ASPIAL CORPORATION LIMITED

(Incorporated in the Republic of Singapore on 12 November 1970)

(UEN/Company Registration No. 197001030G)

S$500,000,000
Multicurrency Medium Term Note 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**") to be issued from time to time by Aspial Corporation Limited (the "**Issuer**") pursuant to the Programme may not be circulated or distributed, nor may the Notes 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 Notes 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 Notes 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.

Approval in-principle has been received from the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for the establishment of the Programme and application will be made for the listing and quotation of Notes which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes 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 Notes on, the SGX-ST are not to be taken as an indication of the merits of the Issuer, its subsidiaries, its associated companies (if any), the Programme or the Notes.

THE NOTES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT (AS DEFINED HEREIN) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND THE NOTES ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. SUBJECT TO CERTAIN EXCEPTIONS, THE NOTES MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN THE U.S. INTERNAL REVENUE CODE OF 1986, AS AMENDED, AND REGULATIONS THEREUNDER).

Arranger

DBS

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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 Notes 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), the Programme and the Notes. The Issuer confirms that this Information Memorandum contains all information which is material in the context of the Programme or the issue and offering of the Notes, that the information contained in this Information Memorandum is true and accurate in all material respects, that the opinions, expectations and intentions expressed in this Information Memorandum have been carefully considered, are based on all relevant considerations and facts existing at the date of this Information Memorandum and are fairly, reasonably and honestly held by the Issuer, and that there are no other facts the omission of which in the context of the Programme or the issue and offering of the Notes would make any such information or expressions of opinion, expectation or intention misleading in any material 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 and may be listed on a stock exchange. The Notes will initially be represented by either a Temporary Global Note (as defined herein) or a Permanent Global Note (as defined herein) which will be deposited on the issue date with either CDP (as defined herein) or a common depositary for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**") or otherwise delivered as agreed between the Issuer and the relevant Dealer(s) (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(s) and may be subject to redemption or purchase in whole or in part. The Notes will bear interest at a fixed, floating, variable or hybrid rate or may not bear interest or may be such other notes as may be agreed between the Issuer and the relevant Dealer(s). 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.

The maximum aggregate principal amount of the Notes to be issued, when added to the aggregate principal amount of all Notes outstanding (as defined in the Trust Deed referred to herein) shall be S$500,000,000 (or its equivalent in any other currencies) or such higher amount as may be agreed between the Issuer and the Arranger.

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

The Notes have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and the Notes are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons.

Neither this Information Memorandum nor any other document 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 Notes.

This Information Memorandum and any other document or material in relation to the issue, offering or sale of the Notes have been prepared solely for the purpose of the initial sale by the relevant Dealer(s) of the Notes 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 Notes are sold or with whom they are placed by the relevant Dealer(s) 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) nor the issue, offering, purchase or sale of the Notes 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, employees or agents is making any representation or warranty expressed or implied as to the merits of the Notes or the subscription for, purchase or acquisition thereof, or the creditworthiness or financial condition or otherwise of the Issuer or its subsidiaries or associated companies (if any). Further, none of 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 Notes 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 Notes. 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 Arranger, 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 Notes by a recipient of this Information Memorandum or such other document or information (or such part thereof).

To the fullest extent permitted by law, none of the Arranger nor any of the Dealers accepts 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 or the issue and offering of the Notes. 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 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 Notes, 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 Notes is in all respects conditional on the satisfaction of certain conditions set out in the Programme Agreement (as defined herein) and the issue of the Notes 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 Notes 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 Notes 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 attention of recipients of this Information Memorandum is drawn to the restrictions on resale of the Notes set out under "Subscription, Purchase and Distribution" on pages 93 and 94 of this Information Memorandum.

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

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

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 (as defined herein) (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 fact 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, under the section "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 Notes 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 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:

"**1H2015**"	:	First half of the financial year ended 31 December 2015.
"**2H2013**"	:	Second half of the financial year ended 31 December 2013.
"**2H2014**"	:	Second half of the financial year ended 31 December 2014.
"**1Q2012**"	:	First quarter of the financial year ended 31 December 2012.
"**1Q2013**"	:	First quarter of the financial year ended 31 December 2013.
"**2Q2012**"	:	Second quarter of the financial year ended 31 December 2012.
"**4Q2011**"	:	Fourth quarter of the financial year ended 31 December 2011.
"**4Q2012**"	:	Fourth quarter of the financial year ended 31 December 2012.
"**Agency Agreement**"	:	The Agency Agreement dated 10 June 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 and (4) the Trustee, as trustee, as amended, varied or supplemented from time to time.
"**Agent Bank**"	:	DBS Bank Ltd.
"**Arranger**"	:	DBS Bank Ltd.
"**Business Day**"	:	In respect of each Note, (a) a day (other than a Saturday, Sunday or gazetted public holiday) on which Euroclear, Clearstream, Luxembourg and the Depository, as applicable, are operating, (b) 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 (c) (if a payment is to be made on that day) (i) (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, (ii) (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 (iii) (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.
"**Catalist**"	:	The Catalist Board of the SGX-ST.
"**CDP**" or the "**Depository**"	:	The Central Depository (Pte) Limited.
"**Companies Act**"	:	Companies Act, Chapter 50 of Singapore, as amended or modified from time to time.

"**Conditions**" or "**Terms and Conditions**"	:	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 II of Schedule 1 to the Trust Deed, as modified, with respect to any Notes represented by a Global Note, by the provisions of such Global Note, 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 Notes 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 II of Schedule 1 to the Trust Deed, and any reference to a particularly numbered Condition shall be construed accordingly.
"**Couponholders**"	:	The holders of the Coupons.
"**Coupons**"	:	The interest coupons appertaining to an interest bearing Definitive Note.
"**Dealers**"	:	Persons appointed as dealers under the Programme.
"**Definitive Note**"	:	A definitive Note, in bearer form, being substantially in the form set out in Part I of Schedule 1 to the Trust Deed and having, where appropriate, Coupons attached on issue.
"**Directors**"	:	The directors (including alternate directors, if any) of the Issuer as at the date of this Information Memorandum.
"**Euro**"	:	The lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time.
"**FY**"	:	Financial year ended 31 December.
"**Global Note**"	:	A global Note representing Notes of one or more Tranches of the same Series, being a Temporary Global Note and/or, as the context may require, a Permanent Global Note, in each case without Coupons.
"**Group**"	:	The Issuer and its subsidiaries.
"**Issuer**"	:	Aspial Corporation Limited.
"**Issuing and Paying Agent**"	:	DBS Bank Ltd.
"**ITA**"	:	Income Tax Act, Chapter 134 of Singapore, as amended or modified from time to time.
"**Latest Practicable Date**"	:	30 May 2013.
"**MAS**"	:	The Monetary Authority of Singapore.
"**Noteholders**"	:	The holders of the Notes.
"**Notes**"	:	The multicurrency medium term notes of the Issuer issued or to be issued pursuant to the Programme Agreement and constituted by the Trust Deed (and shall, where the context so admits, include the Global Notes and the Definitive Notes).
"**PAT**"	:	Profit attributable to owners of the parent.

"**Permanent Global Note**"	:	A Global Note representing Notes of one or more Tranches of the same Series, either on issue or upon exchange of interests in a Temporary Global Note, being substantially in the form set out in Schedule 3 to the Trust Deed.
"**Pricing Supplement**"	:	In relation to any Tranche or Series, a pricing supplement supplemental to this Information Memorandum, specifying the relevant issue details in relation to such Tranche or, as the case may be, Series, substantially in the form of Appendix 2 to the Programme Agreement.
"**Programme**"	:	The S$500,000,000 Multicurrency Medium Term Note Programme established by the Issuer pursuant to the Programme Agreement.
"**Programme Agreement**"	:	The Programme Agreement dated 10 June 2013 made between (1) the Issuer, as issuer, (2) the Arranger, as arranger, and (3) DBS Bank Ltd., as dealer, as amended, varied or supplemented from time to time.
"**S$**" or "**Singapore dollars**"	:	The lawful currency of Singapore.
"**Securities Act**"	:	Securities Act of 1933 of the United States, as amended.
"**Series**"	:	(1) (in relation to Notes other than variable rate notes) a Tranche, together with any further Tranche or Tranches, which are (a) expressed to be consolidated and forming a single series and (b) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of interest and (2) (in relation to variable rate notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest.
"**SFA**"	:	Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time.
"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited.
"**Shares**"	:	Ordinary shares in the capital of the Issuer.
"**subsidiary**"	:	Any company which is for the time being a subsidiary (within the meaning of Section 5 of the Companies Act).
"**TARGET System**"	:	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.
"**Temporary Global Note**"	:	A Global Note representing Notes of one or more Tranches of the same Series on issue, being substantially in the form set out in Schedule 2 to the Trust Deed.
"**TOP**"	:	Temporary Occupation Permit.
"**Tranche**"	:	Notes which are identical in all respects (including as to listing).
"**Trust Deed**"	:	The Trust Deed dated 10 June 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.
"**United States**" or "**U.S.**"	:	United States of America.
"**US$**" or "**US dollars**"	:	The lawful currency of the United States of America.
"**%**" or "**per cent.**"	:	Per centum.

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	:	Koh Wee Seng Ko Lee Meng Koh Lee Hwee Wong Soon Yum Kau Jee Chu
Company Secretary	:	Lim Swee Ann
Registered Office	:	50 Raffles Place #32-01 Singapore Land Tower Singapore 048623
Auditors to the Issuer	:	Ernst & Young LLP One Raffles Quay North Tower Level 18 Singapore 048583
Arranger and Dealer 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	:	Shook Lin & Bok LLP 1 Robinson Road #18-00 AIA Tower Singapore 048542
Issuing and Paying Agent and Agent Bank	:	DBS Bank Ltd. 60 Alexandra Terrace The Comtech #05-27 Singapore 118502
Trustee for the Noteholders	:	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	:	Aspial Corporation 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.
Trustee	:	DBS Trustee Limited.
Issuing and Paying Agent	:	DBS Bank Ltd.
Agent Bank	:	DBS Bank Ltd.
Description	:	S$500,000,000 Multicurrency Medium Term Note Programme.
Programme Rating	:	Not rated.
Programme Size	:	The maximum aggregate principal amount of the Notes outstanding at any time shall be S$500,000,000 (or its equivalent in other currencies) or as may be agreed between the Issuer and the Arranger.
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).
Purpose	:	Net proceeds arising from the issue of the Notes under the Programme (after deducting issue expenses) will be used for the financing of general corporate funding requirements or investments of the Issuer (including refinancing of existing borrowings), working capital and capital expenditure requirements of the Issuer and its subsidiaries.
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 Notes may be issued in Series in accordance with the requirements of the Issuer. The terms for each Series shall be agreed between the Issuer and the relevant Dealer(s). Notes will be issued in Series and each Series may be issued in one or more Tranches on different issue dates and each Tranche shall be for Notes having a minimum aggregate principal amount of S$10,000,000 (or its equivalent in other currencies). 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 only and in such denominations as may be agreed between the Issuer and the relevant Dealer(s). Each Tranche or Series of Notes may initially be represented by a Temporary Global Note or a Permanent Global Note. Each Temporary Global Note may be deposited on the relevant issue date with CDP, a common depositary for Euroclear and Clearstream, Luxembourg and/or any other agreed clearing system and will be exchangeable, upon request as described therein, either for a Permanent Global Note or Definitive Notes (as indicated in the applicable Pricing Supplement). Each Permanent

		Global Note 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.
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 depositary 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 from time to time.
Optional 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 Cessation or Suspension of Trading of the Issuer's shares	:	In the event that (i) the shares of the Issuer cease to be traded on the SGX-ST or (ii) 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 (as defined in the Conditions of the Notes).
Redemption at Option of Noteholders Pursuant to 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 "**Transfer Date**") 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 Transfer Date (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 such Note (together with all unmatured Coupons) with the Issuing and Paying 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 Transfer Date. 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 the above, a "Change of Shareholding Event" occurs when Mr Koh Wee Seng (NRIC No. S6834657F), Ms Ko Lee Meng (NRIC No. S1488574I) and Ms Koh Lee Hwee (NRIC No. S1781864C) cease to own in aggregate (whether directly or indirectly) more than 50 per cent. of the issued share capital of the Issuer.

Negative Pledge : The Issuer covenants with the Trustee that so long as any of the Notes remains outstanding, it will not, and will ensure that none of its subsidiaries will, create or have outstanding any security on or over their respective business, assets, undertakings, property or revenues (including uncalled capital), present or future, except for:

(a) liens arising solely by operation of law (or by an agreement evidencing the same) and in the ordinary course of its business in respect of indebtedness which either (i) has been due for less than 30 days or (ii) is being contested in good faith and by appropriate means;

(b) (i) any security existing at the date of the Trust Deed and as disclosed in writing to the Trustee on or prior to the date of the Trust Deed and (ii) any security created for the purpose of refinancing or increasing any indebtedness secured by any such existing security, provided that (in the case of paragraph (ii) only) the amount secured by any such existing security shall not at any time exceed 75 per cent. of the current market value of such asset at that time (as determined by the Trustee on the basis of the most recent valuation report prepared by an independent professional valuer and delivered by the Issuer to the Trustee);

(c) any security on or over their respective assets acquired, renovated, refurbished or developed by it after the date of the Trust Deed for the sole purpose of financing the acquisition (including acquisition by way of acquisition of the shares in the company or entity owning (whether directly or indirectly) such assets), renovation, refurbishment or development or any refinancing thereof and securing a principal amount not exceeding the cost of such acquisition, renovation, refurbishment or development or the value of such development;

(d) pledges of goods, the related documents of title and/or other related documents arising or created in the ordinary course of its business as security only for indebtedness to a bank or financial institution directly relating to the goods or documents on or over which that pledge exists;

(e) any security created by way of a floating charge on or over their respective assets for the purpose of securing working capital facilities granted in the ordinary course of business;

(f) any security created to secure its liabilities in respect of letters of credit, performance bonds and/or bank guarantees issued in the ordinary course of its business; and

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

Financial Covenants : The Issuer covenants with the Trustee that so long as any of the Notes remains outstanding, it will ensure that:

(a) the Consolidated Tangible Net Worth (as defined in the Conditions of the Notes) is not less than S$150,000,000; and

		(b) the ratio of Consolidated Net Borrowings (as defined in the Conditions of the Notes) to Consolidated Total Equity (as defined in the Conditions of the Notes) does not exceed 4:1; and
		(c) 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 0.7:1.
Events of Default	:	See Condition 9 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 withholding or deduction is required by law. In such event, the Issuer shall pay such additional amounts as will result in the receipt by the 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 board lot size of at least S$250,000 (or its equivalent in other 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" herein. 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.

