	249,197	69,500	69,338
		339,645	306,960	156,124	128,141
Non-controlling interests	13	1,172	19,787	–	–
Total equity		340,817	326,747	156,124	128,141

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

(In Singapore dollars)

	Attributable to owners of the Company				Non-controlling interests	Total equity
	Share capital	Other reserve	Retained earnings	Total		
	(Note 33)	(Note 34)				
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 January 2014 (restated*)	58,803	(247)	244,577	303,133	(4)	303,129
Profit for the year	–	–	9,455	9,455	(685)	8,770
Other comprehensive income						
- Foreign currency translation	–	(793)	–	(793)	–	(793)
Total comprehensive income for the year	–	(793)	9,455	8,662	(685)	7,977
Dividend on ordinary shares	43	–	(4,835)	(4,835)	–	(4,835)
Investment in new subsidiaries	–	–	–	–	20,476	20,476
At 31 December 2014 (restated*)	58,803	(1,040)	249,197	306,960	19,787	326,747
Balance at 1 January 2015	58,803	(1,040)	249,197	306,960	19,787	326,747
Issuance of ordinary shares	27,821	–	–	27,821	–	27,821
Profit for the year	–	–	5,651	5,651	(1,041)	4,610
Other comprehensive income						
- Foreign currency translation	–	825	–	825	(199)	626
Total comprehensive income for the year	–	825	5,651	6,476	(1,240)	5,236
Dividend on ordinary shares	43	–	(1,612)	(1,612)	–	(1,612)
Return of capital contribution to non-controlling interests	–	–	–	–	(17,375)	(17,375)
At 31 December 2015	86,624	(215)	253,236	339,645	1,172	340,817

* Previously an amount of \$8,596,000 was classified as shareholders' contribution, a separate component within the Group's equity. This amount is now reclassified as part of Retained Earnings.

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

(In Singapore dollars)

	Note	2015 \$'000	2014 \$'000
Cash flows from operating activities			
Profit before tax		4,653	9,884
Adjustments:			
Depreciation of fixed assets	11	506	218
Loss on disposal of fixed assets		898	–
Fair value loss on derivatives	7	23	–
Share of results of associated companies/joint venture companies		(34,615)	(11,792)
Gains from fair value adjustments of investment properties	12	(600)	(3,400)
Provision for foreseeable losses on development property	20	29,080	5,000
Interest expense	8(a)	16,286	11,236
Interest income	8(b)	(5,881)	(4,972)
Unrealised exchange differences		1,181	(462)
Total adjustments		6,878	(4,172)
Operating cash flows before changes in working capital		11,531	5,712
Changes in working capital:			
(Increase)/decrease in development properties		(17,151)	8,567
(Increase)/decrease in trade receivables		(379)	128
Decrease/(increase) in other receivables		1,395	(2,631)
(Increase)/decrease in prepayments		(2,046)	261
Increase/(decrease) in trade payables		2,102	(766)
(Decrease)/increase in other payables and accruals		(177)	472
Increase/(decrease) in amounts due from related parties (trade)		25	(24)
Total changes in working capital		(16,231)	6,007
Cash flows (used in)/generated from operations		(4,700)	11,719
Interest received		5,881	4,972
Interest paid		(16,286)	(11,236)
Income taxes paid		(175)	(907)
Net cash flows (used in)/generated from operating activities		(15,280)	4,548

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

(In Singapore dollars)

	Note	2015 \$'000	2014 \$'000
Cash flows used in investing activities			
Renovation of investment property		(553)	–
Net cash outflow on investment in an associated company		–	(2,092)
Net cash outflow on investment in subsidiaries		–	(53,681)
Net cash outflow on acquisition of an investment property		–	(22,169)
Decrease/(increase) in amounts due from associated companies, joint venture companies and investee company		28,777	(29,791)
Purchase of fixed assets		(37,845)	(4,198)
Proceeds from liquidation of an associated company		200	–
Net cash flows used in investing activities		(9,421)	(111,931)
Cash flows from financing activities			
Dividends paid on ordinary shares by the Company	43	(1,612)	(4,835)
Proceeds from loans and borrowings		49,553	35,506
(Repayment of bond)/proceeds from bond issue		(75,000)	60,000
Repayment of lease obligations		(20)	(46)
Loans from non-controlling interests		6,764	–
Proceeds from issuance of ordinary shares, net of share issue expenses		27,821	–
Net cash flows generated from financing activities		7,506	90,625
Net decrease in cash and cash equivalents		(17,195)	(16,758)
Cash and cash equivalents at beginning of year		39,521	56,279
Cash and cash equivalents at end of year	A	22,326	39,521

A. Cash and cash equivalents

Cash and cash equivalents consist of unpledged fixed deposits and cash and bank balances, as follows:

Fixed deposits	23	6,099	20,036
Cash and bank balances	24	16,227	19,485
Cash and cash equivalents at end of year		22,326	39,521

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(In Singapore dollars)

1. CORPORATE INFORMATION

Heeton Holdings Limited (the "Company") is a limited liability company domiciled and incorporated in the Republic of Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The registered office and principal place of business is located at 60 Sembawang Road, #01-02 Hong Heng Mansions, Singapore 779088.

The Company is principally engaged in property development and investment holding. The principal activities of the subsidiaries are as shown in Note 13 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 *Basis of preparation*

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

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

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

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2015. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 *Standards issued but not yet effective*

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

Description	Effective for annual periods beginning on or after
FRS 114 <i>Regulatory Deferral Accounts</i>	1 January 2016
Amendments to FRS 27: <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to FRS 16 and FRS 38: <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28: <i>Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
Amendments to FRS 111: <i>Accounting for Acquisitions of Interests in Joint Operations</i>	1 January 2016
Improvements to FRSs (November 2014)	1 January 2016
Amendments to FRS 110 & FRS 28: <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	1 January 2016
FRS 115 <i>Revenue from Contracts with Customers</i>	1 January 2018
FRS 109 <i>Financial Instruments</i>	1 January 2018
Amendments to FRS 110 and FRS 28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined

Except for FRS 115 and FRS 109, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 115 and FRS 109 are described below.

FRS 115 *Revenue from Contracts with Customers*

FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

Key issues for the Group include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

FRS 109 *Financial Instruments*

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model. Adopting the expected credit losses requirements will require the Group to make changes to its current systems and processes.

The Group currently measures its investments in unquoted equity securities at cost. Under FRS 109, the Group will be required to measure the investment at fair value. Any difference between the previous carrying amount and the fair value would be recognised in the opening retained earnings when the Group applies FRS 109.

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group is currently assessing the impact of FRS 109 and plans to adopt the standard on the required effective date.

2.4 *Foreign currency*

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

(a) *Transactions and balances*

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Company's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Company on disposal of the foreign operation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 *Foreign currency (cont'd)*

(b) *Consolidated financial statements*

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

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

2.5 *Subsidiaries, basis of consolidation and business combinations*

(a) *Subsidiaries*

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

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

(b) *Basis of consolidation*

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 *Subsidiaries, basis of consolidation and business combinations (cont'd)*

(b) *Basis of consolidation (cont'd)*

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

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

(c) *Business combinations and goodwill*

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

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

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

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.13(a). In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.5 *Subsidiaries, basis of consolidation and business combinations (cont'd)*

(c) *Business combinations and goodwill (cont'd)*

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

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

2.6 *Transactions with non-controlling interests*

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

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

2.7 *Joint arrangements*

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

a) **Joint operations**

The Group recognises in relation to its interest in a joint operation,

- (a) its assets, including its share of any assets held jointly;
- (b) its liabilities, including its share of any liabilities incurred jointly;
- (c) its revenue from the sale of its share of the output arising from the joint operation;
- (d) its share of the revenue from the sale of the output by the joint operation; and
- (e) its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the accounting policies applicable to the particular assets, liabilities, revenues and expenses.

NOTES TO THE FINANCIAL STATEMENTS

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(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 *Joint arrangements (cont'd)*

b) **Joint ventures**

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method. The accounting policy for investment in joint venture is set out in Note 2.8.

2.8 *Joint ventures and associates*

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

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

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(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 *Fixed assets*

All items of fixed assets are initially recorded at cost. Subsequent to recognition, fixed assets other than freehold land and buildings are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of fixed assets and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying fixed asset. The accounting policy for borrowing costs is set out in Note 2.20. The cost of an item of fixed asset is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

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

Any revaluation surplus is recognised in other comprehensive income and accumulated in equity under the asset revaluation reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in profit or loss, in which case the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset carried in the asset revaluation reserve.

Any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. The revaluation surplus included in the asset revaluation reserve in respect of an asset is transferred directly to retained earnings on retirement or disposal of the asset.

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

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Plant and equipment	–	10 years
Renovations	–	5 to 6 years
Motor vehicles	–	5 to 10 years
Equipment and fixtures	–	3 to 10 years
Furniture and fittings	–	5 to 10 years
Computers	–	3 years

The carrying values of fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

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

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

NOTES TO THE FINANCIAL STATEMENTS

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(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 *Investment properties*

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

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

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

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

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner occupied property to investment property, the property is accounted for in accordance with the accounting policy for fixed assets set out in Note 2.9 up to the date of change in use.

For a transfer from development property to investment property that will be carried at fair value, any difference between the fair value of the property at that date and its previous carrying amount shall be recognised in profit or loss.

2.11 *Construction contracts*

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

The outcome of a construction contract can be estimated reliably when: (i) total contract revenue can be measured reliably; (ii) it is probable that the economic benefits associated with the contract will flow to the entity; (iii) the costs to complete the contract and the stage of completion can be measured reliably; and (iv) the contract costs attributable to the contract can be clearly identified and measured reliably so that actual contract costs incurred can be compared with prior estimates.

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

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

In applying the percentage of completion method, revenue recognised corresponds to the total contract revenue (as defined below) multiplied by the actual completion rate based on the proportion of total contract costs (as defined below) incurred to date to the estimated costs to complete.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 *Construction contracts (cont'd)*

Contract revenue – Contract revenue corresponds to the initial amount of revenue agreed in the contract and any variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue; and they can be reliably measured.

Contract costs – Contract costs include costs that relate directly to the specific contract and costs that are attributable to contract activity in general and can be allocated to the contract.

2.12 *Development properties*

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

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

The costs of development properties consist of land stated at cost and development expenditure incurred to date. Development expenditure includes finance charges and all expenditure incurred in connection with the development of the properties. Finance charges are not capitalised once the development is completed. A development is considered complete on the date of issue of the temporary occupation permit.

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

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

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

All known or anticipated losses on the development projects are provided for in the year in which such losses are determined.

The Group recognises revenue and cost on development properties that have been sold using the percentage of completion method. Under the percentage of completion method, profits are recognised only in respect of finalised sales agreements and to the extent that such profits relate to the progress of the construction of development properties. When it is probable that the total development costs will exceed the total revenue, the expected loss is recognised as an expense immediately.

2.13 *Intangible assets*

Goodwill

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

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

NOTES TO THE FINANCIAL STATEMENTS

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(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 *Intangible assets (cont'd)*

Goodwill (cont'd)

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

2.14 *Impairment of non-financial assets*

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

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset 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. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Group bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Group's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

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

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS

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(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 *Financial instruments*

(a) *Financial assets*

Initial recognition and measurement

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

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

Subsequent measurement

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

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by FRS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

The Group has not designated any financial assets upon initial recognition at fair value through profit or loss.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

(ii) Loans and receivables

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

NOTES TO THE FINANCIAL STATEMENTS

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(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 *Financial instruments (cont'd)*

(a) *Financial assets (cont'd)*

Subsequent measurement (cont'd)

(iii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the held-to-maturity investments are derecognised or impaired, and through the amortisation process.

(iv) Available-for-sale financial assets

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

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

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

De-recognition

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

Regular way purchase or sale of a financial asset

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

NOTES TO THE FINANCIAL STATEMENTS

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(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 *Financial instruments (cont'd)*

(b) *Financial liabilities*

Initial recognition and measurement

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

All financial liabilities are recognised initially at fair value and in the case of other financial liabilities, plus directly attributable transaction costs.

Subsequent measurement

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

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

(c) *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.16 *Impairment of financial assets*

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

(a) *Financial assets carried at amortised cost*

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

NOTES TO THE FINANCIAL STATEMENTS

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(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

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

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

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

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

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

(b) *Financial assets carried at cost*

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

(c) *Available-for-sale financial assets (cont'd)*

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

2.17 *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand and at banks and unpledged fixed deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.18 *Trade and other receivables*

Payment terms granted to customers are in accordance with the progress payment schedule for the purchase of the development properties under construction. Tenants of investment properties are granted payment terms as set out in the respective tenancy agreements.

2.19 *Financial guarantee*

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

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

2.20 *Borrowing costs*

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

NOTES TO THE FINANCIAL STATEMENTS

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(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 Provisions

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

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

2.22 Leases

(a) As lessee

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

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

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

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.24(III). Contingent rents are recognised as revenue in the period in which they are earned.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.23 *Employee benefits*

(a) *Defined contribution plans*

The Group makes contributions to the Central Provident Fund ("CPF") scheme in Singapore, a defined contribution pension scheme. CPF contributions are recognised as an expense in the period in which the related service is performed.

(b) *Employment leave entitlement*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for leave as a result of services rendered by employees up to the end of the reporting period.

2.24 *Revenue*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The following specific recognition criteria must also be met before revenue is recognised:

I *Sale of completed development property*

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

II *Sale of development property under construction*

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

- A contract to construct a property; or
 - A contract for the sale of completed property
- (a) Where a contract is judged to be for the construction of a property, revenue is recognised using the percentage of completion method as construction progresses.
- (b) Where the contract is judged to be for the sale of a completed property, revenue is recognised when the significant risks and rewards of ownership of the real estate have been transferred to the buyer (i.e. revenue is recognised using the completed contract method).
- (i) If, however, the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the purchaser, the percentage of completion method of revenue recognition is applied and revenue is recognised as work progresses.