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 Note(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 the definitive 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 and supplemented, the "**Trust Deed**") dated 10 June 2013 made between (1) Aspial Corporation 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 and supplemented, the "**Deed of Covenant**") dated 10 June 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 include the form of the Notes and Coupons referred to below. The Issuer has entered into an Agency Agreement (as amended and supplemented, the "**Agency Agreement**") dated 10 June 2013 made between (1) the Issuer, as issuer, (2) DBS Bank Ltd., as issuing and paying agent (in such capacity, the "**Issuing and Paying Agent**") and agent bank (in such capacity, the "**Agent Bank**"), and (3) the Trustee, as trustee. The Noteholders and the holders of the coupons (the "**Coupons**") appertaining to the interest-bearing Notes (the "**Couponholders**") 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 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) Notes are serially numbered and issued with Coupons 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 6(f)) in these Conditions are not applicable.

(b) Title

(i) Title to the Notes and the Coupons appertaining thereto shall pass by delivery.

(ii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note or Coupon shall be deemed to be and may be treated as the absolute owner of such Note or of such Coupon, 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 or Coupon 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 Note and such Global Note is held by a common depositary for Euroclear Bank S.A./N.V. ("**Euroclear**") and 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 in the case of manifest or proven error) shall be treated by the Issuer, the Issuing and Paying Agent, the Agent Bank, 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 Note shall be treated by the Issuer, the Issuing and Paying Agent, the Agent Bank, 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 Note (and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly). Notes which are represented by the Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg and/or the Depository.

(iv) In these Conditions, "**Global Note**" means the relevant Temporary Global Note representing each Series or the relevant Permanent Global Note representing each Series, "**Noteholder**" means the bearer of any Definitive Note (as defined in the Trust Deed) and "**holder**" (in relation to a Definitive Note or Coupon) means the bearer of any Definitive Note or Coupon, "**Series**" means (1) (in relation to Notes 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 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. 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.

3. Negative Pledge and Financial Covenants

(a) 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 (as defined in Condition 9) will, create or have outstanding any security on or over their respective business, assets, undertakings, property or revenues (including uncalled capital), present or future, except for:

(i) liens arising solely by operation of law (or by an agreement evidencing the same) and in the ordinary course of its business in respect of indebtedness which either (1) has been due for less than 30 days or (2) is being contested in good faith and by appropriate means;

(ii) (1) any security existing at the date of the Trust Deed and as disclosed in writing to the Trustee on or prior to the date of the Trust Deed and (2) any security created for the purpose of refinancing or increasing any indebtedness secured by any such existing security, provided that (in the case of paragraph (2) only) the amount secured by any such existing security shall not at any time exceed 75 per cent. of the current market value of such asset at that time (as determined by the Trustee on the basis of the most recent valuation report prepared by an independent professional valuer and delivered by the Issuer to the Trustee);

(iii) any security on or over their respective assets acquired, renovated, refurbished or developed by it after the date of the Trust Deed for the sole purpose of financing the acquisition (including acquisition by way of acquisition of the shares in the company or entity owning (whether directly or indirectly) such assets), renovation, refurbishment or development or any refinancing thereof and securing a principal amount not exceeding the cost of such acquisition, renovation, refurbishment or development or the value of such development;

(iv) pledges of goods, the related documents of title and/or other related documents arising or created in the ordinary course of its business as security only for indebtedness to a bank or financial institution directly relating to the goods or documents on or over which that pledge exists;

(v) any security created by way of a floating charge on or over their respective assets for the purpose of securing working capital facilities granted in the ordinary course of business;

(vi) any security created to secure its liabilities in respect of letters of credit, performance bonds and/or bank guarantees issued in the ordinary course of its business; and

(vii) any other security which has been approved by the Trustee or the Noteholders by way of an Extraordinary Resolution (as defined in the Trust Deed).

(b) Financial Covenants

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

(i) the Consolidated Tangible Net Worth is not less than S$150,000,000; and

(ii) the ratio of Consolidated Net Borrowings to Consolidated Total Equity does not exceed 4:1; and

(iii) the ratio of Consolidated Secured Debt to Consolidated Total Assets shall not at any time exceed 0.7:1.

For the purposes of these Conditions:

(1) "**Consolidated Net Borrowings**" means Consolidated Total Borrowings less cash and cash equivalents (as determined in accordance with generally accepted accounting principles in Singapore);

(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 or half year unaudited consolidated balance sheet of the Group but after:

(I) 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;

(II) excluding any sums set aside for future taxation; and

(III) deducting:

(aa) 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;

(bb) all goodwill and other intangible assets; and

(cc) 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 Borrowings**" means in relation to the Group, an amount (expressed in Singapore dollars) for the time being, calculated on a consolidated basis, in accordance with generally accepted accounting principles in Singapore, equal to the aggregate of:

(A) bank overdrafts and all other indebtedness in respect of any borrowings maturing within 12 months;

(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;

(6) "**Consolidated Total Equity**" 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;

(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; and

(C) the amounts attributable to the non-controlling interests of the Group, all as shown in the then latest audited or half-yearly financial unaudited consolidated balance sheet of the Group but after:

(I) 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; and

(II) excluding any sums set aside for future taxation; and

(III) deducting:

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

(bb) any debit balances on consolidated profit and loss account; and

(7) "**Consolidated Total Liabilities**" means the aggregate of Consolidated Total Borrowings 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 other distributions to shareholders 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 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; and

(F) amounts standing to the credit of any deferred tax account or tax equalisation reserve,

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

4. (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 4(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 4(I) and the Agency Agreement to the Relevant Date (as defined in Condition 7).

(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.

(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 4(II)(c)) in respect of any Variable Rate Note for any Interest Period (as defined below) relating to that Variable Rate Note shall be payable on the first day of that Interest Period. If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day (as defined below), then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding business day and (ii) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day. The period beginning on 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 4(II) and the Agency Agreement 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 4(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 11:00 AM SINGAPORE TIME" and under the column headed "SGD SIBOR" (or such other replacement page thereof) and as adjusted by the Spread (if any);

(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 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) at or about the Relevant Time on such Interest Determination Date 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 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 11:00 AM 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:

In the case of Premium:

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

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 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 11:00 AM 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:

In the case of Premium:

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

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 as follows:

In the case of Premium:

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

$$+ \frac{(\text{SIBOR} \times \text{Premium})}{(\text{Spot Rate})} \times \frac{365}{360}$$

In the case of Discount:

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

$$- \frac{(\text{SIBOR} \times \text{Discount})}{(\text{Spot Rate})} \times \frac{365}{360}$$

where:

SIBOR = the rate 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; and

(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, 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 4(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 4(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, (a) a day (other than a Saturday or Sunday) on which Euroclear, Clearstream, Luxembourg and the Depository, as applicable, are operating, (b) 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 (c) (if a payment is to be made on that day) (i) (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, (ii) (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 (iii) (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;

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

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

"**Interest Determination Date**" means, in respect of any Interest Period, that number of business days prior thereto as is set out in the applicable Pricing Supplement or on the face of the relevant Note;

"**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 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 4(III) and the Agency Agreement 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 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 will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(III) and the Agency Agreement to the Relevant Date.

(iv) The provisions of Condition 4(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 5(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 5(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 in respect of any Floating Rate Note, Variable 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 or proven error) be final and binding upon all parties.

(b) Notification

The Agent Bank will cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to the Issuing and Paying Agent, the Trustee and the Issuer not later than four business days thereafter. In the case of Floating Rate Notes, if so required by the Issuer, 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 15 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 9, 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.

5. 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 9, 10 and 11.

In the case of a purchase of some only of the Notes, the notice to Noteholders shall also contain the certificate numbers of the 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 any Variable Rate Notes to be purchased with the Issuing and Paying Agent at its specified office together with all Coupons relating to such Variable Rate Notes which mature after the date fixed for purchase, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent within the

Noteholders' VRN Purchase Option Period shown on the face hereof. Any 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 to the Issuing and Paying Agent for cancellation. 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 9, 10 and 11.

(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 any Notes to be purchased with the Issuing and Paying Agent at its specified office together with all Coupons relating to such Notes which mature after the date fixed for purchase, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent within the Noteholders' Purchase Option Period shown on the face hereof. Any Notes 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 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 9, 10 and 11.

(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 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 such Note (together with all unmatured Coupons) with the Issuing and Paying 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) within the Noteholders' Redemption Option Period shown on the face hereof. Any Note so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(ii) If, for any reason, a Change of Shareholding Event (as defined below) occurs, the Issuer will within seven days of such occurrence (the "**Transfer Date**") give notice to the Noteholders of the occurrence of such event 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 Transfer Date (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 such Note (together with all unmatured Coupons) with the Issuing and Paying 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 Transfer Date. 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 5(e)(ii), a "**Change of Shareholding Event**" occurs when Mr Koh Wee Seng (NRIC No. S6834657F), Ms Ko Lee Meng (NRIC No. S1488574I) and Ms Koh Lee Hwee (NRIC No. S1781864C) cease to own in aggregate (whether directly or indirectly) more than 50 per cent. of the issued share capital of the Issuer.

(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 5(h) below) (together with interest accrued to (but excluding) the date fixed for redemption), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 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 Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Issuing and Paying Agent a certificate signed by a duly authorised officer of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal 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 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 subsidiary be held or resold.

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

(h) Early Redemption of Zero Coupon Notes

(i) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or formula, upon redemption of such Note pursuant to Condition 5(f) or upon it becoming due and payable as provided in Condition 9, 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 5(f) or upon it becoming due and payable as provided in Condition 9 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 4(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) Redemption upon Cessation or Suspension of Trading of Shares

In the event that (i) the shares of the Issuer cease to be traded on the SGX-ST (as defined in the Trust Deed) or (ii) 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 5(i), "Effective Date" means (in the case of (i)) the date of cessation of trading or (in the case of (ii)) 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 and the Noteholders of the occurrence of the event specified in this paragraph (i) (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 such Note (together with all unmatured Coupons) with the Issuing and Paying Agent at its specified office, together with an Exercise Notice in the form obtainable from the Issuing and Paying Agent or the Issuer (as applicable) not later than 21 days after the Effective Date. Any Note so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(j) Cancellation

All Notes purchased by or on behalf of the Issuer or any of its related corporations may be surrendered for cancellation by surrendering each such Note together with all unmatured Coupons to the Issuing and Paying Agent at its specified office and, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold.

6. Payments

(a) Principal and Interest

Payments of principal and interest in respect of the Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Notes or Coupons, as the case may be, at the specified office of the Issuing and Paying Agent by a cheque drawn in the currency in which 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) 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 Noteholders or Couponholders in respect of such payments.

(c) Appointment of Agents

The Issuing and Paying Agent and its specified office are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of the Issuing and Paying Agent and to appoint additional or other Issuing and Paying Agents, provided that it will at all times maintain an Issuing and Paying Agent 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 15.

The Agency Agreement may be amended by the Issuer, the Issuing and Paying Agent 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 and the Trustee may mutually deem necessary or desirable and which does not, in the opinion of the Issuer, the Issuing and Paying Agent and the Trustee, adversely affect the interests of the holders.

(d) Unmatured Coupons

(i) Fixed Rate Notes and Hybrid Notes should be surrendered for payment together with all unmatured Coupons (if any) relating to such Notes (and, in the case of Hybrid Notes, relating to interest payable during the Fixed Rate Period), failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within 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 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) Where any Floating Rate Note, Variable Rate Note or Hybrid Note is presented for redemption without all unmatured Coupons 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.

(iv) 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 Note.

(e) 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.

(f) 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.

7. 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 withholding or deduction is required by law. In such event, the Issuer shall pay such additional amounts as will result in the receipt by the 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 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 having a permanent establishment in, Singapore);

(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; or

(c) by, or on behalf of, a holder who would be able to lawfully avoid (but has not so avoided) such deduction or withholding by making a declaration or any other statement including, but not limited to, a declaration of residence or non-residence, but fails to do so.

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 15 that, upon further presentation of the Note 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 5, "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 4 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.

8. Prescription

The Notes and Coupons shall become void unless presented for payment within five years from the appropriate Relevant Date for payment.

9. Events of Default

If any of the following events ("**Events of Default**") occurs the Trustee at its discretion may, and if so requested 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 (subject to being indemnified and/or secured and/or prefunded to its satisfaction), 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 any sum payable by it under any of the Notes (in the case of interest) within three business days of its due date and (in all other cases) when due;

(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 or any of the Notes and, if in the opinion of the Trustee that default is capable of remedy, it is not in the opinion of the Trustee remedied within 21 days next following the service by the Trustee on the Issuer of notice requiring the same to be remedied;

(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 event resulting in such non-compliance or incorrect representation, warranty or statement is capable of remedy, it is not in the opinion of the Trustee remedied within 21 days after notice of such non-compliance or incorrect representation, warranty or statement shall have been given by the Trustee to the Issuer;

(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

(ii) the Issuer or any of its subsidiaries fails to pay when due or expressed to be due, any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised;

provided however that no Event of Default will occur under this paragraph (d) unless and until the aggregate amount of the indebtedness in respect of which one or more of the events mentioned above in this paragraph (d) has/have occurred equals or exceeds S$5,000,000 or its equivalent in other currency or currencies;

(e) the Issuer or any of its Principal 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 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 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 a material part of (or of a particular type of) the indebtedness of the Issuer or any of its Principal Subsidiaries;

(f) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or a material part of the property, assets or revenues of the Issuer or any of its Principal Subsidiaries and is not discharged or stayed within 30 days;

(g) any security on or over the whole or any material part of the assets of the Issuer or any of its Principal Subsidiaries 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, amalgamation, reconstruction, reorganisation, merger, consolidation or dissolution of the Issuer or any of its Principal Subsidiaries (except (i) for a reconstruction, amalgamation, merger, consolidation or reorganisation on terms approved by an Extraordinary Resolution of the Noteholders, (ii) in the case of a Principal Subsidiary only, where such winding-up does not involve insolvency and results in such Principal Subsidiary being able to pay all of its creditors in full or (iii) in the case of a Principal Subsidiary only, where such reconstruction, amalgamation, merger, consolidation or reorganisation is not likely to have a material adverse effect on the Issuer and does not include insolvency) or for the appointment of a liquidator (including a provisional liquidator), receiver, manager, judicial manager, trustee, administrator, agent or similar officer of the Issuer or any of its subsidiaries or over the whole or a material part of the assets of the Issuer or any of its Principal Subsidiaries;

(i) (i) the Issuer ceases or threatens to cease to carry on all or any material part of its business or (ii) any of its Principal Subsidiaries ceases or threatens to cease to carry on all or any part of its business and such event is likely to have a material adverse effect on the Issuer;

(j) any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Issuer or any of its Principal Subsidiaries;

(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 14.3 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 payment or other material 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 (i) those of a frivolous or vexatious nature or (ii) those being contested in good faith by appropriate proceedings) against the Issuer or any of its Principal Subsidiaries is current or pending (1) 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 (2) 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 Principal 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:

(A) "**Principal Subsidiaries**" means:

(aa) World Class Land Pte Ltd; or

(bb) any subsidiary of the Issuer:

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

(II) whose net profits after tax, as shown by the accounts of such subsidiary (consolidated in the case of a subsidiary 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 consolidated net profits after 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 a substantial part of its business, undertaking or assets to another subsidiary or the Issuer (the "**transferee**") then:

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

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

Any subsidiary which becomes a Principal Subsidiary by virtue of (AA) above or which remains or becomes a Principal Subsidiary by virtue of (BB) above shall continue to be a Principal Subsidiary until the date of issue of the first audited consolidated accounts of the Group prepared as at a date later than the date of the relevant transfer which show the total assets or (as the case may be) net profits after tax of the relevant subsidiary as shown by the accounts of such subsidiary (consolidated in the case of a subsidiary 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 or (as the case may be) net profits after 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 Subsidiary shall, in the absence of manifest error, be conclusive; and

(B) "**subsidiary**" has the meaning ascribed to it in the Trust Deed.

10. Enforcement of Rights

At any time after the Notes shall have become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce repayment of the Notes, together with accrued interest, but it shall not be bound to take any such proceedings unless (a) it shall have been so 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.

11. 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 10 per cent. 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 or these Conditions which in the opinion of the Trustee is of a formal, minor or technical nature, is made to correct a manifest or proven error or to comply with mandatory provisions of Singapore law or is required by Euroclear, Clearstream, Luxembourg, 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 or these Conditions 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, authorisation or waiver 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.

12. Replacement of Notes and Coupons

If a Note or Coupon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Issuing and Paying Agent, or at the specified office of such other Issuing and Paying Agent 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 15, on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, undertaking, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note or Coupon 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 or Coupon) and otherwise as the Issuer may require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

13. 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.

14. 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 unless indemnified and/or secured 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.

15. Notices

Notices to the holders 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 in accordance with this Condition 15.

Until such time as any Definitive Notes are issued, there may, so long as the Global Note(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 previous paragraph. Any such notice shall be deemed to have been given to the Noteholders on the seventh day after the day on which the said notice was given to 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. Whilst the Notes are represented by a Global Note, such notice may be given by any Noteholder to the Issuing and Paying Agent through Euroclear, Clearstream, Luxembourg and/or the Depository in such manner as the Issuing and Paying Agent 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 when received at such addresses.

16. Governing Law and Jurisdiction

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

(b) The courts of Singapore are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes or Coupons and accordingly any legal action or proceedings arising out of or in connection with any Notes or Coupons may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.

17. 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
DBS Bank Ltd.
60 Alexandra Terrace
The Comtech #05-27
Singapore 118502

DESCRIPTION OF THE ISSUER

1. OVERVIEW

The Issuer was incorporated in Singapore on 12 November 1970 under the Companies Act under the name of "Lee Hwa Goldsmiths & Jewellers (Private) Limited". The Issuer was then engaged in the manufacturing and retail of jewellery. In June 1999, the Issuer was listed on the SGX-ST. In 2001, the Issuer diversified into the property development business. With effect from 12 April 2001, the Issuer changed its name to "Aspial Corporation Limited". In 2009, the Issuer further ventured into the financial service business.

The Issuer is an investment holding company that operates through its subsidiaries and has three core businesses, namely property development, jewellery and financial service. As at the Latest Practicable Date, the Issuer has a market capitalisation of approximately S$668 million.

1.1 Property Development Business

The Issuer, through World Class Land Pte Ltd ("**WCL**"), is a property developer with a strong focus on the mass-market segment. The Issuer is involved in commercial, residential and commercial-cum-residential projects in good locations in Singapore (such as locations within close proximity to public amenities, educational centres, shopping malls, Mass Rapid Transit ("**MRT**") stations and public transportation hubs).

Since the commencement of its property development business in 2001, the Issuer has successfully launched and completed more than 25 property projects in Singapore.

1.2 Jewellery Business

Since the incorporation of the Issuer in 1970, the Issuer has expanded from being a retailer of traditional gold jewellery to a retailer of contemporary gold, diamond and gem-set jewellery. The Issuer's jewellery business is carried out by Aspial-Lee Hwa Jewellery Singapore Pte. Ltd. ("**ALH**"), a wholly-owned subsidiary of the Issuer. ALH is a vertically-integrated retailer of contemporary jewellery with in-house design, manufacturing and retailing capabilities. ALH is also a leading jewellery retailer in Singapore with a brand portfolio that consists of four established jewellery brands, namely "Aspial" ("**Aspial**"), "Lee Hwa Jewellery" ("**Lee Hwa**"), "Goldheart Jewelry" ("**Goldheart**") and "CITIGEMS" ("**CITIGEMS**"). As at the Latest Practicable Date, the Issuer has a network of 67 jewellery retail stores across Singapore and one retail store in Ho Chi Minh City, Vietnam.

1.3 Financial Service Business

The Issuer offers financial services through Maxi-Cash Financial Services Corporation Ltd. ("**Maxi-Cash**") in the form of pawnbroking and the retail and trading of pre-owned jewellery and watches through pawnshops and retail outlets in 30 locations in Singapore. The financial service business is carried out by Maxi-Cash through its three subsidiaries:

- Maxi-Cash Group Pte. Ltd. ("**Maxi-Cash Group**"), which owns 12 subsidiaries that in turn operate the pawnshops;

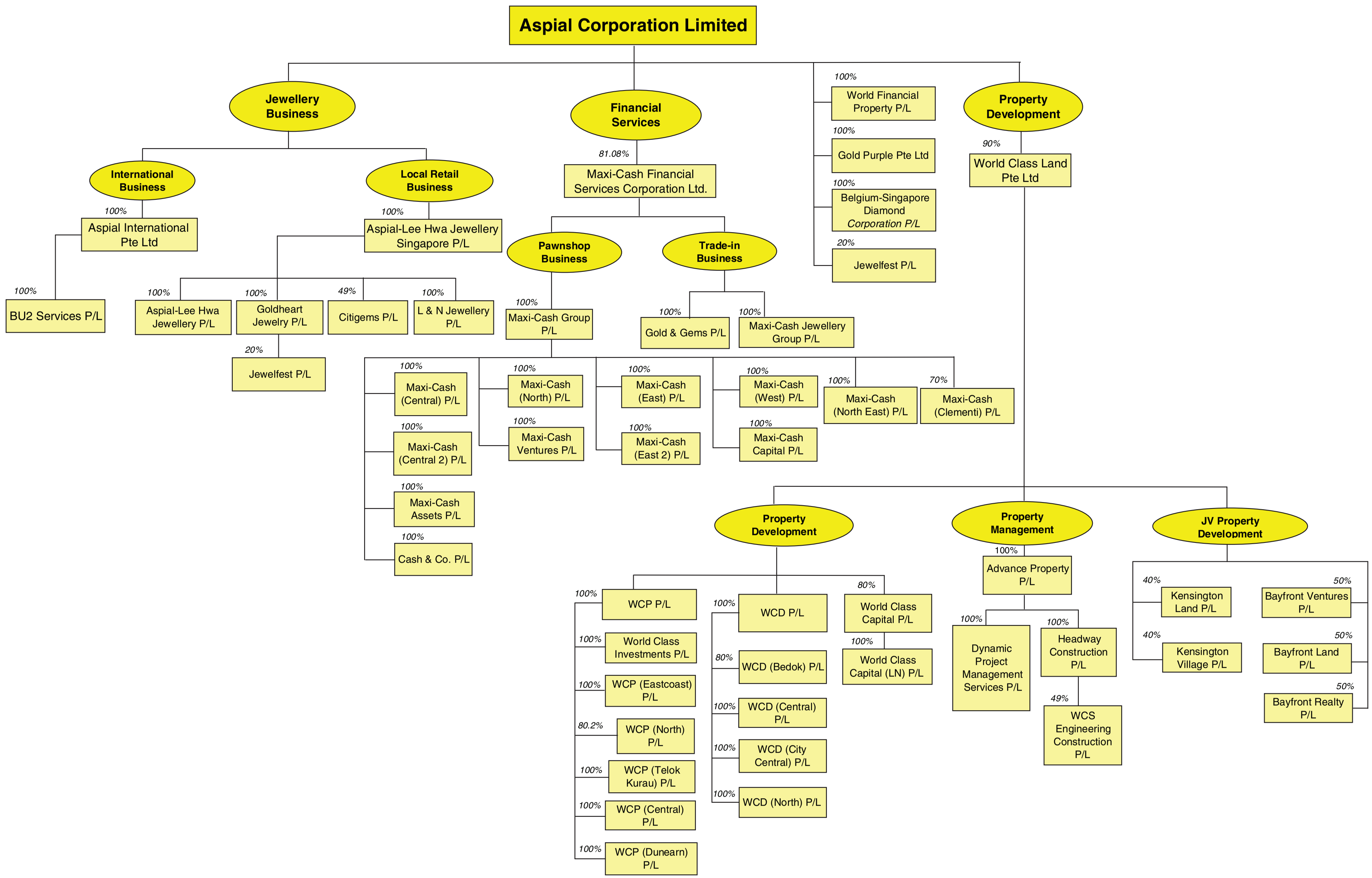
- Gold n Gems Pte. Ltd. ("**Gold n Gems**"), which carries out the retail and trading of pre-owned jewellery and watches; and

- Maxi-Cash Jewellery Group Pte. Ltd. ("**Maxi-Cash Jewellery Group**"), which manages the inventory of pre-owned jewellery and watches and carries out the trading of pre-owned jewellery and watches.

The Issuer provides pawnbroking services to consumers via a modern, professional and customer-centric store concept to meet their financial needs. It also strives to provide customers with a "bank-like" pawning experience where trust, transparency and reliability are the basic hallmarks of its services.

The Group believes that its diversified revenue streams from its various business segments allow it to be less affected by adverse changes in market conditions affecting any single business segment.

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



Notes:
(1) "P/L" stands for "Pte. Ltd."
(2) "WCP" stands for "World Class Property"
(3) "WCD" stands for "World Class Developments"

2. PROPERTY DEVELOPMENT BUSINESS

2.1 Overview

The Issuer is involved in commercial, residential and commercial-cum-residential projects in good locations in Singapore (such as locations within close proximity to public amenities, educational centres, shopping malls, MRT stations and public transportation hubs). The property development business of the Issuer is conducted through subsidiaries such as World Class Capital Pte. Ltd., World Class Property Pte. Ltd. and World Class Developments Pte. Ltd.

Since the commencement of its property development business in 2001, the Issuer has successfully launched and completed more than 25 property projects in Singapore. The Issuer is currently inclined towards developing commercial, residential and commercial-cum-residential projects as it expects more growth potential for such property development projects.

2.2 General Business Developments in FY2012

The property development business of the Group performed well in 2012. Despite the various cooling measures introduced by the government of Singapore (the "**Government**"), the Group managed to sell a record number of 1,056 commercial and residential units in 2012.

The property development business continues to grow and contribute strongly to the Group's revenue and profitability. The Group's focus for the last few years has been on larger development projects through en-bloc acquisitions and government land sales. These larger development projects have yielded positive results and provided continual growth for its property development business.

The Group's larger projects have started to contribute significantly to its revenue and profit in FY2012. In FY2012, the Group booked its revenue based on the progress of the construction of its projects at East Village, Cardiff Residence and 8 Bassein. Revenue and profit from the Parc Rosewood project has also been accounted for through the Group's share of results of the Group's associate company, Kensington Land Pte. Ltd.

In 2012, the Group has also obtained TOP for and recorded final recognition of sales from the following projects: Heritage East, Espira Suites, Palmera East, SOHO Life, Onan Suites, 13 Sempadan and Cavan Suites.

In addition, the Group acquired four plots of land for redevelopment in 2012, namely Tai Keng Court, Keypoint, Tanah Merah Kechil Link and Jalan Jurong Kechil. The first three plots were purchased through joint ventures with Fragrance Group Limited ("**Fragrance Group**"). Urban Vista, the Group's development project on the Tanah Merah Kechil Link, was launched in early 2013 and the Group intends to launch the remaining three projects in the later part of 2013.

The Group's revenue from its property development business grew by 10.5% from S$177.5 million in FY2011 to S$196.2 million in FY2012. The substantial growth in revenue was attributable to the progress recognition of revenue from East Village, Cardiff Residence and 8 Bassein and final recognition of sales from Heritage East, Espira Suites, Palmera East, SOHO Life/Onan Suites, 13 Sempadan and Cavan Suites. Given the healthy margin from these projects and the contribution from the Group's Parc Rosewood project, the Group's pre-tax profits improved sharply from S$49.2 million to S$73.0 million in FY2012, an increase of 48.4% or S$23.8 million as compared to FY2011.

Going forward, the property market is expected to remain fairly stable, even though the recent round of property cooling measures in January 2013 which introduced higher additional buyer stamp duty, lower loan-to-value ("**LTV**") ratio and higher minimum cash down payment are expected to lead to weaker sentiments in the interim in the private residential market. According to the real estate statistics released by the Urban Redevelopment Authority (the "**URA**"), the overall prices of private residential property increased by 0.6% in 1Q2013, reflecting a moderation in the 1.8% price growth recorded in 4Q2012.

Barring any further property cooling measures or any other unforeseen circumstances, the Group does not expect a substantial decline in prices as long as the global and Singapore economies remain positive and interest rates stay low. The Group's sales have remained strong in 1Q2013.