NOTES TO THE FINANCIAL STATEMENTS

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(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.24 Revenue (cont'd)

II Sale of development property under construction (cont'd)

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

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

III Rental income

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

IV Hotel operation income

Income from hotel operations is recognised when goods are delivered or services are rendered to customers.

V Interest income

Interest income is recognised as interest accrues using the effective interest method.

VI Rendering of services

Revenue from provision of services is recognised when these services are rendered.

VII Dividend income

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

2.25 Taxes

(a) Current income tax

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.25 Taxes (cont'd)

(b) *Deferred tax*

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

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

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.25 Taxes (cont'd)

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

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, would be recognised subsequently if new information about facts and circumstances changed. The adjustment would either be treated as a reduction to goodwill (as long as it does not exceed goodwill) if it is incurred during the measurement period or in profit or loss.

(c) *Sales tax*

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

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.26 *Segment reporting*

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 42, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.27 *Share capital and share issue expenses*

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.28 *Contingencies*

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) The amount of the obligation cannot be measured with sufficient reliability.

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

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

2.29 *Government grants*

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Where the grant relates to an asset, the fair value is recognised as deferred capital grant on the balance sheet and is amortised to profit or loss over the expected useful life of the relevant asset by equal annual instalments.

2.30 *Related parties*

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and Company if that person:
 - (i) has control or joint control over the Company;
 - (ii) has significant influence over the Company; or
 - (iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.
- (b) An entity is related to the Group and the Company if any of the following conditions applies:
 - (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
 - (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
 - (iii) both entities are joint ventures of the same third party;
 - (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(In Singapore dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.30 *Related parties (cont'd)*

- (b) An entity is related to the Group and the Company if any of the following conditions applies: (cont'd)
 - (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
 - (vi) the entity is controlled or jointly controlled by a person identified in (a); or
 - (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2.31 *Transfers between levels of the fair value hierarchy*

Transfers between levels of the fair value hierarchy are deemed to have occurred on the date of the event or change in circumstances that caused the transfers.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

3.1 *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the financial statement was prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) *Impairment of investments and financial assets*

The Group follows the guidance of FRS 39 on determining when an investment or financial asset is other-than-temporary impaired. This determination requires significant judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment or financial asset is less than its cost; and the financial health of and near-term business outlook for the investment or financial asset, including factors such as industry and sector performance, changes in technology and operational and financing cash flow. The carrying amount of financial assets at the end of the reporting period is disclosed in Note 38 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(In Singapore dollars)

3 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

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

(b) *Revaluation of investment properties*

The Group carries its investment properties at fair value, with changes in fair values being recognised in profit or loss. The Group engaged independent valuation specialists to determine fair value as at 31 December 2015. The two valuation techniques adopted were the Direct Comparison Method and Income Approach Method. The former involves analysing recent sales evidence of similar properties. Adjustments are made to differences in location, age, tenure, floor area, condition, exposure, date of sale, amongst other factors, before arriving at the market value of the property. The latter involves the conversion of the net income of the property into a capital sum at a suitable rate of return which reflects the quality of the investment. The net income is the balance sum after deducting property tax, cost of repairs and maintenance and a reasonable percentage for vacancy from the gross rent. The value of the property is arrived at by capitalising the net rent at a suitable rate of return. The carrying amount of the Group's investment properties at 31 December 2015 was \$173,980,000 (2014: \$172,333,000).

If the yield adjustments used in the valuation had been 3% higher than management's estimate, the carrying amount of the investment properties would have been \$5,219,000 (2014: \$5,170,000) higher.

(c) *Estimation of net realisable value of development property*

Development properties are stated at the lower of cost and net realisable value.

Net realisable value of development properties is the estimated selling price in the ordinary course of the business, based on market prices at the end of the reporting period and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale. The carrying amount of development properties at the end of the reporting period is disclosed in Note 19 to the financial statements.

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

The Group recognises revenue for pre-completion sales of certain types of properties by reference to the stage of completion using the percentage of completion method. The stage of completion is measured based on the costs incurred up until the end of the reporting periods as a proportion of total costs expected to be incurred. Significant assumptions are required to estimate the total contract costs and the recoverable variation works that affect the stage of completion and the revenue respectively. In making these estimates, management has relied on past experience and knowledge of the project engineers. The carrying amounts of assets as well as the revenue from sale of development property (recognised on percentage of completion basis) are disclosed in Note 19 (Development Properties) and 4 (Revenue) to the financial statements respectively.

3.2 *Judgements made in applying accounting policies*

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

(a) *Operating lease commitments – As lessor*

The Group has entered into commercial property leases on its investment and leasehold property portfolio. The Group has determined that it retains all the significant risks and rewards of ownership of these properties and so accounts for the contracts as operating leases.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(In Singapore dollars)

3 SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

3.2 Judgements made in applying accounting policies (cont'd)

(b) *Provision for foreseeable losses on development properties*

The Group's accounting policy on development properties requires all known or anticipated losses on the development projects to be provided for in the year in which such losses are determined. Estimating such losses requires the Group to make an estimate of the expected selling price of the unsold development properties based on recent transactions or open market valuation of the unsold units. The Group also estimates the total development costs to determine the extent of the anticipated losses, if any. Changes in the estimated selling price of the development properties due to market conditions and revisions of the total estimated development costs will therefore impact the anticipated losses recognised, and therefore provision for foreseeable losses on development properties could be revised. During the current financial year, the Group recognised provision for foreseeable losses on development properties of \$29,080,000 (2014: \$5,000,000).

(c) *Income taxes*

The Group's exposure to income taxes mainly arises from Singapore. Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of the Group's income tax payable and deferred tax liabilities at 31 December 2015 was \$935,000 (2014: \$1,407,000) and \$499,000 (2014: \$159,000) respectively.

(d) *Classification of property*

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

- Investment property comprises land and buildings (principally offices, commercial warehouse and retail property) which are not occupied substantially for use by, or in the operations of, the Group, nor for sale in the ordinary course of business, but are held primarily to earn rental income or for capital appreciation, or both.
- Development property comprises property that is held for sale in the ordinary course of business. Principally, this is residential property that the Group develops and intends to sell before or on completion of construction.

(e) *Classification of investments as associated companies*

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

Management has determined that it does not have control or joint control over its associated companies. The Group's associated companies are disclosed in Note 14 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(In Singapore dollars)

4. REVENUE

	Group	
	2015	2014
	\$'000	\$'000
Revenue from sale of development properties (recognised on completed contract basis)	941	17,121
Revenue from sale of development properties (recognised on percentage of completion basis)	12,476	6,991
Total revenue from sale of development properties	13,417	24,112
Rental and related income from investment properties	13,463	11,219
Hotel operation income	5,826	943
Management fees income	1,588	44
	<u>34,294</u>	<u>36,318</u>

5. OTHER OPERATING INCOME

	Group	
	2015	2014
	\$'000	\$'000
Forfeiture of deposits	15	30
Tentage and other rental	207	212
Management fees income from associated companies and joint venture companies	2,603	2,770
Others	183	139
	<u>3,008</u>	<u>3,151</u>

6. PERSONNEL EXPENSES

	Group	
	2015	2014
	\$'000	\$'000
Salaries and bonuses	5,584	3,893
Central Provident Fund contributions	359	327
Other staff costs	144	127
	<u>6,087</u>	<u>4,347</u>

Personnel expenses include directors' remuneration as stated in Note 7.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(In Singapore dollars)

7. PROFIT FROM OPERATIONS

Profit from operations is determined after charging/(crediting) the following:

	Group	
	2015	2014
	\$'000	\$'000
Audit fees paid to:		
- auditors of the Company	205	173
Non-audit fees paid to:		
- auditors of the Company	81	74
- other auditors	37	21
Directors' remuneration		
- directors of the Company	1,164	1,122
- directors of subsidiaries	317	253
Directors' fees		
- directors of the Company	408	399
- directors of subsidiaries	30	21
Building repairs and maintenance	1,144	976
Amortisation of prepayment of fees for extension of sales period of unsold units of a development property	1,456	-
Property tax	1,433	1,259
Sales and marketing expenses	317	2,300
Operating lease expenses	124	124
Fair value loss on derivatives	23	-
	23	-

8. FINANCE EXPENSES/(INCOME)

		Group	
	Note	2015	2014
		\$'000	\$'000
(a) Finance expenses			
Interest expense on:			
- bank loans		7,977	5,550
- bank overdrafts		42	48
- lease obligations		2	5
- bonds		7,096	6,266
- advances from associated companies/joint venture companies		1,299	650
- amounts due to non-controlling interests		1,547	-
- fair value adjustment on security deposits		94	5
		18,057	12,524
Less: Interest capitalised in development properties	19	(1,771)	(1,288)
		16,286	11,236
(b) Finance income			
Interest income from loans and receivables:			
- fixed deposits		(91)	(161)
- loans to associated companies		(4,510)	(3,910)
- loans to investee companies		(492)	(141)
- loans to joint venture companies		(788)	(760)
		(5,881)	(4,972)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(In Singapore dollars)

9. INCOME TAX EXPENSE

Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2015 and 2014 are:

	Group	
	2015	2014
	\$'000	\$'000
<i>Statement of comprehensive income:</i>		
Current income tax:		
- Current year	(294)	1,400
- Over provision in respect of previous years	(3)	(453)
	(297)	947
Deferred income tax:		
- Origination and reversal of temporary differences	380	159
- (Over)/under provision in respect of previous years	(40)	8
	340	167
Income tax expense recognised in profit or loss	43	1,114

Relationship between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended 31 December 2015 and 2014 are as follows:

Profit before tax	4,653	9,884
Taxation at statutory tax rate of 17% (2014: 17%)	791	1,680
Adjustments:		
Non-deductible expenses	781	1,732
Income not subject to taxation	(335)	(760)
Effect of tax rebate and partial tax exemption	(240)	(232)
Benefits from previously unrecognised tax losses	(1,479)	-
Deferred tax assets not recognised	6,402	1,007
Over provision in respect of previous years	(43)	(445)
Share of results of associated companies/joint venture companies	(5,885)	(2,005)
Tax losses not allowed to be carried forward	35	150
Others	16	(13)
Income tax expense recognised in profit or loss	43	1,114

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(In Singapore dollars)

10. EARNINGS PER SHARE

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

Diluted earnings per share is calculated by dividing profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

For purposes of calculating basic and diluted loss per share, the weighted average number of ordinary shares was adjusted to take into account the effect arising from the renounceable rights issue undertaken by the Company in 2015 ("2015 Rights Issue") (Note 33). Earnings per share for the last financial year had been restated with the above adjustment.

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

	Group	
	2015	2014
	\$'000	\$'000
Profit for the year attributable to owners of the Company used in the computation of basic earnings per share and diluted earnings per share	5,651	9,455
	No. of shares	No. of shares
	'000	'000
Weighted average number of ordinary shares outstanding during the year	288,150	268,615
Restatement adjustment for 2015 Rights Issue	–	7,199
Weighted average number of ordinary shares for basic earnings per share and diluted earnings per share computation	288,150	275,814

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(In Singapore dollars)

11. FIXED ASSETS

	At valuation		At cost					Total
	Freehold properties	Plant and equipment	Renovations	Motor vehicles	Equipment and fixtures	Furniture and fittings	Computers	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Group								
Cost or valuation:								
At 1 January 2014	–	3,498	476	696	197	292	281	5,440
Additions	67,965	–	8	–	6	1	74	68,054
Disposal	–	–	–	–	–	–	(22)	(22)
At 31 December 2014 and 1 January 2015	67,965	3,498	484	696	203	293	333	73,472
Additions	37,482	202	12	–	–	101	48	37,845
Disposal	(894)	–	–	–	–	–	(8)	(902)
Elimination of accumulated depreciation on revaluation	(284)	–	–	–	–	–	–	(284)
Exchange differences	510	–	–	–	–	–	–	510
At 31 December 2015	104,779	3,700	496	696	203	394	373	110,641
Accumulated depreciation:								
At 1 January 2014	–	3,369	471	462	195	275	213	4,985
Charge for the year	–	30	4	129	2	6	47	218
Disposal	–	–	–	–	–	–	(22)	(22)
At 31 December 2014 and 1 January 2015	–	3,399	475	591	197	281	238	5,181
Charge for the year	284	45	4	100	2	24	47	506
Elimination of accumulated depreciation on revaluation	(284)	–	–	–	–	–	–	(284)
Disposal	–	–	–	–	–	–	(4)	(4)
At 31 December 2015	–	3,444	479	691	199	305	281	5,399
Net book value:								
At 31 December 2015	104,779	256	17	5	4	89	92	105,242
At 31 December 2014	67,965	99	9	105	6	12	95	68,291

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(In Singapore dollars)

11. FIXED ASSETS (CONT'D)

	Renovations \$'000	Equipment and fixtures \$'000	Furniture and fittings \$'000	Computers \$'000	Motor vehicles \$'000	Total \$'000
Company						
Cost:						
At 1 January 2014	12	71	21	281	330	715
Additions	–	–	–	67	–	67
Disposal	–	–	(3)	(19)	–	(22)
At 31 December 2014 and 1 January 2015	12	71	18	329	330	760
Additions	–	–	–	48	–	48
Disposal	–	–	–	(8)	–	(8)
At 31 December 2015	12	71	18	369	330	800
Accumulated depreciation:						
At 1 January 2014	12	71	20	213	193	509
Charge for the year	–	–	–	46	66	112
Disposal	–	–	(2)	(20)	–	(22)
At 31 December 2014 and 1 January 2015	12	71	18	239	259	599
Charge for the year	–	–	–	44	66	110
Disposal	–	–	–	(4)	–	(4)
At 31 December 2015	12	71	18	279	325	705
Net book value:						
At 31 December 2015	–	–	–	90	5	95
At 31 December 2014	–	–	–	90	71	161

Revaluation of freehold properties

The Group engages Jones Lang Laselle, an independent valuer to determine the fair value of the freehold properties. The date of revaluation was 31 December 2014. Details of the valuation techniques and inputs used are disclosed in Note 39.

If the freehold properties were measured using the cost model, the carrying amounts would be as follows:

	Group	
	2015 \$'000	2014 \$'000
Freehold properties at 31 December		
- Cost	105,063	67,965
- Accumulated depreciation	(284)	–
- Net carrying amount	<u>104,779</u>	<u>67,965</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(In Singapore dollars)

11. FIXED ASSETS (CONT'D)

Assets held under finance leases

As at 31 December 2015, the Group and Company had no fixed assets under finance leases (2014: motor vehicles with net book value of approximately \$100,000 and \$Nil respectively). Lease assets were pledged as security for the related finance lease liabilities. The finance leases were fully repaid during the year.

Assets pledged as security

The Group's freehold properties are mortgaged to banks to secure banking facilities granted to the Group (Note 29).

12 INVESTMENT PROPERTIES

The investment properties held by the Group and Company as at 31 December are:

Description and location	Existing use	Tenure	Unexpired lease term	Group		Company	
				2015	2014	2015	2014
				\$'000	\$'000	\$'000	\$'000
(a) Tampines Mart (Block 5, 7, 9, 11 Tampines Street 32)	Shops	Leasehold	77 years	104,000	104,000	–	–
(b) The Woodgrove (30 Woodlands Avenue 1)	Shops	Leasehold	80 years	31,200	31,200	–	–
(c) 62 Sembawang Road	Transport facility	Freehold	Estate in perpetuity	7,700	7,100	–	–
(d) Adam House (7-10 Adam Street, London, United Kingdom)	Serviced office	Freehold	Freehold	31,080	30,033	–	–
				173,980	172,333	–	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(In Singapore dollars)

12 INVESTMENT PROPERTIES (CONT'D)

The movement in investment properties is as follows:

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Balance sheet				
Balance as at beginning of year	172,333	138,900	–	–
Exchange differences	494	–	–	–
Additions	553	30,033	–	–
Gains from fair value adjustments recognised in statement of comprehensive income	600	3,400	–	–
Balance as at end of year	173,980	172,333	–	–

	Group	
	2015 \$'000	2014 \$'000
Statement of comprehensive income:		
Rental income from investment properties:		
- Minimum lease payments	13,463	11,219
Direct operating expenses (including repairs and maintenance) arising from:		
- Rental generating properties	4,378	2,566

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

Investment properties are stated at fair value, which has been determined based on valuations performed as at 31 December 2015 and 31 December 2014. The valuations were performed by CBRE Pte Ltd, Savills Valuation and Professional Services (S) Pte Ltd and Savills (UK) Limited, independent valuers with recognised and relevant professional qualifications and with recent experience in the location and category of the properties being valued. The valuations are based on comparable market transactions that consider the sales of similar properties that have been transacted in the open market. Details of valuation inputs used are disclosed in Note 39.

All the above investment properties are mortgaged to banks to secure banking facilities granted to the Group (Note 29).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(In Singapore dollars)

13 SUBSIDIARIES

(a) Investment in subsidiaries comprises:

	Company	
	2015 \$'000	2014 \$'000
Unquoted equity shares, at cost	27,417	27,417
Less: Impairment losses	(1,834)	(1,811)
Carrying amount of investments	25,583	25,606
Movement of cost of investment:		
At beginning of year	27,417	33,481
Less: Reduction of investment resulting from voluntary liquidation of subsidiaries	–	(6,064)
At end of year	27,417	27,417
Movement of impairment losses:		
At beginning of year	1,811	1,811
Add: Impairment loss on investment in subsidiary	23	–
At end of year	1,834	1,811

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group		Cost of investment by the Company	
			2015	2014	2015	2014
			%	%	\$'000	\$'000
Held by the Company						
*	Heeton Estate Pte Ltd (Singapore)	Property investment holding	100	100	22,962	22,962
**	Development 11KS Pte. Ltd. (Singapore)	Voluntarily liquidated	–	100	–	–
**	Market Holdings Pte Ltd (Singapore)	Voluntarily liquidated	–	100	–	–
*	Heeton Venture (Overseas) Pte. Ltd. (Singapore)	Investment holding	100	100	99	99
*	Heeton Land Pte. Ltd. (Singapore)	Property development and property investment holding	100	100	976	976
*	Heeton Management Pte Ltd (Singapore)	Provision of administrative and management services	100	100	45	45

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(In Singapore dollars)

13. SUBSIDIARIES (CONT'D)

(a) Investment in subsidiaries comprises: (cont'd)

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group		Cost of investment by the Company	
			2015 %	2014 %	2015 \$'000	2014 \$'000
Held by the Company (Cont'd)						
*	Heeton Properties Pte. Ltd. (Singapore)	Investment holding and leasing agent	100	100	2,335	2,335
*	Heeton Venture (Asia) Pte. Ltd. (Singapore)	Investment holding	100	100	—@	—@
*	Heeton Venture (China) Pte. Ltd. (Singapore)	Investment holding	100	100	—@	—@
*	Heeton Residence Pte. Ltd. (Singapore)	Property development and investment holding	100	100	1,000	1,000
*	Heeton Homes Pte. Ltd. (Singapore)	Investment holding	100	100	—@	—@
*	Heeton Capital Pte. Ltd. (Singapore)	Investment holding	100	100	—@	—@
*	MHP Pte. Ltd. (Singapore)	Investment holding	100	100	—@	—@
*	Heeton Invesco Pte. Ltd. (Singapore)	Investment holding	100	100	—@	—@
*	Heeton Corporation Pte. Ltd. (Singapore)	Investment holding	100	100	—@	—@
*	Kim Leong Development Pte Ltd (Singapore)	Dormant	100	100	—	—
*	Heeton Realty Pte. Ltd. (Singapore)	Property development	100	100	—	—
*	Prospere Development Pte. Ltd. (Singapore)	Investment holding	100	100	—	—
*	Prospere Holdings Pte. Ltd. (Singapore)	Investment holding	70	70	—	—

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(In Singapore dollars)

13. SUBSIDIARIES (CONT'D)

(a) Investment in subsidiaries comprises: (cont'd)

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group		Cost of investment by the Company	
			2015 %	2014 %	2015 \$'000	2014 \$'000
Held through subsidiaries						
**	Fortitude Valley (Hotels) Pty Ltd (Australia)	Property investment holding	70	70	–	–
*	Wickham Invesco Pte. Ltd. (Singapore)	Investment holding	55	55	–	–
**	Wickham 186 Pty Ltd (Australia)	Investment holding	55	55	–	–
*	Adam Street Pte. Ltd. (Singapore)	Investment holding	75	75	–	–
**	Zain Joy Holdings Limited (British Virgin Islands)	Voluntarily liquidated	–	100	–	–
**	General Wealth Holdings Limited (British Virgin Islands)	Property development	100	100	–	–
*	Venture (UK) Pte. Ltd. (Singapore)	Investment holding	80	80	–	–
**	Chatteris Development Limited (British Virgin Islands)	Investment holding	80	80	–	–
***	Woodley Hotels (Kensington) Limited (England & Wales)	Property investment holding	80	80	–	–
***	Chatteris Kensington Limited (England & Wales)	Hotel operation	80	80	–	–
**	Acework Limited (British Virgin Islands)	Property investment holding	75	75	–	–
**	Adam Street Limited (England & Wales)	Property management	75	75	–	–

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(In Singapore dollars)

13. SUBSIDIARIES (CONT'D)

(a) Investment in subsidiaries comprises: (cont'd)

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group		Cost of investment by the Company	
			2015 %	2014 %	2015 \$'000	2014 \$'000
Held through subsidiaries (cont'd)						
**	Ace Zone Holdings Limited (British Virgin Islands)	Property development and property investment holding	60	100	–	–
**	Hoxton Investments Limited (British Virgin Islands)	Property development and property investment holding	100	100	–	–
*	Glenthorne Pte. Ltd. (Singapore)	Investment holding	60	–	–	–
*	Fairmont Land Pte. Ltd. (Singapore)	Investment holding	55	–	–	–
**	Ultra Assets Holdings Limited (British Virgin Islands)	Property development and property investment holding	55	–	–	–
**	Horizon Glory Holdings Limited (British Virgin Islands)	Investment holding	55	–	–	–
**	Bradford Prince Court Hotel Limited (England & Wales)	Property investment holding	55	–	–	–
**	Ensko 1155 Limited (England & Wales)	Hotel operation	55	–	–	–
**	Joy Light Ventures Limited (British Virgin Islands)	Investment holding	55	–	–	–
					27,417	27,417

* Audited by Ernst & Young LLP, Singapore.

** Not required to be audited.

*** Audited by LB Group, London. With effect from 1 April 2016, audited by a member firm of EY Global.

@ \$2 comprising two subscriber shares of \$1 each.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(In Singapore dollars)

13. SUBSIDIARIES (CONT'D)

(b) Interest in subsidiaries with material non-controlling interest (NCI)

The Group has the following subsidiaries that have NCI that are material to the Group.

Name of subsidiary	Principal place of business	Proportion of ownership interest held by non-controlling interest	Profit/(loss) allocated to NCI during the reporting period \$'000	Accumulated NCI at the end of reporting period \$'000	Dividends paid to NCI \$'000
31 December 2015:					
Chatteris Development Limited	British Virgin Islands	20%	(862)	(1,437)	–
Woodley Hotels (Kensington) Limited	England & Wales	20%	71	3,275	–
31 December 2014:					
Chatteris Development Limited	British Virgin Islands	20%	(156)	3,154	–
Woodley Hotels (Kensington) Limited	England & Wales	20%	(278)	4,563	–
Acework Limited	British Virgin Islands	25%	81	7,824	–
Fortitude Valley (Hotels) Pty Ltd	Australia	30%	(6)	2,464	–
Wickham 186 Pty Ltd	Australia	45%	(49)	2,057	–

Significant restrictions:

There are no significant restrictions on the Group's ability to use or access assets and settle liabilities of subsidiaries with material non-controlling interests.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(In Singapore dollars)

13. SUBSIDIARIES (CONT'D)

(c) Summarised financial information about subsidiaries with material NCI

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interests are as follows:

Summarised balance sheets

	Woodley Hotels (Kensington) Limited		Chatteris Development Limited		Acework Limited		Fortitude Valley (Hotels) Pty Ltd		Wickham 186 Pty Ltd	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Current										
Assets	3,684	1,237	9,317	8,439	867	43	578	629	27	30
Liabilities	(9,807)	(8,911)	(40,531)	(35,123)	(13,808)	(67)	(6,745)	—	(4,550)	—
Net current (liabilities)/ assets	(6,123)	(7,674)	(31,214)	(26,684)	(12,941)	(24)	(6,167)	629	(4,523)	30
Non-current										
Assets	54,170	54,581	25,368	25,607	30,526	30,034	6,121	6,579	4,682	4,134
Liabilities	(25,690)	(25,296)	—	—	(17,431)	(29,886)	—	(7,228)	—	(4,273)
Net non-current assets/(liabilities)	28,480	29,285	25,368	25,607	13,095	348	6,121	(649)	4,682	(139)
Net (liabilities)/ assets	22,357	21,611	(5,846)	(1,077)	154	324	(46)	(20)	159	(109)
Revenue	2,342	—	—	—	1,004	326	—	—	—	—
Profit/(loss) before income tax	233	(1,389)	(4,309)	(782)	(177)	324	(28)	(20)	(15)	(108)
Income tax expense	—	—	—	—	—	—	—	—	—	—
(Loss)/profit after tax, representing total comprehensive (expense)/income	233	(1,389)	(4,309)	(782)	(177)	324	(28)	(20)	(15)	(108)
Other summarised information										
Net cash flows from operations	2,102	(1,389)	4,244	(782)	(16,270)	324	1,057	(20)	(279)	(108)
Acquisition of significant Property, plant and equipment	—	—	—	—	(492)	(30,033)	—	(6,579)	—	—

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(In Singapore dollars)

14. ASSOCIATED COMPANIES

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

	Group	
	2015 \$'000	2014 \$'000
Econolodge Co., Ltd	14,176	14,081
186 Wickham Street (Residential) Pty Ltd	3,739	3,772
Unique Development Pte. Ltd.	8,475	9,257
Unique Realty Pte. Ltd.	7,742	2,537
Unique Consortium Pte. Ltd.	12,958	3,845
Unique Rezi Pte. Ltd.	11,000	4,252
Other associates	6,599	6,278
	64,689	44,022

The Group has not recognised losses relating to certain associated companies where its share of losses exceeds the Group's interest in these associates. The Group's cumulative share of unrecognised losses at the end of the reporting period was \$6,555,000 (2014: \$4,627,000), of which \$1,928,000 (2014: \$349,000) was the share of the current year's losses. The Group has no obligation in respect of these losses.