2.3 Strategy

The Issuer, through WCL, is a property developer with a strong focus on the mass-market segment. The Issuer is involved in commercial, residential and mixed property development projects. The key strategy of the Issuer is to purchase land or property at good locations in Singapore (such as locations within close proximity to public amenities, educational centres, shopping malls, MRT stations and public transportation hubs), with good potential for further development.

The Issuer intends to focus more on commercial and residential property development projects since it expects continued interest in these property segments. In particular, the Issuer has recently been involved in mixed property development projects (comprising office and/or retail and/or residential units), for instance, the acquisitions of Keypoint and Tai Keng Court through joint-ventures with Fragrance Group.

The property development projects of the Issuer have thus far achieved high saleability as the developments are typically in good locations in Singapore. In addition, superior design and planning with regard to the overall architectural design and layout of its projects and the efficient space utilisation of the individual units increase the value of the projects due to the greater appeal of such projects to customers.

Moreover, the Issuer seeks to launch, sell and complete its projects within reasonably short timeframes to reduce the risk of market volatility and price corrections, and has thus far been successful in doing so.

With a primary focus on the commercial and residential market and in order to cater to current market demands, the Issuer plans to redevelop its recent acquisitions, Keypoint and Tai Keng Court, into integrated developments comprising retail shops as well as office and residential units.

In addition to developing projects through its subsidiaries, the Issuer, through WCL, may also enter into joint ventures to form special purpose companies, which would in turn bid for the properties on sale in Singapore.

2.4 Completed Projects

The Issuer has enjoyed success in its past property development projects. To date, more than 25 property development projects of the Issuer have received TOP. These projects include commercial shops and offices, residential condominiums and apartments as well as landed property.

The majority of the Issuer's property projects have been well-received, and the time taken to sell a substantial proportion of the units in its projects has usually been less than six months from their launch date. All of the Group's property development projects have thus far been profitable.

2.5 Projects under Development

In November 2012, World Class Developments (North) Pte. Ltd. ("**WCD**"), a subsidiary of the Issuer, was awarded the land parcel at Jalan Jurong Kechil by the URA for S$73.8 million. The land has a site area of 10,170.8 square metres ("**sq m**"), with a maximum permissible gross floor area of 14,239 sq m, and is zoned as "Residential". The Group will explore various development options, including a condominium or retirement housing.

In August 2012, WCL in a joint venture with Fragrance Group was awarded the land parcel at Tanah Merah Kechil Link by the URA. The land has a leasehold tenure of 99 years, has a land area of approximately 13,999 sq m, and is zoned as "Residential". In conjunction therewith, the Group announced the incorporation of a special purpose company – Bayfront Realty Pte. Ltd. – to undertake the property development project Urban Vista. Fragrance Group and WCL each own a 50% share in the special purpose company. Fragrance Group and WCL had submitted a joint bid for approximately S$285.2 million for the land parcel and emerged as the top tenderer. Urban Vista is a residential condominium housing development comprising five blocks of 14-storey, four blocks of 15-storey and two blocks of 16-storey residential buildings, one level of basement and one mezzanine floor of car-park, three levels of multi-storey car-park, three shops, a clubhouse, swimming pools and communal facilities. It comprises 582 units, ranging from 1- to 4-bedroom suites, SOHO units, apartments, dual-key units, garden homes to penthouses.

In April 2012, WCL acquired Keypoint through a joint venture with Fragrance Group. On 24 April 2012, the incorporation of a special purpose company – Bayfront Ventures Pte. Ltd. ("**Bayfront Ventures**") – was announced in conjunction with the joint venture's acquisition of Keypoint. Fragrance Group and WCL each own a 50% share in the special purpose company. Bayfront Ventures entered into a sale and purchase agreement with British and Malayan Trustees Limited, the trustee of Frasers Commercial Trust, to acquire Keypoint at a purchase consideration of S$360 million. Keypoint is a 25-storey commercial development located at the junction of Beach Road and Jalan Sultan. It comprises a three-storey podium, a 22-storey office tower and a four-storey car park containing 227 car park lots. The sale and purchase agreement covers all units together with plant and equipment. Keypoint has a leasehold tenure of 99 years commencing 6 January 1976, and comes with a land area of 7,268.9 sq m. The site is zoned as "Commercial", and can potentially yield a gross floor area of approximately 391,120 square feet ("**sq ft**"). The costs of the acquisition and development were funded internally by Fragrance Group and WCL, and through bank borrowings. The acquisition was completed on 28 September 2012.

On 27 March 2012, the Issuer announced that it had through its subsidiary, World Class Developments (Bedok) Pte. Ltd., launched a new freehold integrated retail and residential project, East Village, at the junction of Bedok and Upper Changi Road. East Village is expected to be a landmark freehold development offering 108 commercial and 90 residential units with a prominent and spectacular shop frontage which is over 500 feet long, strategically straddling a busy junction. East Village is to be the new trendy leisure and lifestyle hotspot with an emphasis on food and beverage and retail, including a supermarket to meet daily grocery and household needs. Since its preview on 24 March 2012, East Village has received excellent response and more than 98% of the units launched have since been sold.

On 22 March 2012, WCL also teamed up with Fragrance Group for the intended collective purchase of all units of Tai Keng Court – a freehold property with a land area of approximately 9,643.2 sq m and zoned as "Commercial and Residential", with a plot ratio of 1.4 and which can potentially yield a gross floor area of approximately 145,319 sq ft. In conjunction with the joint venture, WCL and Fragrance Group incorporated a special purpose company – Kensington Village Pte. Ltd. ("**Kensington Village**"). Kensington Village purchased Tai Keng Court at a purchase consideration of S$161.1 million. Kensington Village is 40% owned by WCL and 60% owned by Fragrance Group.

In addition, in November 2011, the Issuer through WCL launched the 163-unit Cardiff Residence condominium project, which has been fully sold. The Issuer also launched the 689-unit Parc Rosewood condominium in January 2012 and the 74-unit 8 Bassein condominium in late April 2012, and the units of both developments have also been fully sold.

The table below provides an overview of the Issuer's latest property development projects:

Project	Type	Total Units	Launch Date	Units Launched	% Sold Based on Units Launched	Expected TOP
Cardiff Residence	Residential	163	4Q2011	163	100%	2H2013
Parc Rosewood	Residential	689	1Q2012	689	100%	2H2013
East Village	Retail	108	1Q2012	100	98%	2H2013
East Village	Residential	90	1Q2012	90	100%	2H2013
8 Bassein	Residential	74	2Q2012	74	100%	2H2014
Urban Vista	Residential	582	1Q2013	500	87%	1H2015

In addition, the Group is planning to launch the following projects in 2013:

Project / Location	Tenure	Proposed Development	Purchase Price	Land Area (sq m)	Potential GFA (sq ft)	Group's Interest
Jalan Jurong Kechil	60-year leasehold	Residential	S$74 million	109,478	153,269	100%
Keypoint	99-year leasehold	Residential & Commercial	S$360 million	78,242	391,120	50%
Tai Keng Court	Freehold	Residential & Commercial	S$161 million	103,799	145,319	40%

At current market prices, the Group expects to make substantial profits from its development projects due to the healthy margin of these projects. The property development business is expected to contribute substantial revenue and profits to the Group in 2013 and 2014 for the following reasons:

(a) based on the units sold in its property development projects as at 8 May 2013, the Group has locked in total revenue of more than S$480 million which will be progressively recognised in accordance with the stage of construction; and

(b) at current market prices, the potential sales revenue from the upcoming projects and attributable to the Group is estimated to be in excess of S$1 billion. Based on current prices, the Group is expected to enjoy a healthy profit margin from the potential sales revenue for these projects.

3. JEWELLERY BUSINESS

3.1 Overview

The Issuer's jewellery business is carried out by ALH. ALH is a vertically-integrated retailer of contemporary jewellery with in-house design, manufacturing and retailing capabilities.

ALH is also a leading jewellery retailer in Singapore with a brand portfolio that consists of four established jewellery brands, namely Aspial, Lee Hwa, Goldheart and CITIGEMS. As at the Latest Practicable Date, the Issuer has a network of 67 jewellery retail stores across Singapore and one retail store in Ho Chi Minh City, Vietnam. Of the number of retail stores in Singapore, two are under Aspial, 19 under Lee Hwa, 27 under Goldheart and 19 under CITIGEMS.

For FY2012, the Group generated S$163.3 million in revenue and S$2.8 million in pre-tax profit from its jewellery business.

3.2 General Business Developments in FY2012

The Issuer's brand portfolio strategy of having its four key jewellery brands, namely Aspial, Lee Hwa, Goldheart and CITIGEMS, to target different market segments enables it to focus on fulfilling customers' preferences such as merchandise and price range more effectively.

In 2012, the Group introduced a wide range of new product lines for gold jewellery which received favourable response from its customers. As part of its ongoing efforts to consolidate its store network, the Group closed eight stores and added two new stores in 2012, resulting in a net reduction of six stores. Despite the fewer number of stores in 2012, the Group was able to improve its store efficiency and achieve higher sales. As a result its revenue increased by 2.7% from $159.0 million in 2011 to $163.3 million in 2012.

The Group is cautiously optimistic that consumer sentiments will remain positive in 2013 as the Singapore economy is expected to grow, albeit at a slower rate.

3.3 Strategy

The Issuer, through ALH, is one of the few local jewellers with vertically-integrated, end-to-end operations including in-house designing, manufacturing and retailing capabilities.

ALH has its own in-house design team and the majority of the jewellery sold by ALH is designed by its own designers. The designs are in line with current fashion and jewellery trends with wide market appeal to suit the tastes and preferences of each target market. In addition to having its own in-house designers, ALH also teams up with international designers and celebrities in designing special lines of jewellery for its customers.

Supplementing the in-house designed collections, the Issuer, through ALH, purchases jewellery collections from overseas (for example, Italy and Hong Kong). These internationally purchased pieces are mostly contemporary designs that have been meticulously selected so as to provide customers with the widest and latest choices from the international jewellery market.

The Issuer, through ALH, manufactures its jewellery through sub-contracting arrangements in countries such as China and India. Outsourcing of production to reliable sub-contractors ensures that production costs are kept low. At the same time, stringent quality control procedures are in place to ensure that the quality of the finished product is consistently maintained at international standards.

The control over the entire supply chain enables the Issuer to create value through original and innovative designs which are registered for intellectual property protection, to reduce cost price through bulk purchase of diamonds directly from diamond cutters instead of wholesalers, to lower costs of production through sub-contracting to low-cost countries and at the same time to maintain a high level of quality control through its quality control team. The Issuer also achieves greater economies of scale through the sharing of operational costs incurred on, for instance, management of retail shops, information technology and human resources.

The Issuer's strategy is to build strong brand equity through effective marketing campaigns. The marketing function of ALH is performed by a team of experienced and savvy marketing personnel who are well-versed in brand-building, creative advertising and promotional campaigns. Over the last few years, the Issuer, through ALH, has successfully raised the visibility and recognition of its brands significantly through the creative use of print media such as the press and magazines, TV advertising, internet advertising, public relations coverage, celebrity endorsement and sponsorship of key programmes and events.

ALH spends close to S$7.0 million (approximately 4% to 5% of the jewellery business' revenue) on brand-building, advertising and promotions every year. These marketing efforts increase the equity value and positive perception of its brands and strengthen the relationship between consumers and its brands, which in turn translate to greater sales and profitability for the Group.

Further, ALH strives to make the shopping experience at its retail stores an unforgettable and satisfying one. Customers are introduced to a wide variety of quality products by trained and courteous staff whose objective is to provide sincere, helpful and knowledgeable service to customers. The following service awards garnered over the years are a testament of the Issuer's success in providing quality service to its customers:

(a) Aspial Corporation Limited

- Singapore 1000 – Sales Turnover Growth Excellence Awards by Industry (Retail) – Award recipient, 20th Annual Singapore and SME 500 Awards.

(b) Lee Hwa

- Tourism Host of the Year – Retail – Winner 2002, 2003 and 2006;
- Tourism Awards, Best Shopping Experience (Specialty Store) – Winner 2004, finalist 2005 and 2006;
- Excellent Service Award – Winner 2002, 2003, 2004, 2005 and 2006;
- Singapore Promising Brand Awards – Winner 2004 and 2005;
- Young Retail Executive of the Year – Finalist 2002 and 2003;
- Reader's Digest Trusted Brand Gold Award (Jewellery Category) – Winner 2005, 2006 and 2007; and
- New York Festival, Advertising and Marketing Effectiveness Award (International) – Finalist Winner for 2003.

(c) Goldheart

- Tourism Awards, Best Shopping Experience (Specialty Store) – Winner 2006;
- Singapore Prestige Brand Award, Established Brands – Winner 2007; and
- Singapore Promising Brand Awards – Winner 2006.

(d) CITIGEMS

- Singapore Experience Awards, Best Customer Service (Retail Category) – Winner 2009.

ALH adopts a multi-brand portfolio strategy in its business to ensure that the Group is represented in various market segments. In a market segmented by customer needs and average transaction price, each of the brands target a different market segment: the Aspial brand targets the "luxury" segment, Lee Hwa, the "mass luxury" segment, Goldheart, the "mainstream" segment, and CITIGEMS, the "value" segment.

Aspial ("Luxury" Segment)

Aspial is a premium brand of fine contemporary jewellery that offers distinctively unique designs. A leader in innovation, Aspial appeals to the sophisticated, affluent and discerning woman who appreciates the finer things in life.

As at the Latest Practicable Date, there are only three exclusive Aspial boutiques, two in Changi International Airport Terminals 1 and 3 and one in Ho Chi Minh City, Vietnam.

Lee Hwa ("Mass Luxury" Segment)

Lee Hwa is a contemporary fine jeweller whose unique jewellery creations are based on trends and inspirations from the fashion runways every season. A staunch believer in innovation, Lee Hwa introduced the world's first 19K solid Purple Gold™ in 2000. It was also the first to introduce and popularise white gold – positioning it as a lifestyle product to appeal to the fashion savvy modern woman.

The Issuer remains the first and only publicly listed jeweller in Singapore. At the forefront of design, quality and service, Lee Hwa exemplifies leadership in fine jewellery retail. It brings innovation and refreshing creativity to its products through collaborations with leading creative luminaries such as Toshiyuki Kita, Dick Lee and Ashley Isham. The "Ashley Isham Showcase" (which featured a range of designs from Ashley Isham's Spring/Summer 2009, Autumn/Winter 2009/2010 collection and a bridal collection), was presented by Lee Hwa and Ashley Isham at the iconic Tent@Orchard, Ngee Ann City, as part of the Audi Fashion Festival 2009.

Its market-leading innovative design philosophy has led to its position as the official Singapore licensee of Forevermark, a diamond brand from the De Beers group of companies. Forevermark diamonds come with a promise above and beyond the 4Cs – a promise of quality and integrity. Responsibly sourced and meeting the highest standards of business, social and environmental integrity from source through to sale, less than one per cent. of the world's diamonds are eligible to become a Forevermark diamond. Each diamond is inscribed with the Forevermark icon and a unique identification number.

In addition, Lee Hwa also acts as the exclusive distributors of world-renowned international brands such as Destinée from Belgium, Furrer-Jacot from Switzerland, Annamaria Cammilli from Italy and Stenzhorn from Germany.

With extensive international exposure, having participated in London Fashion Week 2009 and being the Official Jeweller of Audi Fashion Festival 2009 and Singapore Fashion Festival 2007 and 2008, Lee Hwa has also come onboard as title sponsor of BLUEPRINT 2011 and 2012 – further helping to enhance the Singapore fashion landscape.

Goldheart ("Mainstream" Segment)

In February 2006, ALH acquired Goldheart Jewelry Pte. Ltd. for S$14.2 million. Established in 1974 in Singapore, Goldheart is a contemporary jewellery brand well-known for its position and strength in the romance segment of the market. It is one of the preferred jewellery brands in Singapore for couples.

Goldheart is the first jeweller to promote and popularise platinum wedding bands in the 90s. Over the years, Goldheart has built strong brand equity and imagery as an innovative jeweller serving the romance and wedding segment of the jewellery market. Since the acquisition, Goldheart has launched new, exclusive merchandise such as Celestial® diamonds (the world's first 73-facet starburst diamond), Ascenté diamonds, Cult Collection under K Di Kuore and the MODE collection (a collection of white, rose and yellow gold targeted at the modern and stylish woman).

CITIGEMS ("Value" Segment)

A joint venture between ALH and Belgium's AMC Diamonds (a global premier diamond company), the brand "CITIGEMS" was formed in November 2004 to cater to a wider group of consumers and increase the Issuer's penetration of the jewellery market.

CITIGEMS is recognised as a trendy, fashionable, modern brand, appealing to the 25 to 35 year-old age group. The brand holds strong appeal to the modern woman who desires trendy and fashionable jewellery designs with an innovative twist, at affordable prices.

3.4 Overview of Jewellery Industry in Singapore

The jewellery industry in Singapore can be broadly split into two key markets: the traditional gold jewellery market versus the contemporary jewellery market. Due to changing trends, jewellery is now more of a fashion accessory that makes a statement about a woman's individuality, rather than a luxury item meant only to be worn on special occasions.

In line with these changing trends, designs of jewellery are more contemporary, bolder and more expressive and are increasingly tied to fashion trends so as to complement the lifestyle and wardrobe of the modern woman.

3.5 Market Share and Competition

There are approximately 400 jewellery retailers in Singapore and the Issuer is the largest jewellery retailer in Singapore with its portfolio of well-known brands – Aspial, Lee Hwa, Goldheart and CITIGEMS – and its network of 67 retail stores across Singapore and one retail store in Ho Chi Minh City, Vietnam.

4. FINANCIAL SERVICE BUSINESS

4.1 Overview

The Issuer carries out its financial service business through Maxi-Cash, which was incorporated in Singapore under the Companies Act as a private company limited by shares wholly-owned by the Issuer under the name "World Class Financial Services Pte. Ltd." on 10 April 2008, which was changed to "Maxi-Cash Financial Services Corporation Pte. Ltd." on 3 May 2011. On 8 November 2011, the Issuer announced its intention to explore a possible restructuring of its businesses, in particular, its financial service business, and consider the feasibility of listing its financial service business on the Catalist Board of the SGX-ST ("**Catalist**"). On 24 November 2011, the Issuer announced that the SGX-ST had no objection to the proposed listing of its financial service business on Catalist. On 13 April 2012, Maxi-Cash Financial Services Corporation Pte. Ltd. was converted into a public company limited by shares and its name was changed to "Maxi-Cash Financial Services Corporation Ltd.". On 22 June 2012, Maxi-Cash was listed on Catalist.

The history of the Issuer's financial service business can be traced back to April 2008 when Maxi-Cash was incorporated. Upon receiving the relevant pawnbroker's licence from the Registry of Pawnbrokers, its first pawnshop was started in February 2009 under Maxi-Cash North in Ang Mo Kio Central with financial support from the Issuer. In August 2009, the Issuer opened its first-ever pawnshop in Orchard Road. Another nine more pawnshops were added throughout the year. In 2010, the Issuer further expanded its financial service business by setting up another six pawnshops.

Complementing its pawnbroking business is its retail and trading of pre-owned jewellery and watches business, carried on through Gold n Gems and Maxi-Cash Jewellery Group, which commenced operations together with the pawnbroking business in February 2009.

As at the Latest Practicable Date, Maxi-Cash has pawnshops and retail outlets in 30 strategic locations in Singapore, further cementing its leadership position in the pawnbroking industry, supported by a staff strength of approximately 199 personnel.

The Issuer believes that as the leader and innovator in the pawnbroking industry, its modern, professional and friendly store concept has been well-received by consumers in Singapore. The Group's revenue from its financial service business increased from S$87.8 million in FY2011 to S$100.5 million in FY2012.

The financial service business of the Issuer is carried out by Maxi-Cash through its three subsidiaries:

- Maxi-Cash Group, which owns 12 subsidiaries that in turn operate the pawnshops;

- Gold n Gems, which carries out the retail and trading of pre-owned jewellery and watches; and

- Maxi-Cash Jewellery Group, which manages the inventory of pre-owned jewellery and watches and carries out the trading of pre-owned jewellery and watches.

The Group provides pawnbroking services to consumers via a modern, professional and customer-centric store concept to meet their financial needs. It also strives to provide customers with a "bank-like" pawning experience where trust, transparency and reliability are the basic hallmarks of its services.

(a) Pawnbroking

Pawnbroking, carried out by Maxi-Cash Group and its subsidiaries, is essentially a form of collateralised micro-loan and is an activity regulated by and licensed under the Pawnbrokers Act (Chapter 222 of Singapore) (the "**Pawnbrokers Act**").

As licensed pawnbrokers, the Issuer's financial service business provides customers with convenient and quick access to short-term finance with a redemption period of six months (or in the case of a pledge for a sum exceeding S$50, such longer period as may be agreed upon at the time of pawning).

Its customers are walk-in individuals who pledge personal articles with its pawnshops. As collateral for the loans extended, jewellery such as yellow gold, white gold, diamond jewellery and branded timepieces are typically accepted.

The rate of interest that can be charged on the loans is regulated by the Pawnbrokers Act.

Each personal article pawned is redeemable for a period of not more than six months unless it is a pledge exceeding S$50, in which case it would redeemable within such longer term as may have been specially agreed upon at the time of pawning or until the pledge pawned is disposed of in accordance with the Pawnbrokers Act. After the redemption period, all unredeemed pledged articles which exceed S$50 in pawn amount will be put up for public auction, typically within the second or third week of the month following the expiration of the Redemption Period, in accordance with the yearly auction schedule set by the Registry of Pawnbrokers. Auction sales are a monthly affair and are conducted by licensed auctioneers appointed by the Registrar of Pawnbrokers in strict compliance with the Pawnbrokers Act.

(b) Retail and Trading of Pre-Owned Jewellery and Watches

The Issuer acquires pre-owned jewellery and watches through Gold n Gems and Maxi-Cash Jewellery Group from two sources:

(i) walk-in individuals who sell their personal articles at the Group's retail outlets and secondhand traders/dealers; and

(ii) unredeemed pledged articles (mainly jewellery and watches) from the subsidiaries of Maxi-Cash Group which operate its pawnbroking business. All unredeemed pledged articles are required under the Pawnbrokers Act to be auctioned off by licensed auctioneers. At the auctions, Maxi-Cash is allowed to bid for the unredeemed pledged articles. In addition, in the event that there is no bid for a pledged article, the said pledged article will belong to the respective Maxi-Cash Group's subsidiary.

The pre-owned jewellery and watches from the above sources are sold in Maxi-Cash's retail outlets. Its customers are walk-in individuals who purchase pre-owned jewellery and watches from its retail outlets.

The pre-owned jewellery and watches are also sold to jewellery, precious metals and watch traders/dealers.

The Group has obtained exemption under the Secondhand Goods Dealers Exemption Order from having to obtain any licences under the Secondhand Goods Dealers Act (Chapter 288A of Singapore) (the "**Secondhand Goods Dealers Act**").

4.2 General Business Developments in FY2012

The Group's financial service business delivered another year of stellar growth in 2012. Its "Maxi-Cash" brand is well-recognised as the leader and innovator in the pawnbroking industry. The recent initial public offering of the Group's subsidiary, Maxi-Cash, has further boosted the "Maxi-Cash" brand equity.

As at the Latest Practicable Date, Maxi-Cash has pawnshops and retail outlets in 30 strategic locations in Singapore. Six new shops were added in 2012. By having the largest network of pawnshops in Singapore, the Group, through Maxi-Cash, continues to strengthen its leadership position in the market. In FY2012, Maxi-Cash achieved another year of record loans to its customers. It also recorded higher revenue from the retail and trading of pre-owned jewellery and watches at its retail outlets. In addition, Maxi-Cash achieved a key milestone with its revenue from this business segment crossing the S$100 million mark for the first time. Its revenue increased by 14.5% from S$87.8 million in FY2011 to S$100.5 million in FY2012. Following Maxi-Cash's first full-year profit achieved in FY2011, it continued to record better results in FY2012. Maxi-Cash's pre-tax profit increased by 40.0% to S$4.9 million in FY2012 as compared to S$3.5 million in FY2011 notwithstanding a one-time initial public offering expense and substantial costs incurred for the setting up of new retail outlets in FY2012.

4.3 Strategy

The Issuer plans to develop and expand the business operations of its financial service business in Singapore by increasing the number of pawnshops and/or retail outlets, in particular, in locations where Maxi-Cash is not well represented. In order to optimise the expansion, it carefully assesses potential markets by analysing demographic, competitive and regulatory factors, site selection and growth potential. The Issuer's strategy for expansion includes providing higher accessibility to customers as well as leveraging on its expertise and presence. It has increased the number of its shop locations from 11 in 2009 when it first commenced business to 30 as at the Latest Practicable Date.

The entire net proceeds of the listing of Maxi-Cash was utilised to fund the expansion of Maxi-Cash business operations.

The Issuer believes that a key factor in the future growth of its financial service business is consumer recognition and loyalty towards the "Maxi-Cash" brand. The Issuer intends to strengthen its "Maxi-Cash" brand name and maintain its brand leadership (in terms of number of shops in Singapore) so as to further distinguish Maxi-Cash from its competitors. It intends to achieve this through its branding and marketing strategies, which include brand management and positioning, advertising and promotional activities to highlight its modern, professional and customer-centric store concept, providing customers with a "bank-like" pawning experience where trust, transparency and reliability are the basic hallmarks of its services.

The Issuer believes that in order to keep up with the rapid changes in market trends and consumer preferences, it needs to carry a wider range of pre-owned jewellery and watches. It intends to achieve this by acquiring more pre-owned jewellery and watches. This will serve to increase its range of pre-owned jewellery and watches whilst leveraging on its existing sales and distribution networks.

In addition to growing organically, the Issuer may consider expanding its financial service business through acquisitions, joint ventures or strategic alliances with parties who create synergistic values with its existing business. Through such acquisitions, joint ventures or strategic alliances, the Issuer will look to strengthen its market position, expand its network, as well as expand into new businesses complementary to its current business. The Issuer believes that the status of Maxi-Cash as a listed company will allow it to be better placed for expansion. Should such opportunities arise, approval will be sought, where necessary, from the shareholders of Maxi-Cash, the sponsor of Maxi-Cash and/or the relevant authorities in accordance with the requirements of the applicable laws and regulations.

5. COMPETITIVE STRENGTHS

The Issuer's competitive strengths are as follows:

Property Development Business

- Focus on mass-market segment and commercial, residential and mixed developments (comprising office, retail and residential units) in good locations in Singapore;
- Launch, sale and completion of projects within reasonably short timeframes;
- Superior design and planning capabilities to respond to changing consumer demands; and
- Experienced and committed board of directors and management team.

Jewellery Business

- Portfolio of established brands to cater to different market segments;
- Strong marketing and brand equity;
- Vertically-integrated operations;
- Economies of scale;
- Innovation through offering of new designs and merchandise; and
- Experienced and committed board of directors and management team.

Financial Service Business

- Leader in pawnbroking industry;
- Well-established brand name in the industry;
- Skilled and qualified work force;
- Experienced and committed board of directors and management team;
- Strong system of risk management; and
- Convenient and quick access to short-term financing.

5.1 Property Development Business

(a) Focus on mass-market segment and commercial, residential and mixed developments (comprising office, retail and residential units) in good locations in Singapore

The Issuer expects reasonably good demand in the mixed property development segment and has been involved in mixed development projects (comprising office, retail and residential units), for instance, through the acquisitions of Keypoint and Tai Keng Court.

The property development projects of the Issuer have thus far achieved high saleability as the developments are typically in good locations in Singapore (such as locations within close proximity to public amenities, educational centres, shopping malls, MRT stations and public transportation hubs). The high saleability of the Group's developments has enabled the Group to have strong financial performance and strong future cash flow and profit.

(b) Launch, sale and completion of projects within reasonably short timeframes

The Issuer seeks to launch, sell and complete its projects within reasonably short timeframes to reduce the risk of market volatility and price corrections.

(c) Superior design and planning capabilities to respond to changing consumer demands

To increase the value and appeal of its property development projects, the Issuer invests significant effort and planning into the overall architectural design and layout of its projects and the efficiency and space utilisation of the individual units to satisfy and cater to the preferences of the targeted segment of investors and homeowners.

(d) Experienced and committed board of directors and management team

The Group has a committed board of directors and management team who are experienced in their respective fields of expertise.