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group		Cost of investment by the Group	
			2015	2014	2015	2014
			%	%	%	%
Held through subsidiaries						
#	Jiujiang Heeton Enterprise Ltd (China)	Dormant	30.00	30.00	4,101	4,101
#	KSH (China) Venture Pte. Ltd. (Singapore)	Struck-off	–	20.00	–	200
**	Dalvey Estate Co., Ltd (Thailand)	Property development	38.98	38.98	65	65
**	Dalvey Residence Co., Ltd (Thailand)	Property development and investment holding	38.98	38.98	65	65
**	Dalvey Holdings Co., Ltd (Thailand)	Investment holding	49.00	49.00	47	47
***	Residenza Pte. Ltd. (Singapore)	Property development	36.00	36.00	360	360
***	Unique Realty Pte. Ltd. (Singapore)	Property development	40.00	40.00	400	400

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(In Singapore dollars)

14. ASSOCIATED COMPANIES (CONT'D)

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group		Cost of investment by the Group	
			2015	2014	2015	2014
			%	%	%	%
Held through subsidiaries						
***	Unique Consortium Pte. Ltd. (Singapore)	Investment holding	35.00	35.00	350	350
***	Unique Capital Pte. Ltd. (Singapore)	Investment holding	40.00	40.00	400	400
***	Unique Development Pte. Ltd. (Singapore)	Property development	45.00	45.00	450	450
***	Unique Rezi Pte. Ltd. (Singapore)	Investment holding	42.00	42.00	420	420
***	Unique Resi Estate Pte. Ltd. (Singapore)	Property development	30.00	30.00	300	300
#	Unique Wellness Pte. Ltd. (Singapore)	Dormant	20.00	20.00	–@@	–@@
** @	Dalvey Hospitality Co., Ltd (Thailand)	Investment holding	73.99	73.99	21	21
* @	Econolodge Co., Ltd. (Thailand)	Hotel operation and property investment holding	86.74	86.74	12,824	12,824
###	KBD Westwood Pte. Ltd. (Singapore)	Property development	20.00	20.00	200	200
#	Imperial South East Asia Investment Pte. Ltd. (Singapore)	Struck-off	–	32.65	–	3
#	Great Development Pte. Ltd. (Singapore)	Dormant	25.00	25.00	–@@	–@@
#	186 Wickham Street (Residential) Pty Ltd (Australia)	Property development	33.00	33.00	3,834	3,834
####	Eden I Residences Pte. Ltd. (Singapore)	Investment holding	30.00	30.00	450	450

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(In Singapore dollars)

14. ASSOCIATED COMPANIES (CONT'D)

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group		Cost of investment by the Group	
			2015	2014	2015	2014
			%	%	%	%
Held through subsidiaries						
####	Habitat Investments Pte. Ltd. (Singapore)	Investment holding	20.00	20.00	—	—
##	Prosperre Hotels Pte. Ltd. (Singapore)	Investment holding	30.00	—	—	—
##	SH Sapporo Pte. Ltd. (Singapore)	Investment holding	20.00	—	—	—
Held through Dalvey Holding Co., Ltd						
**	Dalvey Park Co., Ltd (Thailand)	Investment holding	48.99	48.99	—	—
Held through Dalvey Residence Co., Ltd						
**	G.E.T. Realty Co. Ltd (Thailand)	Property development and property investment holding	38.98	38.98	—	—
**	Barracuda Group Co., Ltd (Thailand)	Hotel operation and property investment holding	38.98	38.98	—	—
Held through Dalvey Park Co., Ltd						
**	Dalvey Place Co., Ltd (Thailand)	Property development and property investment holding	48.99	48.99	—	—
**	Click Development Co., Ltd (Thailand)	Property development and property investment holding	—	48.99	—	—
**	Dalvey Homes Co., Ltd (Thailand)	Property development	48.99	48.99	—	—

NOTES TO THE FINANCIAL STATEMENTS

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(In Singapore dollars)

14. ASSOCIATED COMPANIES (CONT'D)

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group		Cost of investment by the Group	
			2015	2014	2015	2014
			%	%	%	%
Held through Unique Consortium Pte. Ltd.						
#	Oxley Viva Pte. Ltd. (Singapore)	Property development	12.25	12.25	–	–
#	Oxley YCK Pte. Ltd. (Singapore)	Property development	12.25	12.25	–	–
Held through Unique Rezi Pte. Ltd.						
#	Oxley Sanctuary Pte. Ltd. (Singapore)	Property development	12.60	12.60	–	–
Held through Unique Capital Pte. Ltd						
***	Mountbatten Edge Pte. Ltd. (Singapore)	Property investment holding	16.00	16.00	–	–
					<u>24,287</u>	<u>24,490</u>

* Audited by member firm of Ernst & Young Global in Thailand

** Audited by Horwath (Thailand) Limited.

*** Audited by Ernst & Young LLP, Singapore.

Audited by RSM Chio Lim LLP, Singapore.

Not required to be audited.

Audited by Pricewaterhousecoopers LLP, Singapore.

Audited by CPA Link Certified Public Accountants, Singapore.

@ Classified as associated companies based on agreed terms in the shareholders agreement that the Group does not have control.

@@ \$1 comprising one subscriber share.

@@@ \$200 comprising 200 shares.

@@@@ \$30 comprising 30 shares.

@@@@@ \$20 comprising 20 shares.

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

	Group	
	2015	2014
	\$'000	\$'000
Profit or loss after tax from continuing operations	772	3,497
Other comprehensive income	–	–
Total comprehensive income	<u>772</u>	<u>3,497</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

14. ASSOCIATED COMPANIES (CONT'D)

The summarised financial information in respect of the material investments in associate companies, based on its FRS financial statements, and reconciliation with the carrying amount of the investment in the consolidated statements are as follows:

Summarised balance sheet

	Econolodge Co., Ltd		186 Wickham Street (Residential) Pty Ltd		Unique Development Pte. Ltd.		Unique Realty Pte. Ltd.		Unique Consortium Pte. Ltd.		Unique Rezi Pte. Ltd.	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current assets	2,019	2,104	5,915	4,637	33,657	67,781	56,756	89,739	55	34	73	160
Non-current assets excluding goodwill	6,539	7,358	-	-	-	-	-	-	124,872	92,025	66,836	47,406
Total assets	8,558	9,462	5,915	4,637	33,657	67,781	56,756	89,739	124,927	92,059	66,909	47,566
Current liabilities	(1,088)	(984)	(114)	(180)	(9,915)	(19,258)	(33,628)	(6,947)	(5)	(5)	(5)	(5)
Non-current Liabilities	(1,904)	(3,021)	(2,457)	(1,013)	(4,908)	(27,951)	(3,774)	(76,449)	(87,899)	(81,067)	(40,713)	(37,436)
Total liabilities	(2,992)	(4,005)	(2,571)	(1,193)	(14,823)	(47,209)	(37,402)	(83,396)	(87,904)	(81,072)	(40,718)	(37,441)
Net assets	5,566	5,457	3,344	3,444	18,834	20,572	19,354	6,343	37,023	10,987	26,191	10,125
Net assets excluding goodwill	5,566	5,457	3,344	3,444	18,834	20,572	19,354	6,343	37,023	10,987	26,191	10,125
Proportion of the Group's ownership	86.74%	86.74%	33%	33%	45%	45%	40%	40%	35%	35%	42%	42%
Group's share of net assets/(liabilities)	4,828	4,733	1,104	1,137	8,475	9,257	7,742	2,537	12,958	3,845	11,000	4,252
Negative goodwill on acquisition	(564)	(564)	-	-	-	-	-	-	-	-	-	-
Other adjustments	9,912 ⁽¹⁾	9,912 ⁽¹⁾	2,635 ⁽²⁾	2,635 ⁽²⁾	-	-	-	-	-	-	-	-
Carrying amount of the investment	14,176	14,081	3,739	3,772	8,475	9,257	7,742	2,537	12,958	3,845	11,000	4,252

(1) Other adjustments comprise of fair value adjustments to the assets of the associated company.

(2) Other adjustments comprise of non-cash consideration by the other shareholders of the associated company.

NOTES TO THE FINANCIAL STATEMENTS

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(In Singapore dollars)

14. ASSOCIATED COMPANIES (CONT'D)

Summarised statement of comprehensive income

	Econolodge Co., Ltd		186 Wickham Street (Residential) Pty Ltd		Unique Development Pte. Ltd.		Unique Realty Pte. Ltd.		Unique Consortium Pte. Ltd.		Unique Rezi Pte. Ltd.	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Revenue	4,174	4,386	-	-	-	123,770	102,611	71,039	-	-	-	-
Profit or loss from continuing operations	229	67	160	(186)	(1,738)	12,061	13,012	6,409	26,035	10,517	16,067	9,390
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income/(expense)	229	67	160	(186)	(1,738)	12,061	13,012	6,409	26,035	10,517	16,067	9,390

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(In Singapore dollars)

15. JOINT VENTURE COMPANIES

The Company's investment in joint venture companies comprises:

	Company	
	2015 \$'000	2014 \$'000
Unquoted equity shares, at cost	5,000	5,000

Details of the joint venture companies are as follows:

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group		Cost of investment by the Company	
			2015	2014	2015	2014
			%	%	\$'000	\$'000
*	Canberra Development Pte Ltd (Singapore)	Property investment holding	50	50	5,000	5,000
Held through subsidiaries						
*	Buildhome Pte. Ltd. (Singapore)	Property development	50	50	–	–
*	Phileap Pte. Ltd. (Singapore)	Property development	25	25	–	–
*	Unique Residence Pte. Ltd. (Singapore)	Investment holding	50	50	–	–
Held through joint venture company						
*	Fernvale Development Pte. Ltd. (Singapore)	Property development	20	20	–	–
					5,000	5,000

* Audited by Ernst & Young LLP, Singapore.

The Group's material investment in joint venture companies are summarised below:

	Group	
	2015 \$'000	2014 \$'000
Canberra Development Pte Ltd	62,128	41,564
Buildhome Pte. Ltd.	1,963	8,592
Other joint venture companies	–	174
	64,091	50,330

NOTES TO THE FINANCIAL STATEMENTS

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(In Singapore dollars)

15. JOINT VENTURE COMPANIES (CONT'D)

Summarised financial information in respect of the Group's material investments in joint venture companies, based on its FRS financial statements, and reconciliation with the carrying amount of the investments in the consolidated financial statements are as follows:

Summarised balance sheet

	Canberra Development Pte. Ltd.		Buildhome Pte. Ltd.	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Cash and cash equivalents	655	3	1,789	673
Other current assets	31,026	10	127,689	127,132
Trade receivables	1,462	1,869	92	–
Current assets	33,143	1,882	129,570	127,805
Non-current assets	322,031	269,662	–	99
Total assets	355,174	271,544	129,570	127,904
Current liabilities	(9,624)	(48,373)	(24,980)	(110,718)
Non-current liabilities (excluding trade, other payables and provision)	(217,000)	(137,000)	(100,663)	(2)
Other non-current liabilities	(4,294)	(3,043)	–	–
Total non-current liabilities	(221,294)	(140,043)	(100,663)	(2)
Total liabilities	(230,918)	(188,416)	(125,643)	(110,720)
Net assets	124,256	83,128	3,927	17,184
Net assets excluding goodwill	124,256	83,128	3,927	17,184
Proportion of the Group's ownership	50%	50%	50%	50%
Group's share of net assets	62,128	41,564	1,963	8,592
Carrying amount of the investment	62,128	41,564	1,963	8,592

Summarised statement of comprehensive income

Revenue	17,991	9,001	1,677	–
Operating income/(expenses), net	27,420	(9,523)	(11,855)	(6,028)
Interest expense	(4,258)	(2,818)	(2,982)	(2,220)
Profit/(loss) before tax	41,153	(3,340)	(13,160)	(8,248)
Income tax (expense)/credit	(24)	(156)	–	40
Profit/(loss) after tax, representing total comprehensive income/(expense)	41,129	(3,496)	(13,160)	(8,208)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(In Singapore dollars)

16. AMOUNTS DUE FROM/TO ASSOCIATED COMPANIES, JOINT VENTURE COMPANIES AND INVESTEE COMPANIES

	Group	
	2015	2014
	\$'000	\$'000
Amounts due from associated companies	76,928	81,830
Amounts due from joint venture companies	62,818	84,839
Amounts due from investee companies	9,330	8,658
	149,076	175,327
Amounts due to associated companies	22,766	21,711
Amounts due to joint venture company	15,507	14,368
	38,273	36,079

Amounts due from/to associated companies, joint venture companies and investee companies are unsecured and are to be settled in cash. These amounts have no fixed terms of repayment and are expected to be repaid from 2017 to 2019.

Amounts due from associated companies amounting to \$23,375,000 (2014: \$28,442,000) bear interest at 4.5% per annum (2014: interest free) and denominated in Thai Baht. Amounts due from associated companies amounting to \$53,553,000 (2014: \$53,388,000) are denominated in Singapore Dollars, and includes an amount of \$53,553,000 (2014: \$53,388,000) which bears interest ranging from 1% to 5.35% (2014: 1% to 5.35%) per annum.

Amounts due from joint venture companies of \$61,087,000 (2014: \$67,408,000) bear interest ranging from 2.3% to 5.35% (2014: 2.3% to 5.75%) per annum,

Amounts due from investee companies of \$3,058,000 (2014: \$2,818,000) bear interest at 0.25% (2014: 0.25%) above the local banks' prime rate per annum. Amounts due from investee companies of \$5,889,000 (2014: \$5,625,000) are interest free.

17. OTHER INVESTMENTS

	Group	
	2015	2014
	\$'000	\$'000
Equity instruments (unquoted), at cost	218	218

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

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17. OTHER INVESTMENTS (CONT'D)

	Name of company (Country of incorporation and place of business)	Principal activities	Equity interest held by the Group		Cost of investment by the Group	
			2015	2014	2015	2014
			%	%	\$'000	\$'000
*	Panareno Sdn Bhd (Malaysia)	Property development	15	15	16	16
**	Development 26 Pte. Ltd. (Singapore)	Property development	10	10	100	100
**	Development 32 Pte. Ltd. (Singapore)	Property development	10	10	100	100
***	Unique Commercial Pte. Ltd. (Singapore)	Property development	15	15	2	2
***	KAP Holdings (China) Pte. Ltd. (Singapore)	Investment holding	15	15	@	@
					218	218

* Audited by Messrs Cheong & Co.

** Audited by Ernst & Young LLP, Singapore.

*** Audited by Deloitte & Touche LLP, Singapore.

@ \$15 comprising 15 ordinary shares.

18. INTANGIBLE ASSETS

	Goodwill \$'000
Group	
Cost:	
At 1 January 2014, 31 December 2014, 1 January 2015 and 31 December 2015	175
Accumulated impairment:	
At 1 January 2014, 31 December 2014, 1 January 2015 and 31 December 2015	66
Net carrying amount:	
At 31 December 2014 and 31 December 2015	109

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18. INTANGIBLE ASSETS (CONT'D)

Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated for impairment testing purposes to the individual entity which is also the cash-generating unit ("CGU").