5.2 <u>Jewellery Business</u>

(a) Portfolio of established brands to cater to different market segments

The Issuer is the largest retailer of contemporary jewellery in Singapore with more than 35 years of retailing experience and a network of 67 retail stores that covers most of the major shopping malls in Singapore, and one retail store in Ho Chi Minh City, Vietnam.

The Issuer enjoys strong brand equity in all four of the brands under its portfolio – Aspial, Lee Hwa, Goldheart and CITIGEMS. It has a dominant position in each of the segments that the brands compete in.

(b) Strong marketing and brand equity

The Issuer's strategy is to build strong brand equity through effective marketing campaigns. The Issuer's marketing function is performed by a team of experienced and savvy marketing personnel who are well-versed in brand-building, creative advertising and promotional campaigns. Over the last few years, the Issuer has successfully raised the visibility and recognition of all its brands significantly through the creative use of print media such as the press and magazines, television advertising, internet advertising, public relations coverage, celebrity endorsement and sponsorship of key programmes and events.

ALH spends close to S$7.0 million (approximately 4% to 5% of the jewellery business' revenue) on brand-building, advertising and promotions every year. These marketing efforts increase the equity value and positive perception of its brands and strengthen the relationship between consumers and its brands, which in turn translate to greater sales and profitability for the Group.

(c) Vertically-integrated operations

The Issuer, through ALH, is one of the few local jewellers with vertically-integrated, end-to-end operations including in-house designing, manufacturing and retailing capabilities.

Outsourcing of production to reliable sub-contractors in China and India ensures that productions costs are kept low. At the same time, stringent quality control procedures are in place to ensure that the quality of the finished product is consistently maintained at international standards.

Control over the entire supply chain enables the Issuer to create value through original and innovative designs which are registered for intellectual property protection, to reduce cost price through bulk purchase of diamonds directly from diamond cutters instead of wholesalers, to lower costs of production through sub-contracting to low-cost countries and at the same time to maintain a high level of quality control through its quality control team.

(d) Economies of scale

Having the largest chain of jewellery retail stores in Singapore allows the Issuer to obtain competitive rates, generate significant cost savings (through the sharing of operational costs incurred on, for instance, management of retail shops, information technology and human resources), and shorten time taken to market new products.

(e) Innovation through offering of new designs and merchandise

ALH has its own in-house design team and the majority of the jewellery sold by ALH is designed by its own designers. The designs are in line with current fashion and jewellery trends with wide market appeal to suit the tastes and preferences of each target market because this business is particularly dependent on the general consumer sentiments in Singapore. In addition to having its own in-house designers, ALH also teams up with international designers and celebrities in designing special lines of jewellery for its customers.

Supplementing the in-house designed collections, the Issuer purchases jewellery collections from overseas (for example, Italy and Hong Kong). These internationally purchased pieces are mostly contemporary designs that have been meticulously selected so as to provide customers with the widest and latest choices from the international jewellery market.

(f) Experienced and committed board of directors and management team

The Group has a committed board of directors and management team who are experienced in their respective fields of expertise.

5.3 <u>Financial Service Business</u>

(a) Leader in pawnbroking industry

The Issuer, as at the Latest Practicable Date, has the largest network of pawnshops and retail outlets in 30 strategic locations in Singapore.

The Issuer's pawnshops and retail outlets are predominantly strategically and conveniently located near amenities like bus interchanges and MRT stations. Its pawnshops and retail outlets are also open for 11.5 hours a day from 8.30 a.m. to 8.00 p.m. daily (including public holidays) for the convenience of its customers.

As at 1 May 2013, its market share of the pawnbroking business in terms of number of licensed pawnbrokers is approximately 15.2%[1]. The Issuer has been providing financial services in Singapore for more than three years when it first commenced operations in February 2009. As a result of its dedication, understanding and experience in serving the needs of its customers, the Group's business has grown in scale, as evident in the growth of its revenue from its financial service business, from S$87.8 million in FY2011 to S$100.5 million in FY2012.

(b) Well-established brand name in the industry

Since its incorporation, the Issuer has established a strong track record and reputation under its "Maxi-Cash" brand name. The Issuer places high priority in building good rapport and relationships with its customers. The Group positions itself as an acceptable and attractive source of financing, via a modern, professional and customer-centric store concept. It also strives to provide customers with a "bank-like" pawning experience where trust, transparency and reliability are the basic hallmarks of its services.

The Issuer advertises its services through a number of platforms in Singapore, including the media (print, television and radio) and the distribution of brochures and flyers. It believes that it is the first to engage television celebrities in its marketing campaigns. The Issuer also believes that public awareness towards it has been enhanced through its marketing campaigns, and customers have gained a deeper understanding of Maxi-Cash and the benefits of its financial service business. The Group incurred a total of S$6.4 million in selling and marketing expenses for FY2010, FY2011 and FY2012.

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[1]Based on the "List of valid pawnshops registered in the Republic of Singapore, as at 1st May 2013" (available at: http://www.ipto.gov.sg/content/dam/minlaw/ipto/Pawnbrokers/List%20of%20pawnshops.pdf), as at 1 May 2013, there were 197 registered pawnshops in Singapore.

(c) Skilled and qualified work force

The provision of a skilled and qualified work force is one of the key growth factors of the Issuer's financial service business to date. The Issuer recruits candidates with potential for future development, and trains and motivates its employees to deliver quality services that will enhance client satisfaction.

The Issuer has professional and attentive staff that possess the relevant knowledge to appraise pledged articles and disburse loans expeditiously. The Issuer believes that its high quality customer service and short response time differentiate its services. All employees are trained in-house in appraisal skills in addition to the usual customer relations and communication skills. Its in-house training has built up a talent pool that enables it to staff its pawnshops and retail outlets with skilled and qualified personnel as well as to staff new pawnshops and retail outlets as the Issuer grows its network.

(d) Experienced and committed board of directors and management team

The Group has a committed board of directors and management team who are experienced in their respective fields of expertise.

In particular, the growth and success of the Group's financial service business is largely attributed to the experienced and dedicated management team of Maxi-Cash. The management team is led by its Chief Executive Officer, Ms Koh Lee Hwee, who has over 20 years of experience in the jewellery industry, together with a dedicated and dynamic management team who assists her in the daily management of the business. The Issuer believes that the extensive experience of the Maxi-Cash management team, together with its industry knowledge and in-depth understanding of the market, will enable it to continue to take advantage of future market opportunities.

(e) Strong system of risk management

Risk management is integral to the success of the Issuer's financial service business. Its focus on accuracy in valuation and assessment of authenticity of pledged articles and acquisition of pre-owned jewellery and watches enables it to maintain its risk at minimum levels.

In assessing personal articles presented for pawning or sale, the Issuer's focus on the accuracy of the valuations of the personal articles enables it to minimise price risks and determine the appropriate value of loans to be given. The Issuer has different approval levels for different loan amounts. Depending on the loan quantum, approvals for loans may escalate to the level of its assistant director of operations, who is based in its head office. In accordance with its risk management guidelines, the Issuer has also set a single customer loan amount limit in its computer system. Accordingly, this strong risk management system allows it to effectively manage its risks as it expands its business.

(f) Convenient and quick access to short-term financing

The Issuer aims to provide short-term secured financing services to its customers in an expeditious manner and in circumstances such as where securing loans from commercial banks and other lending financial institutions may be difficult or require a longer time. The Issuer thus complements the role played by commercial banks and other lending financial institutions by providing speedy, convenient and efficient services to customers who need cash on short notice. It normally provides financing as long as the collateral provided by its customers meets its loan application requirements.

The Issuer has pawnshops and retail outlets in 30 strategic and convenient locations in Singapore, including locations near amenities like bus interchanges and MRT stations. This large network facilitates customer outreach, thereby providing customers with convenient access to its financing services. As its staff possess the relevant knowledge to appraise pledged articles and disburse loans promptly, the Issuer is in a position to ensure its services are provided expeditiously.

6. INSURANCE

As at the Latest Practicable Date, the Issuer has taken out the following insurance policies in respect of all its businesses:

(a) staff-related insurance (including workman compensation insurance, group hospitalisation and surgical insurance and/or group personal accident insurance);

(b) asset-related insurance (including motor vehicle insurance, fire insurance, and/or all risk insurance); and

(c) public liability insurance.

In respect of its financial service business, in addition to the above insurance policies, the Issuer has also taken out policies for loss and damage to pledged articles held in its pawnshop premises as required under the Pawnbrokers Act.

The Issuer is of the view that the above insurance policies are adequate for the existing operations of the Group.

7. MANAGEMENT

7.1 Board of Directors

The Issuer is led by Mr Koh Wee Seng and his sisters, Ms Ko Lee Meng and Ms Koh Lee Hwee, together with a professional management team.

The board of directors (the "**Board**") oversees the management of the business and affairs of the Group. The Board comprises two Executive Directors and three Non-Executive Directors. Two out of the five directors are Independent Directors.

The Board comprises business people and professionals with strong financial and business backgrounds, providing the Board with the necessary experience and expertise to direct and lead the Group.

Mr Koh Wee Seng
Chief Executive Officer

Mr Koh Wee Seng is the Issuer's CEO and is responsible for the strategic planning, overall management and business development of the Group. Since late 1994, when the new management led by him took over the reins, the Group has overcome the challenges posed by changing consumer demand by implementing wide ranging and fundamental changes in its jewellery business.

Mr Koh has also successfully led the Group's diversification into the property business and the financial service business. Mr Koh holds a Bachelor degree in Business Administration from the National University of Singapore.

Ms Ko Lee Meng
Executive Director

Ms Ko Lee Meng is an Executive Director of the Issuer. Ms Ko has accumulated more than 25 years of experience in the jewellery industry and has been with the Group since 1983. Ms Ko is currently heading the Group's retail merchandising and manufacturing departments where she oversees the management, manufacturing, replenishment and distribution of merchandise to the various retail stores and ensures that the Group and its team of designers are kept up to date with the latest jewellery trends and designs. Ms Ko holds a Bachelor degree in Arts from the National University of Singapore.

Ms Koh Lee Hwee
Non-Executive Director

Ms Koh Lee Hwee is a Non-Executive Director of the Issuer. Ms Koh is also the CEO of the Group's subsidiary Maxi-Cash which is listed on Catalist. She is responsible for the strategic planning, overall management and business development of the Maxi-Cash group of companies. Prior to her appointment as the CEO of Maxi-Cash, Ms Koh was the vice president (manufacturing) of the Group, where she oversaw and spearheaded the growth of the Group's manufacturing division and was responsible for the overall production plans, technology, management and development. Ms Koh has more than 20 years of experience in the jewellery industry. Ms Koh holds a Bachelor degree in Arts from the National University of Singapore.

Mr Wong Soon Yum
Independent Director

Mr Wong Soon Yum is an Independent Director of the Issuer. He is the Chairman of the Issuer's Audit Committee. He started his career in the banking industry in 1971 with Chase Manhattan Bank, N.A. and retired from his position as Senior Vice President of Oversea-Chinese Banking Corporation Limited in late 1998. He holds a Professional Diploma in Accountancy from Singapore Polytechnic and completed the Stanford-National University of Singapore Management Programme.

Mr Kau Jee Chu
Independent Director

Mr Kau Jee Chu is an Independent Director of the Issuer. He currently serves as a member of the Issuer's Audit Committee. He is a former Chief Executive Officer of Overseas Union Trust Limited and has also held various senior positions, including General Manager of Singapura Building Society Limited, Chairman of OUB Securities Pte Ltd and Chairman of Finance Houses Association of Singapore. He holds a Bachelor degree in Accountancy from the National University of Singapore.

7.2 Senior Management

Mr Ng Sheng Tiong, David
Vice President of the Group

Mr Ng Sheng Tiong, David is the Group's Vice President. Mr Ng is currently heading the Group's property business, where he oversees the strategic planning, overall management and business development of the Group's property business. He has more than six years experience in the property industry. Before heading the property business, he was the Group's IT Director. He holds a Master of Business in Information Technology from the Royal Melbourne Institute of Technology.

Mr Lim Swee Ann, Felix
Chief Financial Officer of the Group

Mr Lim Swee Ann, Felix is currently the Group's Chief Finance Officer. He has more than 15 years experience in the jewellery industry. Before joining the Group, he worked for two listed companies, one each in Singapore and Malaysia. He has more than 20 years of experience working in the finance organisation of various industries including ship building, manufacturing and retail. He holds a Bachelor degree in Commerce and Administration from Victoria University of Wellington in New Zealand and a Master of Business from Victoria University of Technology (Australia). He is a member of CPA Australia and a member of The Singapore Association of the Institute of Chartered Secretaries and Administrators.

Koh Teck Hoe, Steven

Senior Director for Retail Operations of the Group

Mr Koh Teck Hoe, Steven is the Group's Senior Director for Retail Operations and Head of one of the Group's main jewellery brands – CITIGEMS. His primary responsibility is to strategise and plan to spearhead the growth and to manage the Group's jewellery retail chain business operations and manpower in both Singapore and Vietnam. This also includes managing the Group's retail training department, logistics and administration, renovations and customer care call centre. He is also responsible for leading the CITIGEMS team to develop and execute CITIGEMS brand strategies in line with its overall business plans. He has more than 24 years of experience in retail operations management with 14 years being in the jewellery industry. Before joining the Group, he was in both the food and beverage and retail operations management.

Ms Tan Chiew Hoon, Theresa

Corporate Human Resource Director of the Group

Ms Tan Chiew Hoon, Theresa is currently the Group's Corporate Human Resource Director and manages all aspects of the human resource functions. She is responsible for developing, managing and administering human resource strategies and initiatives in support of business imperatives and operations of the Group. She joined the Group in 1999 as an Assistant Human Resource Manager and has since grown and progressed with the Group to her current employment status. She has more than 14 years experience in the jewellery industry. She holds a Bachelor degree in Arts from The National University of Singapore and Master of Human Resource Management from Rutgers, The State University of New Jersey. Since her graduation, she has anchored her career in the human resource profession and assumed numerous human resource roles and functions in the construction, retail as well as information technology industries.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

*The following table sets out the Group's consolidated statement of financial position as at and for the years ended 31 December 2010 ("**FY2010**"), 2011 ("**FY2011**") and 2012 ("**FY2012**") and for the first three months ended 31 March 2013 ("**1Q2013**"). The selected consolidated financial data for FY2010, FY2011 and FY2012 in the table below are derived from the historical financial statements of the Group, which have been audited by the independent auditors, Ernst & Young LLP. The audited financial statements of the Group have been drawn up in accordance with the Singapore Financial Reporting Standards.*

STATEMENT OF FINANCIAL POSITION FOR FY2010, FY2011, FY2012 AND 1Q2013

	Audited FY2010 (S$'000)	Audited FY2011 (S$'000)	Audited FY2012 (S$'000)	Unaudited 1Q2013 (S$'000)
NON-CURRENT ASSETS				
Property, plant and equipment	16,115	14,704	17,408	17,487
Intangible assets	10,027	9,516	9,006	8,878
Investments in joint venture	25	25	25	25
Investment in associate	51	2,294	23,905	32,057
Investment securities	23	23	33	33
Other receivables	4,205	3,891	4,835	5,280
Prepaid rent	278	–	523	428
Deferred tax assets	2,107	3,243	1,359	1,620
	32,831	**33,696**	**57,094**	**65,808**
CURRENT ASSETS				
Inventories	77,646	90,858	109,740	108,018
Properties held for sale	–	–	6,382	–
Development properties	166,496	262,933	534,413	590,418
Trade and other receivables	84,489	135,616	182,609	182,643
Prepaid rent	337	278	379	379
Prepayment	674	830	2,088	3,058
Derivative financial instrument	–	60	–	–
Due from affiliated company (non-trade)	3,481	3,478	3,431	3,431
Due from associate companies (non-trade)	–	13,600	18,942	23,160
Cash and bank balances	19,125	28,163	46,781	61,822
	352,248	**535,816**	**904,765**	**972,929**
TOTAL ASSET	**385,079**	**569,512**	**961,859**	**1,038,737**
CURRENT LIABILITIES				
Trade and other payables	63,135	66,852	98,120	63,731
Derivative financial instruments	45	–	–	–
Due to subsidiaries (non-trade)	–	–	–	–
Due to an affiliated company (non-trade)	–	1,310	1,310	1,310
Due to ultimate holding company (non-trade)	900	2,500	–	–
Bank overdrafts	11,750	16,097	26	–
Provision for taxation	6,755	6,482	14,627	15,220
Interest-bearing loans and borrowings	128,867	168,809	188,493	197,330
	211,452	**262,050**	**302,576**	**277,591**
NET CURRENT ASSETS	**140,796**	**273,766**	**602,189**	**695,338**
NON-CURRENT LIABILITIES				
Interest bearing loans and borrowings	72,284	136,745	267,045	320,969
Notes payables	–	–	150,000	150,000
Other payables	2,200	6,800	2,300	2,300
Deferred tax liabilities	685	8,110	8,235	9,509
	75,169	**151,655**	**427,580**	**482,778**
TOTAL LIABILITIES	**286,621**	**413,705**	**730,156**	**760,369**
NET ASSETS	**98,458**	**155,807**	**231,703**	**278,368**
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT				
Share capital	28,141	42,721	76,801	111,197
Treasury shares	(442)	(621)	(538)	(538)
Other reserves	–	123	4,419	4,419
Revenue reserves	62,000	104,040	122,664	133,356
	89,699	146,263	203,346	248,434
Non-controlling interests	8,759	9,544	28,357	29,934
TOTAL EQUITY	**98,458**	**155,807**	**231,703**	**278,368**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR FY2010, FY2011, FY2012, AND 1Q2013

	Audited FY2010 (S$'000)	Audited FY2011 (S$'000)	Audited FY2012 (S$'000)	Unaudited 1Q2013 (S$'000)
REVENUE	280,258	420,324	451,941	94,382
Material and subcontract costs	(169,173)	(245,847)	(260,954)	(57,573)
Employee benefits	(32,251)	(41,259)	(46,286)	(11,564)
Depreciation and amortisation	(6,102)	(6,347)	(5,993)	(1,346)
Finance cost	(2,388)	(3,474)	(6,146)	(2,463)
Other operating expenses	(66,952)	(68,175)	(78,658)	(17,573)
OPERATING PROFIT	3,392	55,222	53,904	3,863
Interest income	56	55	162	19
Rental income	183	126	1,970	2,125
Other income	2,992	1,582	3,395	331
Share of results of associate	39	243	19,611	8,152
PROFIT BEFORE TAX FROM CONTINUING OPERATION	6,662	57,228	79,042	14,490
Taxation	(1,067)	(9,610)	(12,739)	(2,221)
PROFIT FOR THE YEAR	5,595	47,618	66,303	12,269
Other comprehensive income for the year, net of tax	–	–	–	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	5,595	47,618	66,303	12,269
PROFIT ATTRIBUTABLE TO:				
Owners of the parent	4,829	45,310	54,860	10,694
Non-controlling interests	766	2,308	11,443	1,575
EARNINGS PER SHARE (CENTS)	5,595	47,618	66,303	12,269
Basic	1.08	3.15	3.73	0.66
Diluted	1.08	3.15	3.73	0.66

GROUP'S REVENUE AND PROFIT/(LOSS) FROM OPERATIONS BEFORE TAX BY BUSINESS SEGMENT

	FY2010 (S$'000)	FY2011 (S$'000)	FY2012 (S$'000)	FY2011 compared with FY2010 (S$'000)	FY2012 compared with FY2011 (S$'000)
GROUP					
Revenue	280,258	420,324	451,941	140,066	31,617
Profit from operations before taxation	6,662	57,228	79,042	50,566	21,814
PROPERTY DEVELOPMENT BUSINESS					
Revenue	81,948	177,462	196,210	95,514	18,748
Profit from operations before taxation	9,036	49,223	72,977	40,187	23,754
JEWELLERY BUSINESS					
Revenue	146,512	159,010	163,327	12,498	4,317
Profit from operations before taxation	(2,787)	3,978	2,775	6,765	(1,203)
FINANCIAL SERVICE BUSINESS					
Revenue	54,885	87,772	100,545	32,887	12,773
Profit from operations before taxation	(1,774)	3,530	4,937	5,304	1,407

REVIEW OF THE GROUP'S FINANCIAL POSITION

1Q2013 compared with FY2012

The Group's shareholders' funds increased from S$231.7 million as at 31 December 2012 to S$278.4 million as at 31 March 2013. The increase was attributable to the rights issue and profit for the period.

The Group's total assets of S$1,038.7 million as at 31 March 2013 was S$76.9 million higher than financial year ended 2012 mainly due to the increase in development properties, investment in associates, amount due from an associate company and cash and bank balances. The higher development properties was mainly due to the purchase of land. The increase in investments in associates was due to an increase in share of profit of associates companies. The increase in the amount due from an associate company was due to advances to an associate company. The increase in cash and bank balances was due to receipts from development property projects which had obtained TOP and the progress billings for property development projects under construction.

The Group's total liabilities of S$760.4 million as at 31 March 2013 was S$30.2 million higher than in 2012 due to the increase in provision for taxation, interest bearing loans and borrowings and deferred tax liabilities. The increase was partially offset by a decrease in trade and other payables.

FY2012 compared with FY2011

The Group's shareholders' fund increased from S$155.8 million as at 31 December 2011 to S$231.7 million as at 31 December 2012. The increase was attributable to profits for the year, issuance of ordinary shares and increase in non-controlling interests as a result of the initial public offering of Maxi-Cash shares in June 2012.

The Group's total assets of S$961.9 million as at 31 December 2012 was S$392.4 million higher than the previous year end mainly due to an increase in property, plant and equipment, investments in associates, inventories, development properties, trade and other receivables, amount due from associate companies and cash and bank balances. The increase in property, plant and equipment was mainly due to the purchase of a freehold retail shop for the Group's financial service business. The increase in investments in associates was due to investments in newly incorporated associates namely Bayfront Ventures Pte. Ltd. and Kensington Village Pte. Ltd. and increase in share of profit of Kensington Land Pte. Ltd. The increase in inventories was mainly due to higher jewellery inventories and an increase in pre-owned jewellery and watches. The higher trade receivable was attributable to an increase in pledge book for the financial service business. The increase in cash and bank balances was due to receipts from development property projects which had obtained TOP, proceeds of placement of new shares, the progress billings for property development projects under construction and the proceeds from the initial public offering of Maxi-Cash shares. The increase in the amount due from associate companies was due to advances to the newly incorporated associates.

The Group's total liabilities of S$730.2 million as at 31 December 2012 was S$316.5 million higher than the previous year end due to the increase in trade and other payables, interest-bearing loans and borrowings and notes payables. The increase in trade and other payables was mainly due to the progress recognition of project costs for the Group's property business. The higher non-current loans and bank borrowings were due to increased bank borrowings for development projects during the year. During the year, the Group issued S$150 million of multicurrency medium term notes ("**MMTN**"). These were partially offset by a reduction in bank overdrafts mainly due to repayment using the proceeds from the MMTN.

FY2011 compared with FY2010

The Group's shareholders' funds rose from S$98.5 million as at 31 December 2010 to S$155.8 million as at 31 December 2011. The increase was attributable to profits for the year and the change in share capital as a result of a rights issue in January 2011.

The Group's total assets of S$569.5 million as at 31 December 2011 was S$184.4 million higher than in FY2010 mainly due to an increase in inventories, development properties, trade and other receivables, amount due from an associated company (non-trade) and cash and bank balances. The rise in inventories was due to higher jewellery inventories. The increase in amount due from an associated company was due to advances provided to a newly incorporated associated company. Trade and other receivables were higher due to additional loans to customers for the financial service business while the increase in development properties was mainly due to the purchase of land. The increment in cash and bank balances was due to receipts from property development projects which had obtained TOP and progress billings from property development projects under construction in 2011. The increase in the Group's total assets was partially offset by a decrease in property, plant and equipment. Property, plant and equipment was 8.8% lower than FY2010 due to some write-off relating to shop renovations and fewer new renovations for the jewellery and financial service businesses in 2011.

The Group's total liability of S$413.7 million as at 31 December 2011 was S$127.1 million higher than in FY2010. The rise in interest-bearing loans and borrowings and bank overdrafts was to finance the expansion of the financial service and property development businesses. The increase in trade payables was mainly due to an increase in purchase of inventories for both the jewellery and financial service businesses.

REVIEW OF THE GROUP'S FINANCIAL PERFORMANCE

1Q2013 compared with 1Q2012

The Group delivered a quarter of good results in 1Q2013.

For 1Q2013, the Group's revenue rose 6.3% to a new high of S$94.4 million. All of the Group's businesses recorded higher revenue, with strong contributions from the property development and financial service businesses.

Revenue from the property development business grew by 10.1% from S$26.8 million in 1Q2012 to S$29.5 million in 1Q2013. The growth was primarily due to the progress recognition of sales from East Village, Cardiff Residence and 8 Bassein.

Despite the ongoing consolidation of retail stores which had resulted in a net reduction of four retail stores in 1Q2013, the Group's jewellery business achieved a quarter of higher revenue in 1Q2013. The higher revenue was mainly contributed by improved sales from the existing retail stores. Revenue increased by 1.5% from S$39.6 million to S$40.2 million in 1Q2013.

The Group's financial service business delivered a quarter of solid growth in 1Q2013. Revenue increased by 16.6% from S$22.9 million in 1Q2012 to S$26.7 million in 1Q2013, driven by its healthy pledge book and higher sales from the retail and trading of pre-owned jewellery and watches business.

Operating expense increased marginally by S$0.8 million in 1Q2013. The increase was mainly due to higher staff costs and other operating expenses. The increase in staff costs for the Group's property development and financial service businesses contributed to the higher staff costs. The increase in other operating expenses was mainly due to the maintenance costs for Keypoint, a commercial building acquired by the Group in 2012 which is intended to be re-developed into a mixed commercial and residential project. The smaller network of jewellery stores resulted in a lower depreciation for the Group in 1Q2013.

The higher revenue and share of results of associated companies lifted the Group's pre-tax profit by 49.5% to S$14.5 million in 1Q2013.

Pre-tax profit for the Group's property business surged 67.9% to S$13.1 million from S$7.8 million in 1Q2012, due mainly to the contributions from projects such as East Village, Cardiff Residences and Parc Rosewood.

The Group's jewellery business' pre-tax profit increased by S$0.3 million because of lower operating expenses. The decline in operating expenses such as rental and other store related expenses was mainly due to the on-going rationalisation of the jewellery business' retail network.

Pre-tax profit of S$1.7 million for the Group's financial service business was marginally above that of 1Q2012. The higher revenue and gross profit from the pawnbroking operations were offset by the higher material costs from the retail and trading of pre-owned jewellery and watches operations and higher operating expenses due to the opening of new stores. The lower gross margin from the retail and trading of gold items was mainly due to higher material costs. On the average, gold prices declined by 4.7% in 1Q2013 compared to the increase of 1.1% in 1Q2012.

FY2012 compared with FY2011

The Group delivered another year of record results in 2012. This was achieved despite challenging market conditions due to the slower economic growth in 2012 and various property cooling measures introduced by the Government which include additional buyer stamp duty, lower LTV ratio and higher down payment for residential properties.

For FY2012, the Group's revenue rose 7.5% to a new high of S$451.9 million as all businesses recorded higher revenue, with strong contributions from the Group's property development and financial service businesses.

Revenue from the Group's property development business grew by 10.5% from S$177.5 million in FY2011 to S$196.2 million in FY2012. The growth was contributed by the progress recognition of sales from East Village, Cardiff Residence and 8 Bassein and the final recognition of sales from Heritage East, Espira Suites, Palmera East, SOHO Life/Onan Suites, 13 Sempadan and Cavan Suites.

Despite the ongoing consolidation of retail stores which had resulted in a net reduction of six retail stores in 2012, the Group's jewellery business achieved higher revenue in 2012. The increase was mainly contributed by improved sales from existing retail stores. Revenue for FY2012 rose 2.7% to S$163.3 million.

The Group's financial service business delivered another year of solid growth in 2012. The Group's 28 pawnshops (including six new ones added during the year) enabled the Group to continue to strengthen its leadership position in the market. Revenue increased by S$12.7 million from S$87.8 million in FY2011 to S$100.5 million in FY2012, driven by its healthy pledge book and higher sales from the retail and trading of pre-owned gold and jewellery business.

The increase in operating expense across all cost categories, except depreciation and amortisation, was largely in line with the increase in revenue. The opening of new stores for the financial service business contributed to the increase in operating expense such as rental and staff related costs. However, the smaller network of jewellery stores resulted in a lower depreciation for the Group in FY2012.