Allocated goodwill based on the CGU is as follows:

	Carrying amount as at		Basis on which recoverable amount is determined	Pre-tax discount rate
	2015	2014		
	\$'000	\$'000		
Heeton Estate Pte Ltd	109	109	Value-in-use	10%

A summary of goodwill allocated to the reportable segments to which this CGU belongs is presented below:

	Property investment \$'000
Net carrying amount:	
At 31 December 2015	109
At 31 December 2014	109

The value-in-use calculations apply a discounted cash flow model using cash flow projections based on financial budgets and forecasts approved by management covering a 5-year period. The pre-tax discount rates applied to the cash flow projections are derived from the cost of capital plus a reasonable risk premium. The growth rate during the forecast period has been conservatively assumed to be zero in the absence of a reliable average growth rate for the industry in which the entity operates.

No impairment loss was required for the financial years ended 31 December 2015 and 2014 as the amount of discounted net cash inflows attributable to the CGU was in excess of the carrying amount of the goodwill.

NOTES TO THE FINANCIAL STATEMENTS

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(In Singapore dollars)

19. DEVELOPMENT PROPERTIES

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Cost of land	186,313	170,471	76,085	76,085
Interest capitalised	19,484	17,713	3,429	1,912
Development and related costs	57,981	51,146	11,528	4,522
	263,778	239,330	91,042	82,519
Attributable profit recognised	7,711	4,255	4,931	1,935
	271,489	243,585	95,973	84,454
Progress billings	(38,644)	(27,891)	(20,278)	(10,775)
	232,845	215,694	75,695	73,679
Provision for foreseeable losses	(34,080)	(5,000)	–	–
	198,765	210,694	75,695	73,679
Interest capitalised during the year	1,771	1,288	1,517	1,288
Comprise of:				
Completed development properties	107,393	137,279	–	–
Development properties under construction	91,372	73,415	75,695	73,679
	198,765	210,694	75,695	73,679

Movements in provision for foreseeable losses during the year are as follows:

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Balance at beginning of year	5,000	–	–	–
Provision during the year	29,080	5,000	–	–
At end of year	34,080	5,000	–	–

- (i) As at the end of financial year, borrowing costs of \$19,484,000 (2014: \$17,713,000), arising from borrowings obtained specifically for the development properties were capitalised. The capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation range from 2.41% to 3.47% (2014: 2.39% to 2.51%) per annum.
- (ii) Development properties amounting to \$197,893,000 (2014: \$209,016,000) under development have been pledged as security for bank loans (Note 29).
- (iii) As at 31 December 2015, the aggregate amount of costs incurred and recognised profits (less recognised losses) relating to agreements for which the Group recognises revenue using the percentage of completion method amounted to \$197,562,000 (2014: \$218,119,000) and \$4,931,000 (2014: \$1,935,000) respectively.
- (iv) As at 31 December 2015, the aggregate amount of costs incurred and recognised profits relating to agreements for which the Company recognises revenue using the percentage of completion method amounted to \$91,042,000 (2014: \$82,519,000) and \$4,931,000 (2014: \$1,935,000) respectively.
- (v) As at 31 December 2015, the carrying amount of development properties carried at fair value less costs to sell amounted to \$106,520,000 (2014: \$135,600,000). The provision for foreseeable losses is estimated taking into account estimated selling prices based on comparable projects and the prevailing market conditions and estimated costs to sell are based on historical trends.

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19. DEVELOPMENT PROPERTIES (CONT'D)

The development properties held by the Group (excluding associated companies/joint venture companies) as at 31 December 2015 are:

Name and Location	Percentage held (%)	Tenure	Proposed Development	Development	Approximate		Estimated stage of completion as at date of annual report (%) (Expected year of completion)
					Land Area (sq m)	Gross Floor Area (sq m)	
iLiv@Grange at 74 Grange Road	100	Freehold	Apartment	1 block of 16-storey residential flats (total 30 units) with basement car park and communal facilities	1,888	4,362	TOP obtained in October 2013
Earlington at 30-31 Philbeach Gardens, London	100	Freehold	Apartment	15 apartment units	433	751	Completed in March 2014
Onze@Tanjong Pagar at 11 Kee Seng Street	100	Freehold	Commercial and residential	Proposed mixed development consisting of 56 residential units and 13 commercial units	1,373	5,572	Structural work (FY2018)
New York Road, Leeds, United Kingdom	55	Freehold	Commercial and residential	To be confirmed	9,307	72,700	Planning stage

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(In Singapore dollars)

20. TRADE RECEIVABLES

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Trade receivables	559	177	120	–
Less: Allowance for impairment	(21)	(18)	–	–
	538	159	120	–

Movements in allowance for impairment during the year are as follows:

At beginning of year	18	19	–	–
Charge for the year	3	–	–	–
Write-back during the year	–	(1)	–	–
At end of year	21	18	–	–

Trade receivables are non-interest bearing and are generally on cash basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Receivables that are past due but not impaired

The Group has trade receivables amounting to \$538,000 (2014: \$159,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period are as follows:

	Group	
	2015 \$'000	2014 \$'000
Trade receivables past due but not impaired:		
Lesser than 30 days	445	100
30 to 60 days	63	52
61 to 90 days	3	6
91 to 120 days	27	–
More than 120 days	–	1
	538	159

Receivables that are impaired

	Group	
	Individually impaired	
	2015 \$'000	2014 \$'000
Trade receivables – nominal amounts	21	18
Less: Allowance for impairment	(21)	(18)
	–	–

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

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21. OTHER RECEIVABLES

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Deposits	3,823	2,013	4	–
Advances to non-controlling interests	1,205	4,314	–	–
Other receivables	2,247	2,343	4	3
	<u>7,275</u>	<u>8,670</u>	<u>8</u>	<u>3</u>

Advances to non-controlling interests are unsecured, non-interest bearing and are repayable on demand.

22. AMOUNTS DUE FROM/TO SUBSIDIARIES (NON-TRADE) AMOUNTS DUE FROM RELATED PARTIES (TRADE) AMOUNTS DUE FROM JOINT VENTURE COMPANY (NON-TRADE) AMOUNTS DUE FROM JOINT VENTURE COMPANY (TRADE)

These balances are unsecured, non-interest bearing and are repayable on demand except for amounts due from subsidiaries of \$173,296,000 (2014: \$167,782,000) and amounts due to subsidiaries of \$34,945,000 (2014: \$28,558,000) which bear interest at 4.50% (2014: 4.50%) per annum. These amounts are to be settled in cash.

	Company	
	2015 \$'000	2014 \$'000
Amounts due from subsidiaries	223,298	224,166
Less: Allowance for impairment	(5,263)	(5,164)
	<u>218,035</u>	<u>219,002</u>

Movements in allowance for impairment of amounts due from subsidiaries are as follows:

At beginning of year	(5,164)	(5,347)
Charge for the year	(339)	–
Write-back during the year	240	183
At end of year	<u>(5,263)</u>	<u>(5,164)</u>

Receivables that are impaired

At the end of the reporting period, the Company has provided an allowance of \$5,263,000 (2014: \$5,164,000) for impairment of receivables from subsidiaries with a nominal amount of \$15,204,000 (2014: \$20,464,000). These subsidiaries have been suffering financial losses for the current and past financial years.

23. FIXED DEPOSITS

The fixed deposits of the Group and the Company have an average maturity of 62 days (2014: 40 days) and 55 days (2014: 41 days) respectively, and earn interests at the respective short-term deposit rates. The weighted average effective interest rates as at 31 December 2015 for the Group and the Company were 0.88% (2014: 0.32%) and 0.90% (2014: 0.32%) respectively.

The Group's and Company's fixed deposits include \$5,500,000 (2014: \$5,000,000) held under the Housing Developers' (Project Account) Rules 1985, withdrawals from which are specific to payments for expenditure incurred on specified projects.

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24. CASH AND BANK BALANCES

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Cash at bank	16,227	19,485	4,155	13,344

The Group's and Company's cash at bank includes \$388,000 (2014: \$810,000) held under the Housing Developers' (Project Account) Rules 1985, withdrawals from which are specific to payments for expenditure incurred on specified projects.

25. TRADE PAYABLES

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

26. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Current portion:				
<i>Financial liabilities</i>				
Accrued operating expenses	3,357	3,919	1,431	2,026
Rental deposits received	680	1,029	–	1
Other deposits received	100	1	3	–
Other payables	444	72	10	5
	4,581	5,021	1,444	2,032
<i>Non-financial liabilities</i>				
Advance rental received	35	65	–	–
Deferred lease income	217	49	–	–
	4,833	5,135	1,444	2,032
Non-current portion:				
<i>Financial liabilities</i>				
Rental deposits received	1,150	1,025	–	–

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

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27. BONDS

Bonds with a face value of \$60,000,000 were issued in 2014, are unsecured and are repayable in June 2017. The bonds bear interest at a fixed rate of 5.9% per annum.

Bonds with a face value of \$75,000,000 were issued in 2013, were unsecured, bore interest at a fixed rate of 5.6% per annum and were fully repaid in November 2015.

28. SHORT-TERM BANK LOANS

The Group's and Company's short-term loans are unsecured and bear interest at rates ranging from 2.7% to 3.05% (2014: Nil) per annum during the year.

29. BANK TERM LOANS

Details of bank term loans are as follows:

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Secured	306,082	260,062	58,745	60,995
Repayable:				
- not later than 1 year	163,885	92,139	58,745	–
- 1 year through 5 years	142,197	167,923	–	60,995
	306,082	260,062	58,745	60,995

Terms loans are generally secured by:

- first legal mortgage over the investment properties, development properties and freehold property of the Group or Company;
- legal assignment of all sales and rental proceeds from the investment properties, development properties and freehold property;
- legal assignment of tenancy, rental, lease and licence agreements;
- legal assignment of construction contract(s) and performance bonds;
- legal assignment of fire insurance policy; and
- corporate guarantee by the Company.

The Group's bank term loans bear interest at rates ranging from 1.5% to 3.0% (2014: 1.5% to 3.0%) above swap cost, bank's board rate or bank's cost of fund per annum during the year. The Company's bank term loans bear interest at 2.0% (2014: 2.0%) above bank's swap rate per annum during the year.

NOTES TO THE FINANCIAL STATEMENTS

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30. AMOUNTS DUE TO NON-CONTROLLING INTERESTS (NON-TRADE)

Amounts due to non-controlling interests are unsecured, bear interest at 5% (2014: Nil) per annum and are to be settled in cash. These amounts have no fixed terms of repayment.

31. DEFERRED TAX LIABILITIES

Deferred tax liabilities arose as a result of:

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Deferred tax liabilities				
Provisions	499	159	545	159

As at 31 December 2015, the Group had unutilised tax losses of approximately \$38,188,000 (2014: \$7,276,000) available for offset against future taxable income, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the Inland Revenue Authority of Singapore and compliance with the relevant provisions of the Singapore Income Tax Act.

Tax consequences of proposed dividends

There are no income tax consequences (2014: Nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 43).

Unrecognised temporary differences relating to investments in associates

At the end of the reporting period, no deferred tax liability (2014: Nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's overseas associates as the overseas associates of the Group cannot distribute its earnings until it obtains the consent of the shareholders. At the end of the reporting period, the Group does not foresee giving such consent.

Such temporary differences for which no deferred tax liability has been recognised aggregate to \$34,000 (2014: \$11,000).

32. DERIVATIVES

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Derivative liabilities				
Interest rate swaps	23	–	–	–

In 2015, the Group entered into interest rate swaps with nominal amount of \$15,000,000 to manage its exposure to interest rate fluctuation. The interest rate swaps pays floating rate interest equal to 6-month Swaps Offer Rate ("SOR") and receives fixed rate of interest ranging from 1.85% to 2.07%. The interest rate swaps matures from September 2017 to December 2017.

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33. SHARE CAPITAL

	Group and Company			
	2015		2014	
	No. of shares '000	\$'000	No. of shares '000	\$'000
Issued and fully paid ordinary shares:				
At beginning of year	268,615	58,803	268,615	58,803
Issuance of shares on rights issue	56,541	27,875	–	–
Share issuance expense	–	(54)	–	–
At end of year	325,156	86,624	268,615	58,803

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

On 23 October 2015, the Company allotted and issued 56,541,298 new ordinary shares pursuant to the rights issuance exercise.

34. OTHER RESERVE

	Group	
	2015 \$'000	2014 \$'000
Foreign currency translation reserve	(215)	(1,040)
Balance at beginning of year	(1,040)	(247)
Foreign currency translation	825	(793)
Balance at end of year	(215)	(1,040)

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

35. COMMITMENTS

(a) *Operating lease commitments – as lessee*

As at 31 December 2015, the Group has operating lease commitments in respect of the rental of office premises. These leases have an average tenure of between one to four years with no renewal option or contingent rent provision included in the contracts. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

Operating lease payments recognised in the consolidated statement of comprehensive income during the year amount to \$124,000 (2014: \$124,000).

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35. COMMITMENTS (CONT'D)

(a) *Operating lease commitments – as lessee (cont'd)*

Future minimum rentals payable under non-cancellable operating leases as at 31 December are as follows:

	Group	
	2015	2014
	\$'000	\$'000
Future minimum payments		
- not later than 1 year	124	124
- 1 year through 5 years	100	97
	<u>224</u>	<u>221</u>

(b) *Operating lease commitments – as lessor*

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

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

	Group	
	2015	2014
	\$'000	\$'000
Lease payments receivables		
- not later than 1 year	9,222	7,096
- 1 year through 5 years	8,348	4,358
- after 5 years	348	522
	<u>17,918</u>	<u>11,976</u>

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35. COMMITMENTS (CONT'D)

(c) *Finance lease commitments*

	Total minimum lease payments 2015 \$'000	Present value of payments 2015 \$'000	Total minimum lease payments 2014 \$'000	Present value of payments 2014 \$'000
Group				
Within one year	–	–	23	20
After one year but not more than five years	–	–	–	–
Total minimum lease payments	–	–	23	20
Less: Amounts representing finance charges	–	–	(3)	–
Present value of minimum lease payments	–	–	20	20

The Group has finance leases for motor vehicles. Lease terms do not contain restrictions concerning dividends, additional debt or further leasing. These leases also do not have terms of renewal, purchase options and escalation clauses. The lease obligations bear effective interest rate ranging from 3.72% to 4.33% (2014: 1.88% to 4.33%) per annum.

(d) *Capital commitment*

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

	Group	
	2015 \$'000	2014 \$'000
Commitment in relation to investment in jointly controlled entity	–	5,500

36. RELATED PARTY TRANSACTIONS

(a) *Sale and purchase of goods and services*

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

During the year, the Group has engaged a firm of which one of the independent directors of the Company is the chairman, for the provision of marketing and consultancy services for an amount of \$1,223,000 (2014: \$760,000).

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36. RELATED PARTY TRANSACTIONS (CONT'D)

(a) *Sale and purchase of goods and services (cont'd)*

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Income				
Interest income				
- subsidiaries	–	–	10,797	9,762
- associated companies	4,510	3,910	–	–
- joint venture companies	788	760	36	7
- investee companies	492	141	–	–
Management fees income				
- joint venture companies	3,654	2,096	2,000	2,000
- subsidiaries	–	–	854	776
- associated companies	492	674	–	–
- related party	45	44	–	–
Rental income from a subsidiary	–	–	–	110
Expenses				
Management fee paid to a subsidiary	–	–	576	576
Interest expenses				
- subsidiaries	–	–	4,073	3,796
- joint venture companies	244	188	–	–
- associated companies	1,055	462	–	–
Rental paid to related party	115	115	–	–

(b) *Compensation of key management personnel*

	Group	
	2015 \$'000	2014 \$'000
Short-term employee benefits	2,066	1,524
Central Provident Fund contributions	82	51
Other short-term benefits	139	78
	2,287	1,653
Comprise amounts paid to:		
- Directors of the Company	1,164	1,122
- Other key management personnel	1,123	531
	2,287	1,653

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37. CONTINGENCIES

The Company has provided corporate guarantees to banks and financial institutions of \$706,595,000 (2014: \$624,789,000) for credit facilities (Notes 28 and 29) taken by its subsidiaries, joint venture companies, associated companies and investee companies.

38. CLASSIFICATION OF FINANCIAL INSTRUMENTS

Classification

The table below is an analysis of the carrying amounts of financial instruments by categories as defined in FRS 39 as at 31 December:

	Note	Group		Company	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
<i>Loans and receivables</i>					
Amounts due from associated companies, joint venture companies and investee companies	16	149,076	175,327	–	–
Trade receivables	20	538	159	120	–
Other receivables	21	7,275	8,670	8	3
Amounts due from subsidiaries (non-trade)	22	–	–	218,035	219,002
Amounts due from related parties (trade)	22	12	37	–	–
Amounts due from joint venture company (non-trade)	22	606	1,293	536	1,293
Amount due from joint venture company (trade)	22	341	–	–	–
Fixed deposits	23	6,099	20,036	5,934	19,221
Cash and bank balances	24	16,227	19,485	4,155	13,344
		180,174	225,007	228,788	252,863
<i>Available-for-sale financial assets</i>					
Other investments	17	218	218	–	–

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38. CLASSIFICATION OF FINANCIAL INSTRUMENTS (CONT'D)

	Note	Group		Company	
		2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Financial liabilities measured at amortised cost					
<i>Trade and other payables (current)</i>					
Trade payables	25	8,046	5,944	2,112	1,272
Other payables and accruals	26	4,581	5,021	1,444	2,032
Amounts due to subsidiaries	22	–	–	1,036	1,171
		12,627	10,965	4,592	4,475
<i>Other payables (non-current)</i>					
Other payables and accruals	26	1,150	1,025	–	–
Total trade and other payables		13,777	11,990	4,592	4,475
<i>Loans and borrowings (current)</i>					
Amounts due to subsidiaries	22	–	–	34,945	28,558
Lease obligations	35	–	20	–	–
Bond	27	–	75,000	–	75,000
Short-term bank loans	28	4,000	–	4,000	–
Bank term loans	29	163,885	92,139	58,745	–
		167,885	167,159	97,690	103,558
<i>Loans and borrowings (non-current)</i>					
Amounts due to associated companies and joint venture companies (non-trade)	16	38,273	36,079	15,508	–
Amounts due to non-controlling interests (non-trade)	30	25,230	–	–	–
Bonds	27	60,000	60,000	60,000	60,000
Bank term loans	29	142,197	167,923	–	60,995
Total loans and borrowings		433,585	431,161	173,198	224,553
Total finance liabilities measured at amortised cost		447,362	443,151	177,790	229,028
Financial liabilities at fair value through profit or loss					
Interest rate swap	32	23	–	–	–

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39. FAIR VALUE OF ASSETS AND LIABILITIES

(a) *Fair value hierarchy*

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

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

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

(b) *Fair value of financial instruments that are carried at fair value*

Interest rate swap contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties and interest rate curves.

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

Management has determined that the carrying amounts of cash and bank balances and fixed deposits, current trade and other receivables (including amounts due from subsidiaries, related parties and joint venture company), current trade and other payables (including amounts due to subsidiaries) and accruals, short-term bank loans, current bank term loans and current bonds, based on their notional amounts, reasonably approximate their fair values because these are mostly short term in nature or are repriced frequently.

Non-current bank term loans reasonably approximate their fair values as they are floating rate instruments that are repriced to market interest rates on or near the end of the reporting period.

Non-current bonds reasonably approximate their fair values as the fixed interest rates on these bonds approximate the market interest rates at the end of the reporting period.

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39. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(d) *Financial instruments carried at other than fair value*

The non-current amounts due from associated companies, joint venture companies and investee companies and non-current amounts due to associated companies, joint venture companies and non-controlling interests have no fixed terms of repayment and are expected to be repaid from 2017 to 2019. The fair values of these amounts are not determinable, as the timing of the future cash flows arising from these amounts cannot be estimated reliably. However, the directors do not anticipate the carrying amounts recorded at the balance sheet date to be significantly different from the values that would eventually be settled.

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

The fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

		2015 \$'000	Fair value	2014 \$'000	Fair Value
	Note	Carrying amount		Carrying amount	
Group					
Financial assets:					
Equity instruments, at cost	17	218	*	218	*
Financial liabilities:					
Obligations under finance leases	35	–	–	20	23

* Investment in equity instrument carried at cost (Note 17)

Fair value of the obligations under finance leases has been determined using discounted estimated cash flows. The discount rates used are the current market incremental lending rates for similar types of leasing arrangements.

Fair value information has not been disclosed for the Group's investments in equity securities that are carried at cost because fair value cannot be measured reliably. These equity securities represent ordinary shares in investee companies (Note 17) that are not quoted on any market and do not have any comparable industry peer that is listed. In addition, the variability in the range of reasonable fair value estimates derived from valuation techniques is significant. The Group does not intend to dispose of this investment in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(In Singapore dollars)

39. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(f) *Level 3 fair value measurements*

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

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

Description	Fair Value at 31 December 2015 \$'000	Valuation techniques	Unobservable inputs	Range
Recurring fair value measurements				
Investment properties:				
Retail and commercial	173,980	Market comparable approach	Yield adjustments based on management's assumptions *	10% to 20%
Fixed Assets:				
Freehold properties	104,779	Market comparable approach	Yield adjustments based on management's assumptions *	10% to 20%

* The yield adjustments are made for any difference in the nature, location or condition of the specific property.

For commercial investment properties and freehold properties, a significant increase (decrease) in yield adjustments based on management's assumptions would result in a significantly higher (lower) fair value measurement.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(In Singapore dollars)

39. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

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

(i) *Information about significant unobservable inputs used in Level 3 fair value measurements (cont'd)*

The following table shows the impact on the Level 3 fair value measurement of assets and liabilities that are sensitive to changes in unobservable inputs that reflect reasonably possible alternative assumptions. The positive and negative effects are approximately the same.

	Carrying amount \$'000	Effect of reasonably possible alternative assumptions	
		Profit or loss \$'000	Other comprehensive income \$'000
31 December 2015			
Recurring fair value measurements			
Investment property:			
- Retail and commercial	173,980	5,219	-
Fixed asset:			
- Freehold properties	104,779	-	3,143
31 December 2014			
Recurring fair value measurements			
Investment property:			
- Retail and commercial	172,333	5,170	-
Fixed asset:			
- Freehold properties	67,965	-	2,039

In order to determine the effect of the above reasonably possible alternative assumptions, the Group adjusted the following key unobservable inputs used in the fair value measurement:

- For commercial investment properties and freehold properties, the Group adjusted the yield adjustments based on management's assumptions by increasing and decreasing the adjustments by 3% depending on nature, location or condition of the specific property.

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

During the year, the Group has recognised gains from fair value adjustments of investment properties which amounted to \$600,000 (2014: \$3,400,000) (Note 12). The disclosure of the movement in the investment properties balance and freehold properties in Note 12 and Note 11 respectively constitutes a reconciliation of the movement of assets which are measured at fair value based on significant unobservable inputs.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(In Singapore dollars)

39. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

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

(iii) *Valuation policies and procedures*

The senior management of the Group (the "Management") oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures. In this regard, the Management reports to the Group's Audit Committee.

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. The Management is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and FRS 113 fair value measurement guidance.

For valuations performed by external valuation experts, the Management reviews the appropriateness of the valuation methodologies and assumptions adopted. The Management also evaluates the appropriateness and reliability of the inputs used in the valuations.

Significant changes in fair value measurements from period to period are evaluated by the Management for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk. The board of directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Chief Executive Officer. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

The Group also has an interest rate swap facility. The purpose is to manage the interest rate risks arising from the Group's operations and sources of financing. Details of the derivatives are disclosed in Note 32.

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(In Singapore dollars)

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) *Credit risk*

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

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

Exposure to credit risk

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

- the carrying amount of each class of financial assets recognised in the balance sheets; and
- a nominal amount of \$706,595,000 (2014: \$624,789,000) relating to corporate guarantees provided by the Company to banks/ financial institutions on subsidiaries'/joint ventures'/associated companies' credit facilities.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country and industry sector profile of its trade receivables on an on-going basis.

At the end of the reporting period, 55% (2014: 100%) of the Group's trade receivables were due from customers located in Singapore.

Financial assets that are neither past due nor impaired

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

(b) *Liquidity risk*

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

The Group's and the Company's liquidity risk management policy is that not more than 50% (2014: 50%) of loans and borrowings (including bonds and overdrafts) should mature in the next one year period, and to maintain sufficient liquid financial assets and stand-by credit facilities with three different banks. At the end of the reporting period, approximately 39% (2014: 39%) of the Group's loans and borrowings (Note 38) will mature in less than one year based on the carrying amount reflected in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(In Singapore dollars)

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) *Liquidity risk (cont'd)*

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

	Note	1 year or less \$'000	1 to 5 years \$'000	Total \$'000
Group				
2015				
Financial assets:				
Amounts due from associated companies, joint venture companies and investee companies	16	–	149,076	149,076
Trade receivables	20	538	–	538
Other receivables	21	7,275	–	7,275
Amounts due from related parties (trade)	22	12	–	12
Amounts due from joint venture company	22	947	–	947
Fixed deposits	23	6,148	–	6,148
Cash and bank balances	24	16,227	–	16,227
Total undiscounted financial assets		31,147	149,076	180,233
Financial liabilities:				
Trade payables	25	8,046	–	8,046
Other payables and accruals	26	4,581	1,150	5,731
Derivatives	32	23	–	23
Loans and borrowings		177,628	279,728	457,356
Total undiscounted financial liabilities		190,278	280,878	471,156
Total net undiscounted financial liabilities		(159,131)	(131,802)	(290,933)
2014				
Financial assets:				
Amounts due from associated companies, joint venture companies and investee companies	16	–	175,327	175,327
Trade receivables	20	159	–	159
Other receivables	21	8,670	–	8,670
Amounts due from related parties (trade)	22	37	–	37
Amounts due from joint venture company (non-trade)	22	1,293	–	1,293
Fixed deposits	23	20,106	–	20,106
Cash and bank balances	24	19,485	–	19,485
Total undiscounted financial assets		49,750	175,327	225,077
Financial liabilities:				
Trade payables	25	5,944	–	5,944
Other payables and accruals	26	5,021	1,025	6,046
Loans and borrowings		179,421	275,685	455,106
Total undiscounted financial liabilities		190,386	276,710	467,096
Total net undiscounted financial liabilities		(140,636)	(101,383)	(242,019)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(In Singapore dollars)

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) *Liquidity risk (cont'd)*

	Note	1 year or less \$'000	1 to 5 years \$'000	Total \$'000
Company				
2015				
Financial assets:				
Trade receivables	20	120	–	120
Other receivables	21	8	–	8
Amounts due from subsidiaries (non-trade)	22	225,758	–	225,758
Amounts due from joint venture company (non-trade)	22	536	–	536
Fixed deposits	23	5,983	–	5,983
Cash and bank balances	24	4,155	–	4,155
Total undiscounted financial assets		236,560	–	236,560
Financial liabilities:				
Trade payables	25	2,112	–	2,112
Other payables and accruals	26	1,444	–	1,444
Amounts due to subsidiaries	22	1,036	–	1,036
Loans and borrowings		103,930	77,277	181,207
Total undiscounted financial liabilities		108,552	77,277	185,799
Total net undiscounted financial assets/(liabilities)		128,038	(77,277)	50,761
2014				
Financial assets:				
Other receivables	21	3	–	3
Amounts due from subsidiaries (non-trade)	22	226,552	–	226,552
Amounts due from joint venture company (non-trade)	22	1,293	–	1,293
Fixed deposits	23	19,287	–	19,287
Cash and bank balances	24	13,344	–	13,344
Total undiscounted financial assets		260,479	–	260,479
Financial liabilities:				
Trade payables	25	1,272	–	1,272
Other payables and accruals	26	2,032	–	2,032
Amounts due to subsidiaries	22	1,171	–	1,171
Loans and borrowings		114,328	123,202	237,530
Total undiscounted financial liabilities		118,803	123,202	242,005
Total net undiscounted financial assets/(liabilities)		141,676	(123,202)	18,474

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(In Singapore dollars)

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) *Liquidity risk (cont'd)*

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

	Group and Company	
	1 year or less	
	2015	2014
	\$'000	\$'000
Financial guarantees	706,595	624,789

(c) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings and interest-bearing loans given to related parties, amounts due from investee companies and fixed deposits.

The Group's policy is to manage interest cost using floating rate debts.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if SGD interest rates had been 75 (2014: 75) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been \$1,282,000 (2014: \$948,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

The following tables sets out the carrying amount, by maturity, of the Group's and Company's financial instruments that are exposed to interest rate risk:

	Note	Within 1 year \$'000	1 to 5 years \$'000	Total \$'000
Group				
2015				
<i>Floating rate</i>				
Short-term bank loans	28	4,000	–	4,000
Bank term loans	29	167,885	142,197	310,082
2014				
<i>Floating rate</i>				
Bank term loans	29	92,139	167,923	260,062

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(In Singapore dollars)

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) *Interest rate risk (cont'd)*

Sensitivity analysis for interest rate risk (cont'd)

	Note	Within 1 year \$'000	1 to 5 years \$'000	Total \$'000
Company				
2015				
Floating rate				
Short-term bank loans	28	4,000	–	4,000
Bank term loans	29	58,745	–	58,745
2014				
Floating rate				
Bank term loans	29	–	60,995	60,995

Interest on financial instruments subject to floating interest rates is contractually repriced at intervals of less than 6 months. Interests on financial instruments at fixed rates are fixed until the maturity of the instrument. The other financial instruments of the Group and Company that are not included in the above tables are not subject to material interest rate risks.

(d) *Foreign currency risk*

The Group's foreign currency risk arises mainly from the Group's operations in Thailand, Australia and London. The results and financial position of foreign operations are translated into SGD as disclosed under Note 2.4(b). Accordingly, the Group's balance sheet may be affected by fluctuations in the exchange rate between Thai Baht ("THB"), Australian Dollar ("AUD"), Pound Sterling ("GBP") and Singapore dollar. It is not the Group's policy to hedge exposures arising from such translations. The Group's strategy is to fund overseas operations with borrowings denominated in their functional currency as a natural hedge against overseas assets.

The Group and the Company also hold cash and cash equivalents denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances are as follows:

	Group		Company	
	2015 \$'000	2014 \$'000	2015 \$'000	2014 \$'000
Pound Sterling ("GBP")	9,428	18,229	2,775	14,848
Australian dollar ("AUD")	119	104	2	–
United States dollar ("USD")	4	11	4	11

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(In Singapore dollars)

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Foreign currency risk (cont'd)

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity to a reasonably possible change in the THB, AUD and GBP exchange rates (against SGD), with all other variables held constant, of the Group's profit net of tax and equity.

	2015		2014	
	Profit net of tax \$'000	Equity \$'000	Profit net of tax \$'000	Equity \$'000
THB - strengthened 3% (2014: 3%)	4	641	1	856
- weakened 3% (2014: 3%)	(4)	(641)	(1)	(856)
AUD - strengthened 3% (2014: 3%)	2	218	6	228
- weakened 3% (2014: 3%)	(2)	(218)	(6)	(228)
GBP - strengthened 3% (2014: 3%)	149	1,819	567	2,879
- weakened 3% (2014: 3%)	(149)	(1,819)	(567)	(2,879)

41. CAPITAL MANAGEMENT

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

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 December 2015 and 31 December 2014.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and cash equivalents. Capital includes equity attributable to the equity owners of the Company.

	Note	Group	
		2015 \$'000	2014 \$'000
Trade and other payables	38	13,777	11,990
Loans and borrowings	38	433,585	431,161
Less:			
Cash and bank balances and fixed deposits		(22,326)	(39,521)
Net debt		425,036	403,630
Equity attributable to owners of the Company		339,645	306,960
Capital and net debt		764,681	710,590
Gearing ratio		56%	57%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(In Singapore dollars)

42. SEGMENT INFORMATION

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

- I. The property investment segment is engaged in the leasing of residential, retail and commercial properties.
- II. The property development segment is involved in the development and sale of private residential properties.
- III. The corporate segment is involved in Group-level corporate services and treasury functions.
- IV. The hospitality segment is involved in hotel operations and related services.

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

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which in certain respects, as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (excluding finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

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

Geographical information

As at 31 December 2014, the Group operates mainly in Singapore and none of its foreign operations' results constitute 10% or more of the Group's total segment results, or own assets amounting to 10% or more of the total assets of all segments.

As at 31 December 2015, revenue and non-current assets information based on geographical location of customers and assets respectively are as follows.

	Revenue	Non-current
	\$'000	assets
		\$'000
Singapore	24,453	410,890
United Kingdom	9,841	123,980
Australia	-	22,535
	<u>34,294</u>	<u>557,405</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(In Singapore dollars)

42. SEGMENT INFORMATION (CONT'D)

	Property investment \$'000	Property development \$'000	Corporate \$'000	Hospitality \$'000	Elimination \$'000	Note	Consolidated \$'000
31 December 2015							
Revenue:							
Sales to external customers	13,463	13,417	1,588	5,826	-		34,294
Inter-segment revenue	3,345	-	3,326	-	(6,671)	A	-
	<u>16,808</u>	<u>13,417</u>	<u>4,914</u>	<u>5,826</u>	<u>(6,671)</u>		<u>34,294</u>
Results:							
Interest income	-	-	33,179	-	(27,298)	A	5,881
Interest expense	(2,902)	(5,646)	(33,140)	(928)	26,330	A	(16,286)
Gains from fair value adjustments of investment properties	600	-	-	-	-		600
Depreciation of fixed assets	(116)	(55)	(51)	(284)	-		(506)
Share of results of associated companies/joint venture companies	20,399	14,098	5	113	-		34,615
Provision for foreseeable losses	-	(29,080)	-	-	-		(29,080)
Segment profit/(loss) before tax	<u>30,864</u>	<u>(19,875)</u>	<u>(2,444)</u>	<u>(2,089)</u>	<u>(1,803)</u>	B	<u>4,653</u>
Assets:							
Investment in associated companies/joint venture companies	65,751	48,856	-	14,173	-		128,780
Additions to non-current assets ¹	654	-	262	37,482	-		38,398
Segment assets	<u>268,368</u>	<u>381,872</u>	<u>564,248</u>	<u>141,684</u>	<u>(566,284)</u>	C	<u>789,888</u>
Segment liabilities	<u>119,413</u>	<u>129,682</u>	<u>680,862</u>	<u>48,857</u>	<u>(529,743)</u>	D	<u>449,071</u>

¹ Additions to non-current assets consist of additions to fixed assets and investment properties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(In Singapore dollars)

42. SEGMENT INFORMATION (CONT'D)

	Property investment \$'000	Property development \$'000	Corporate \$'000	Others \$'000	Elimination \$'000	Note	Consolidated \$'000
31 December 2014							
Revenue:							
Sales to external customers	11,219	24,112	–	987	–		36,318
Inter-segment revenue	436	–	2,940	–	(3,376)	A	–
	<u>11,655</u>	<u>24,112</u>	<u>2,940</u>	<u>987</u>	<u>(3,376)</u>		<u>36,318</u>
Results:							
Interest income	–	–	21,138	–	(16,166)	A	4,972
Interest expense	(1,622)	(2,705)	(20,840)	–	13,931	A	(11,236)
Gains from fair value adjustments of investment properties	3,400	–	–	–	–		3,400
Depreciation of fixed assets	(30)	–	(188)	–	–		(218)
Share of results of associated companies/joint venture companies	(1,137)	12,431	(5)	503	–		11,792
Provision for foreseeable losses	–	(5,000)	–	–	–		(5,000)
Segment profit/(loss) before tax	<u>7,821</u>	<u>6,368</u>	<u>125</u>	<u>(877)</u>	<u>(3,553)</u>	B	<u>9,884</u>
Assets:							
Investment in associated companies/joint venture companies	42,182	38,110	–	14,060	–		94,352
Additions to non-current assets ¹	30,035	–	87	67,965	–		98,087
Segment assets	<u>243,176</u>	<u>391,095</u>	<u>581,350</u>	<u>103,011</u>	<u>(547,054)</u>	C	<u>771,578</u>
Segment liabilities	<u>90,543</u>	<u>129,393</u>	<u>712,780</u>	<u>25,763</u>	<u>(513,648)</u>	D	<u>444,831</u>

¹ Additions to non-current assets consist of additions to fixed assets and investment properties.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

(In Singapore dollars)

42. SEGMENT INFORMATION (CONT'D)

Notes:

- A Inter-segment revenue, interest income and interest expense are eliminated on consolidation.
- B The following items are added to/(deducted from) segment profit to arrive at profit before tax presented in the consolidated statement of comprehensive income:

	2015	2014
	\$'000	\$'000
Profit from inter-segment sales	(835)	(1,318)
Finance expenses	26,330	13,931
Finance income	(27,298)	(16,166)
	(1,803)	(3,553)

- C The following items are added to/(deducted from) segment assets to arrive at total assets reported in the consolidated balance sheet.

	2015	2014
	\$'000	\$'000
Investment in subsidiaries	(51,510)	(51,772)
Intangible assets	109	109
Fixed assets	5,500	6,756
Development properties	(1,090)	(5,666)
Inter-company loans	(519,293)	(496,481)
	(566,284)	(547,054)

- D The following items are deducted from segment liabilities to arrive at total liabilities reported in the consolidated balance sheet:

	2015	2014
	\$'000	\$'000
Inter-company loans	(529,743)	(513,648)

NOTES TO THE FINANCIAL STATEMENTS

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(In Singapore dollars)

43. DIVIDEND

	Group and Company	
	2015	2014
	\$'000	\$'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
- Final exempt (one-tier) dividend for 2014: 0.60 cents (2013: 1.30 cents) per share	1,612	3,492
- Interim exempt (one-tier) dividend for 2015: Nil (2014: 0.50 cents) per share	-	1,343
	<u>1,612</u>	<u>4,835</u>
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
- Final exempt (one-tier) dividend for 2015: 0.60 cents (2014: 0.60 cents) per share	<u>1,951</u>	<u>1,612</u>

44. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on 1 April 2016.

**UNAUDITED FINANCIAL STATEMENTS OF HEETON HOLDINGS LIMITED AND
ITS SUBSIDIARIES FOR THE FIRST QUARTER ENDED 31 MARCH 2016**

The information in this Appendix IV has been reproduced from the announcement of the unaudited financial statements of of Heeton Holdings Limited and its subsidiaries for the first quarter ended 31 March 2016 and has not been specifically prepared for inclusion in this Information Memorandum.

Listed companies must provide the information required by Appendix 7.2 of the Listing Manual. Adequate disclosure should be given to explain any material extraordinary item either as a footnote of the material extraordinary item or in the "Review of the performance of the Group".



HEETON HOLDINGS LIMITED
Co. Reg. No. 197601387M

FIRST QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THREE MONTHS ENDED 31 MARCH 2016

PART I INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3),
HALF-YEAR AND FULL YEAR RESULTS

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

UNAUDITED FIRST QUARTER RESULTS

	Group		
	3 Months Ended 31 March		
	2016 S\$'000	2015 S\$'000	Increase / (Decrease) %
Revenue	13,786	7,003	96.9
Cost of properties sold	(6,115)	(1,993)	206.8
Other operating income	640	774	(17.3)
Personnel expenses	(1,921)	(1,283)	49.7
Depreciation of fixed assets	(104)	(57)	82.5
Other operating expenses	(3,762)	(2,992)	25.7
Profit from operations	2,524	1,452	73.8
Finance expenses	(3,303)	(3,623)	(8.8)
Finance income	1,120	1,403	(20.2)
Share of results of associated companies/joint venture companies	6,256	2,580	142.5
Profit before tax from operations	6,597	1,812	264.1
Income tax expense	(762)	(589)	29.4
Profit for the period, net of tax	5,835	1,223	377.1
Other comprehensive income:			
<u>Items that may be reclassified subsequently to profit or loss:</u>			
Foreign currency translation	(3,994)	359	N.M
Total comprehensive income for the period	1,841	1,582	16.4
Profit attributable to:			
Owners of the Company	5,802	1,460	297.4
Non-controlling interests	33	(237)	(113.9)
	5,835	1,223	377.1
Total comprehensive income attributable to:			
Owners of the Company	1,732	1,819	(4.8)
Non-controlling interests	109	(237)	(146.0)
	1,841	1,582	16.4

N.M. : Not Meaningful

1(b)(i) A balance sheet (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

UNAUDITED BALANCE SHEETS

	Group		Company	
	31/3/2016 \$'000	31/12/2015 \$'000	31/3/2016 \$'000	31/12/2015 \$'000
Non-Current Assets				
Fixed assets	114,763	105,242	110	95
Investment properties	172,059	173,980	-	-
Subsidiaries	-	-	25,583	25,583
Associated companies	71,566	64,689	-	-
Joint venture companies	63,431	64,091	5,000	5,000
Amounts due from associated companies, joint venture companies and investee companies	149,259	149,076	-	-
Other investments	218	218	-	-
Intangible assets	109	109	-	-
	571,405	557,405	30,693	30,678
Current assets				
Development properties	203,131	198,765	81,082	75,695
Trade receivables	876	538	130	120
Other receivables	5,998	7,275	10	8
Prepayments	762	2,620	51	26
Amounts due from subsidiaries (non-trade)	-	-	235,042	218,035
Amounts due from related parties (trade)	12	12	-	-
Amounts due from joint venture company (non-trade)	164	606	-	536
Amounts due from joint venture company (trade)	15	341	-	-
Fixed deposits	3,606	6,099	3,443	5,934
Cash and bank balances	19,563	16,227	8,289	4,155
	234,127	232,483	328,047	304,509
Current Liabilities				
Trade payables	11,952	8,046	3,650	2,112
Other payables and accruals	6,492	4,833	2,376	1,444
Amounts due to subsidiaries (non-trade)	-	-	44,933	35,981
Short-term bank loans	14,000	4,000	14,000	4,000
Bank term loans	161,641	163,885	58,745	58,745
Income tax payable	1,457	935	845	728
Derivatives	182	23	-	-
	195,724	181,722	124,549	103,010
Net current assets	38,403	50,761	203,498	201,499
Non-current liabilities				
Other payables and accruals	1,005	1,150	-	-
Amounts due to associated companies & joint venture companies (non-trade)	38,536	38,273	15,507	15,508
Amounts due to non-controlling interests (non-trade)	29,558	25,230	-	-
Bonds	60,000	60,000	60,000	60,000
Bank term loans	137,224	142,197	-	-
Deferred tax liabilities	827	499	870	545
	(267,150)	(267,349)	(76,377)	(76,053)
Net assets	342,658	340,817	157,813	156,124
Share capital and reserves				
Share capital	86,624	86,624	86,624	86,624
Other reserves	(4,285)	(215)	-	-
Retained earnings	259,038	253,236	71,190	69,500
	341,377	339,645	157,814	156,124
Non-controlling interests	1,281	1,172	-	-
Total equity	342,658	340,817	157,814	156,124

1(b)(ii) Aggregate amount of group's borrowings and debt securities

Amount repayable in one year or less, or on demand

As at 31/03/2016		As at 31/12/2015	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
161,641	14,000	163,885	4,000

Amount repayable after one year

As at 31/03/2016		As at 31/12/2015	
Secured	Unsecured	Secured	Unsecured
S\$'000	S\$'000	S\$'000	S\$'000
137,224	60,000	142,197	60,000

Details of any collateral

All secured borrowings of the Group are secured by first legal mortgages and assignment of rental and sales proceeds of the investment properties, development properties and fixed assets of the borrowing companies.

1(c) A cash flow statement (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

UNAUDITED FIRST QUARTER CASH FLOW STATEMENTS

	Group	
	3 Months Ended 31 March	
	2016	2015
	\$'000	\$'000
Cash flows generated from operating activities		
Profit before tax	6,597	1,812
Adjustments for:		
Depreciation of fixed assets	104	57
(Gain) Loss on disposal of fixed assets	(71)	874
Loss in fair value of derivative financial instrument	159	-
Share of results of associated companies/joint venture companies	(6,256)	(2,580)
Interest expense	3,303	3,623
Interest income	(1,120)	(1,403)
Unrealised exchange differences	(1,700)	(93)
Operating cash flows before changes in working capital	1,016	2,290
(Increase) decrease in development properties	(5,395)	3,911
Increase in trade receivables	(338)	(165)
Decrease in other receivables	1,277	4,294
Decrease (increase) in prepayments	1,858	(37)
Increase in trade payables	2,153	96
Increase in other payables and accruals	3,267	1,779
Decrease in amount due from related parties (trade)	-	24
Cash flows from operations	3,838	12,192
Interest received	1,120	1,403
Interest paid, excluding amounts capitalised	(3,303)	(3,623)
Income tax refunds	83	16
Net cash from operating activities	1,738	9,988

UNAUDITED FIRST QUARTER CASH FLOW STATEMENTS (CONT'D)

	Group	
	3 Months Ended 31 March	
	2016	2015
	\$'000	\$'000
Cash flows used in investing activities		
Purchase of fixed assets	(15,295)	(31,315)
Repayment of loan to investee company	(293)	(34)
Net repayment of loan from / (loan to) associated companies and joint venture companies	1,181	(4,288)
Proceeds from liquidation of an associated company	-	200
	<u>(14,407)</u>	<u>(35,437)</u>
Net cash used in investing activities		
Cash flows from financing activities		
Repayment of lease obligations, net	-	(9)
Proceeds from bank loans	10,000	16,949
Repayment of bank loans	(2,100)	(1,500)
Loan proceeds from / (repayment of loan to) non-controlling interests	5,612	(4,293)
	<u>13,512</u>	<u>11,147</u>
Net cash generated from financing activities		
Net increase (decrease) in cash and cash equivalents	843	(14,302)
Cash and cash equivalents at beginning of period	22,326	39,521
	<u>23,169</u>	<u>25,219</u>
Cash and cash equivalents at end of period		

Note: Cash and cash equivalents

	Group	
	3 Months Ended 31 March	
	2016	2015
	\$'000	\$'000
Fixed deposits	3,606	6,625
Cash and bank balances	19,563	18,594
	<u>23,169</u>	<u>25,219</u>
Cash and cash equivalents		

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

UNAUDITED STATEMENT OF CHANGES IN EQUITY

Group	Attributable to equity holders of the Company					
	Share Capital S\$'000	Translation Reserve S\$'000	Retained Earnings S\$'000	Total S\$'000	Non-controlling Interests S\$'000	Total Equity S\$'000
Balance at 1 January 2015	58,803	(1,040)	249,197	306,960	19,787	326,747
Total comprehensive income for the period	-	359	1,460	1,819	(237)	1,582
Acquisition of new subsidiary	-	-	-	-	(4,293)	(4,293)
Balance at 31 March 2015	58,803	(681)	250,657	308,779	15,257	324,036
Balance at 1 January 2016	86,624	(215)	253,236	339,645	1,172	340,817
Total comprehensive income for the period	-	(4,070)	5,802	1,732	109	1,841
Balance at 31 March 2016	86,624	(4,285)	259,038	341,377	1,281	342,658
Company	Share Capital S\$'000	Retained Earnings S\$'000	Total Equity S\$'000			
Balance at 1 January 2015	58,803	69,338	128,141			
Total comprehensive income for the period	-	124	124			
Balance at 31 March 2015	58,803	69,462	128,265			
Balance at 1 January 2016	86,624	69,500	156,124			
Total comprehensive income for the period	-	1,690	1,690			
Balance at 31 March 2016	86,624	71,190	157,814			

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 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

There is no change in the Company's share capital for the period from 1 January 2016 to 31 March 2016.

There are no outstanding convertible securities as at 31 March 2016 and 31 December 2015.

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 immediate preceding year.

The Company did not hold any treasury shares as at 31 March 2016 and 31 December 2015.

The total number of issued ordinary shares (excluding treasury shares) as at 31 March 2016 and 31 December 2015 was 325,156,492.

The Company did not issue any preference shares as at 31 March 2016 and 31 December 2015.

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.

There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the period ended 31 March 2016.

2 Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice

The figures have not been audited or reviewed by the Company's auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited financial statements for the year ended 31 December 2015 as well as applicable Financial Reporting Standards (FRS) which became effective for financial years beginning on or after 1 January 2016.

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

Not applicable.

6 Earnings per ordinary share of the group for the current period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

EARNINGS PER SHARE

	Group		
	1Q2016 Cents	1Q2015 Cents	Decrease %
Earnings per ordinary share attributable to equity holders of the Company for the period			
(a) On a basic basis	1.78	0.53	237.1
(b) On a fully diluted basis	1.78	0.53	237.1

Earnings per share for 1Q2016 was computed based on 325,156,492 ordinary shares in issue. Earnings per share for 1Q2015 have been computed based on the adjusted weighted average of 275,814,081 ordinary shares in issue. The adjusted weighted average number of shares resulted from the rights issue on 23 October 2015.

**7 Net asset value (for the issuer and group) per ordinary share based on issued share capital of the issuer at the end of the:-
(a) current period reported on; and
(b) immediately preceding financial year**

	Group		Company	
	31/3/2016 Cents	31/12/2015 Cents	31/3/2016 Cents	31/12/2015 Cents
Net asset value per ordinary share based on issued share capital at the end of the period reported on	105.38	104.82	48.53	48.02

The above have been computed based on 325,156,492 ordinary shares in issue as at 31 March 2016 and 31 December 2015.

- 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

Commentary on the Consolidated Income Statements

Turnover comprises management fee, rental income from investment properties and hotel operations as well as proceeds from the sales of the Group's residential projects.

The Group's turnover for the period ended 31 March 2016 ("1Q2016") increased by 96.9% to \$13.79 million compared to \$7.00 million for the previous corresponding period ended 31 March 2015 ("1Q2015"). This was mainly due to the recognition of higher sales proceeds from residential projects, Onze@Tanjong Pagar and the Earlington in 1Q2016 of \$8.05 million compared to \$2.60 million in 1Q2015, and revenue of \$1.14 million from the newly acquired hotels, ibis Budget Bradford and ibis Hotel Gloucester in United Kingdom ("UK").

Cost of properties sold in 1Q2016 relates to residential project, Onze@Tanjong Pagar and the Earlington, while cost of properties sold in 1Q2015 only relates to Onze@Tanjong Pagar.

Personnel expenses increased by 49.7% to \$1.92 million in 1Q2016 as a result of increase in headcounts following the acquisition of ibis Budget Bradford and ibis Hotel Gloucester, as well as staff bonus paid in 1Q2016.

Other operating expenses increased to \$3.76 million in 1Q2016 from \$2.99 million in 1Q2015. This was mainly due to (i) the qualifying certificate extension fee of \$1.46 million incurred for iLiv@Grange in 1Q2016 and (ii) operating expenses for both the newly acquired hotels of approximately \$0.58 million. Other operating expenses for 1Q2015 included an amount of \$0.87 million loss on disposal of fixed assets in Hotel ibis Styles Kensington for which there was none in 1Q2016.

Finance expenses decreased to \$3.30 million in 1Q2016 from \$3.62 million in 1Q2015. This was mainly due lower bond interest expense as a result of the repayment made for the \$75.00 million bond in November 2015.

Finance income decreased 20.2% to \$1.12 million mainly due to decrease in interest-bearing loans to associated companies.

Share of profits from associated companies/joint venture companies increased by 142.5% to \$6.26 million. This was mainly attributed to progressive profit recognition of residential projects, NeWest and King Albert Park.

Income tax expense increased from \$589,000 to \$762,000 in 1Q2016, in line with the increase in profit before tax.

Taking into account the above factors, the Group recorded a 377.1% increase in net profit after tax to \$5.84 million for 1Q2016, compared to \$1.22 million recorded in 1Q2015.

Commentary on the Consolidated Balance Sheets

Fixed assets amounting to \$114.76 million mainly comprised the following hotel properties (i) land site for hotel development in Brisbane, Australia; (ii) Hotel ibis Styles London Kensington in London, UK; (iii) ibis Budget Bradford in Bradford City, UK; (iv) the newly acquired ibis Hotel Gloucester in Gloucester City, UK; and (v) hotel site currently under development at Glenthorne Road, London, UK.

The increase in associated and joint venture company balances was due mainly to share of 1Q2016 results of associated and joint venture companies of \$6.26 million.

Development properties increased from \$198.76 million to \$203.13 million in 1Q2016 as a result of progress in construction of Onze@Tanjong Pagar.

Other receivables decreased from \$7.28 million to \$6.00 million and was mainly due to deposits placed to acquire ibis Hotel Gloucester as at 31 December 2015 being utilised upon the completion of the acquisition in 1Q2016.

Trade payables increased by \$3.91 million from \$8.05 million due to increase in account payables for development properties and hotel operations.

Other payables and accruals increased from \$4.83 million to \$6.49 million mainly due to expenses accrued for hotel operations.

Amounts due to non-controlling interests of \$29.56 million represents loans from non-controlling interests for various overseas projects.

Commentary on the Cash Flow Statements

Cash and cash equivalents increased by \$0.84 million in 1Q2016 because the following major cash inflows exceed cash outflows during the period:

Cash inflows:

- net cash generated from operating activities of \$1.74 million;
- proceeds from loan from non controlling interests of \$5.61 million;
- net repayment of loan from associated companies and joint venture companies of \$1.18 million; and
- net proceeds from bank loans of \$7.90 million.

Cash outflows:

- net cash outflow of \$15.30 million for purchase of fixed assets comprise mainly the acquisition of ibis Hotel Gloucester in 1Q2016 of \$12.03 million and construction costs incurred for the development of the hotel at Glenthorne Road, London, UK.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

The actual results for the first quarter ended 31 March 2016 of the Group are in line with the statement made in paragraph 10 of the results announcement for the full year ended 31 December 2015.

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 remains cautious about the short term outlook of the Singapore property market as it continues to be affected by the various cooling measures as well as the weaker global economy. In the real estate statistics released by URA on 22 April 2016, the prices of private residential properties declined for ten consecutive quarters. The prices decreased by 0.7% in 1Q2016, compared to the 0.5% reduction in 4Q2015.

Nonetheless, Heeton is cautiously optimistic of the longer term prospects of the Singapore property market and will continue to seek suitable property development projects within the country.

Additionally, the Group will strategically continue to explore opportunities for investment properties internationally, especially in the hospitality sector. Currently, the Group has a total of six operating hotels in United Kingdom and Thailand. The redevelopment of the hotel property at Glenthorne Road, London, United Kingdom is expected to be completed end of FY2016. Going forward, the Group will continue to explore ways to increase Heeton's recurring income base.

11 Dividend

(a) Current Financial Period Reported On

Any dividend recommended for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No.

(c) Date payable

No.

(d) Books closure date

No.

12 If no dividend has been declared/recommended, a statement to that effect

Not applicable.

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)

The Company has not obtained a general mandate from shareholders for Interested Person Transactions.

14 Negative assurance on interim financial results

The board of directors hereby confirm that, to the best of its knowledge, nothing has come to its attention which may render the financial results for the first quarter ended 31 March 2016 to be false or misleading in any material respect.

15 Confirmation that the issuer has procured undertakings from all its directors and executive officers (in the format set out in Appendix 7.7) under Rule 720(1)

The Company has obtained undertakings from all its directors and executive officers.

BY ORDER OF THE BOARD

Toh Giap Eng
Executive Deputy Chairman
06 May 2016

Teng Heng Chew
CEO & Executive Director