The higher revenue and share of results of associated companies lifted the Group's pre-tax profit by S$21.8 million from S$57.2 million in FY2011 to S$79.0 million in FY2012.

Pre-tax profit for the Group's property development business surged 48.4% to S$73.0 million from S$49.2 million in 2010, mainly due to the contributions from larger projects such as East Village, Cardiff Residences and Parc Rosewood.

Despite the higher revenue, pre-tax profit for the Group's jewellery business declined marginally by S$1.2 million from S$4.0 million in FY2011 to S$2.8 million in FY2012. The lower pre-tax profit was because of lower gross margin for gold jewellery sales and an impairment charge of S$0.5 million relating to an overseas trade receivable.

The Group's financial service business had a solid year in 2012, with a pre-tax profit increase of about 40.0% to a record of S$4.9 million as compared with S$3.5 million in FY2011 largely due to higher profit from the pawnbroking business.

FY2011 compared with FY2010

Following the exceptional GDP growth of 14.7% registered in 2010, Singapore GDP growth had slowed substantially to 4.9% in 2011. Despite the slower economic growth, consumer sentiments remained relatively healthy in 2011. The Group achieved significantly better performance in FY2011 as compared to FY2010 with all its three core businesses recording higher revenue and profitability.

For FY2011, the Group achieved record revenue of S$420.3 million, an increase of 49.9% over the revenue of S$280.3 million registered in FY2010.

Revenue from the Group's property development business surged 116.7% from S$81.9 million in FY2010 to S$177.5 million in FY2011. The substantial growth in revenue was contributed by the progress recognition of sales from Espira Suites, Heritage East, SOHO Life!, Onan Suites, Cavan Suites and Palmera East and the final recognition of sales from Tembeling Residence and Dunearn Suites.

Despite the ongoing consolidation of retail stores which had resulted in a net reduction of five retail stores in FY2011, the Group's jewellery business had achieved higher revenue in FY2011. The increase was mainly contributed by improved sales from existing retail stores. Revenue for FY2011 rose 8.5% to S$159.0 million.

The Group's financial service business delivered another year of strong growth in FY2011. The Group's 22 pawnshops (including five new ones added during the year) enabled the Group to continue to strengthen its leadership position in the market. Driven by record loans to customers and higher revenue from its pre-owned gold and jewellery business, revenue increased by 59.9% from S$54.9 million in FY2010 to S$87.8 million in FY2011.

The rise in operating expenses across all cost categories was largely in line with the increase in revenue. The opening of new stores for the Group's financial service business and general operating costs increase in terms of rental and staff-related costs contributed to a rise in operating expenses. The closure of the retail stores for the Group's jewellery business resulted in a one-time asset write-off of S$0.9 million.

The higher revenue and gross profit lifted the Group's pre-tax profit by S$50.6 million to S$57.2 million in FY2011.

With the relatively low land costs and much higher revenue booked for the projects sold in FY2011, the Group's property development business' pre-tax profit improved sharply from S$9.0 million to S$49.2 million, an increase of S$40.2 million as compared to FY2010.

Despite the challenging retail environment due to competition and rising operating costs, the Group's jewellery business registered a pre-tax profit of S$4.0 million in FY2011 as compared to a loss of S$2.8 million in FY2010. The profit was achieved despite a one-time asset write-off of S$0.9 million due primarily to the ongoing store network consolidation and rejuvenation initiative.

The Group's financial service business continued to achieve a healthy profit of S$1.1 million for 4Q2011, bringing the pre-tax profit for FY2011 to S$3.5 million compared to the loss of S$1.8 million in FY2010.

INVESTMENT CONSIDERATIONS

Prior to making an investment or divestment decision, prospective investors in or existing holders of the Notes should carefully consider all the information set forth in this Information Memorandum including the investment considerations and risk factors set out below.

The investment considerations and risk factors set out below do not purport to be complete or comprehensive of all the investment considerations and 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 Notes. Additional investment considerations and risk factors which the Issuer is currently unaware of or currently deems immaterial may also impair its and/or the Group's business, assets, financial condition, performance or prospects. If any of the following investment considerations and 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 Notes may be adversely affected. Further, the market price of the Notes could decline, and investors may lose all or part of their investments in the Notes. The investment considerations and risk factors discussed below also include forward-looking statements and the Issuer's and the Group's actual results may differ substantially from those discussed in these forward-looking statements. Sub-headings are for convenience only and investment considerations and risk factors that appear under a particular sub-heading may also apply to one or more other sub-headings.

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 Notes may require in investigating the Issuer or the Group, prior to making an investment or divestment decision in relation to the Notes 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 Notes (or any part thereof) is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, 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 Notes.

This Information Memorandum is not, and does not purport to be, investment advice. A prospective investor should make an investment in the Notes only after it has determined that such investment is suitable for its investment objectives. Determining whether an investment in the Notes 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, the Arranger, any of the Dealers or any person affiliated with each of them in connection with its investigation of the accuracy or completeness of the information contained herein or of any additional information considered by it to be necessary in connection with its investment or divestment decision. Any recipient of this Information Memorandum contemplating subscribing for or purchasing or selling any of the Notes 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 creditworthiness, of the Issuer and the Group, the terms and conditions of the Notes and any other factors relevant to its decision, including the merits and risks involved. A prospective investor should consult with its legal, tax and financial advisers prior to deciding to make an investment in the Notes.

RISKS RELATING TO NOTES

The Notes may have limited liquidity

There can be no assurance regarding the future development of the market for the Notes issued under the Programme or the ability of the Noteholders, or the price at which the Noteholders may be able, to sell their Notes. The Notes may have no established trading market when issued, and one may never develop. Even if a market for the Notes does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes 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 Notes 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 Notes 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 Notes. Although the issue of additional Notes may increase the liquidity of the Notes, there can be no assurance that the price of such Notes will not be adversely affected by the issue in the market of such additional Notes.

The market value of Notes may fluctuate

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

The Notes are subject to interest rate risks

Noteholders may suffer unforeseen losses due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in bond prices, resulting in a capital loss for the Noteholders. However, the Noteholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, bond prices may rise. The Noteholders may enjoy a capital gain but interest payments received may be reinvested at lower prevailing interest rates.

The Notes are subject to inflation risks

Noteholders may suffer erosion on the return of their investments due to inflation. Noteholders would have an anticipated rate of return based on expected inflation rates on the purchase of the Notes. An unexpected increase in inflation could reduce the actual returns.

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, which may adversely affect the market price of any Series of Notes.

The Notes may not be a suitable investment for all investors

Each potential investor in the Notes 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 relevant Notes, the merits and risks of investing in the relevant Notes 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 relevant Notes 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 relevant Notes, including Notes 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 relevant Notes 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 Notes are complex financial instruments and such instruments may be purchased as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Additionally, 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 Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

The Notes may be subject to optional redemption by the Issuer

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of such 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 be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor 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. Potential investors should consider reinvestment risk in light of other investments available at that time.

The Notes may be issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Provisions in the Trust Deed and Terms and Conditions of the Notes may be modified

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

The Terms and Conditions of the Notes also provide that the Trustee may, without the consent of Noteholders or Couponholders, agree to (i) any modification of any of the provisions of the Trust Deed or the Terms and Conditions which is in the opinion of the Trustee of a formal, minor or technical nature, is made to correct a manifest or proven error or to comply with mandatory provisions of Singapore law or is required by Euroclear, Clearstream, Luxembourg, 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 or the Terms and Conditions which is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders.

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.

Notes denominated in foreign currencies are subject to currency risks

The majority of 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 Notes issued under the Programme 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 Notes and there is no assurance that the Issuer may be able to fully hedge the currency risks associated with such Notes denominated in foreign currencies.

The Notes are subject to Singapore taxation

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 2013, are intended to be "qualifying debt securities" for the purposes of the ITA, subject to the fulfillment of certain conditions more particularly described in the section "Singapore Taxation". However, there is no assurance that such Notes will continue to enjoy the tax concessions in connection therewith should the relevant tax laws be amended or revoked at any time.

The Qualifying Debt Securities Plus Scheme ("**QDS Plus Scheme**") has also been introduced as an enhancement of the Qualifying Debt Securities Scheme. Under the QDS Plus Scheme, subject to certain qualifications and conditions, income tax exemption is granted on interest, discount income (not including discount income from secondary trading), "prepayment fee", "redemption premium" and "break cost" (as such terms are defined in the ITA) derived by any investor from qualifying debt securities (excluding Singapore Government Securities) which:

(a) are issued during the period from 16 February 2008 to 31 December 2013;

(b) have an original maturity of not less than 10 years;

(c) cannot be redeemed, called, exchanged or converted within 10 years from the date of their issue; and

(d) cannot be re-opened with a resulting tenure of less than 10 years to the original maturity date.

With respect to any tranche of the Notes issued with an original maturity of at least 10 years and which are "qualifying debt securities", there is no assurance that holders of such Notes would enjoy any tax exemption under the QDS Plus Scheme as it is currently unclear how the above requirements would be applicable in the context of certain events occurring or which may occur within 10 years from the date of issue of such Notes.

Pursuant to the Singapore Budget 2013, it was announced that the Qualifying Debt Securities Scheme and the QDS Plus Scheme are to be extended to debt securities issued during the period of 1 January 2014 to 31 December 2018, subject to certain amendments to be announced by MAS.

Noteholders are exposed to financial risk

Interest payment, where applicable, and principal repayment for debts occur at specified periods regardless of the performance of the Issuer and/or the Group. The Issuer may be unable to make interest payments or, where applicable, principal repayments under a series of Notes should it suffer a serious decline in net operating cash flows.

The Issuer may not be able to redeem the Notes upon the due date for redemption thereof

The Issuer may, and at maturity will, be required to redeem the Notes. If such an event were to occur, the Issuer may not have sufficient cash in hand and may not be able to arrange financing to redeem the Notes in time, or on acceptable terms, or at all. The ability to redeem such Notes in such event may also be limited by the terms of other debt instruments. The Issuer's failure to repay, repurchase or redeem tendered Notes could constitute an event of default under such Notes, which may also constitute a default under the terms of the Issuer's other indebtedness (if any).

Notes issued under the Programme have no current active trading market and may trade at a discount to their initial offering price and/or with limited liquidity

Notes issued under the Programme will be new Notes which may not be widely distributed and for which there is currently no active trading market (unless in the case of any particular Tranche, such Tranche is to be consolidated with and form a single series with a Tranche of Notes which is already issued). If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar Notes, general economic conditions and the financial condition of the Issuer. If the Notes are trading at a discount, investors may not be able to receive a favourable price for their Notes, and in some circumstances investors may not be able to sell their Notes at their fair market value or at all.

Although an application has been made for the Notes issued under the Programme to be admitted to listing on the SGX-ST, there is no assurance that such application will be accepted, that any particular Tranche of Notes will be so admitted or that an active trading market will develop. In addition, the market for investment grade and crossover grade debt has been subject to disruptions that have caused volatility in prices of Notes similar to the Notes issued under the Programme. Accordingly, there is no assurance as to the development or liquidity of any trading market, or that disruptions will not occur, for any particular Tranche of Notes.

Changes in market interest rates may adversely affect the value of Fixed Rate Notes

Investment in Fixed Rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of Fixed Rate Notes.

RISKS RELATING TO THE ISSUER'S AND THE GROUP'S BUSINESS, FINANCIAL CONDITION AND/ OR RESULTS OF OPERATIONS

General Business Risks

The Group's businesses are subject to general business risks including but not limited to:-

(i) civil unrest, military conflict, terrorism, change in political climate and general security concerns and their adverse effects on business;

(ii) global recession and its effects on the performance of the local and regional economies where the Group has significant operations (please refer to more details below); and

(iii) changes in laws and government regulations (or the interpretation thereof) or restrictive financial measures that burden the operating cost or restrict business.

These general business risks could have adverse effects on the overall economic growth of Singapore which could consequently hinder the Group's current or future business, growth strategies, financial position and results of operations.

It is recognised that such risks and changes in the economic, political and social conditions can never be eliminated totally and that the cost of mitigating these risks could be high.

The Group's business may be affected by global economic conditions

The global financial system has suffered considerable turbulence and uncertainty in recent years. Expectations concerning the performance of the global economy in the short to medium term remain uncertain. Furthermore, the global financial system has not yet overcome the difficulties that began in August 2007, and has suffered a particularly negative sub-prime crisis period since September 2008, when the first of several leading international financial institutions were declared insolvent.

Also, concerns about credit risk, including that of sovereigns, and the Eurozone crisis have recently intensified. The large sovereign debts and/or fiscal deficits of a number of European countries as well as of the United States of America have raised concerns regarding the financial condition of financial institutions, insurers and other corporates (i) located in these countries; (ii) that have direct or indirect exposure to these countries; and/or (iii) whose banks, counterparties, custodians, customers, service providers, sources of funding and/or suppliers have direct or indirect exposure to these countries. A default by, or a significant decline in the credit rating of, one or more sovereigns or financial institutions could cause severe stress generally in the global financial system and could adversely affect the Group's business, operations and profitability, its solvency and the solvency of its customers (particularly with regard to its property development business), the value and liquidity of its assets and liabilities, the value and liquidity of the Notes, and/or the ability of the Group to refinance its current financial obligations and meet its obligations under the Notes and/or its debt obligations more generally.

The Group's business requires substantial capital and any disruption in funding sources would have a material adverse effect on its liquidity and financial condition

The Group's business requires substantial capital and its liquidity and profitability are, in large part, dependent upon its timely access to, and the costs associated with, raising capital. The Group has been financing its operations mainly through a combination of shareholders' equity (including retained profits), net cash generated from operating activities, borrowings from financial institutions and advances from the Issuer to subsidiaries and/or associates.

To finance its existing operations and future expansion plans, the Group is likely to rely on funding from financial institutions and/or shareholders of the Group and/or its subsidiaries or other sources of funds. In the event that the Group is unable to obtain loans or other credit facilities or funds from financial institutions on reasonable terms or from the shareholders and other sources, the Group may not be able to implement its business and operational strategies. This would adversely affect its business growth and financial performance.

The Group's property development business is capital-intensive. 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 the Group's operating activities and cash and bank balances while external sources comprise mainly bank loans and other loans and capital contribution from the Group's shareholders. The Group's ability to arrange adequate external financing for land acquisitions or property developments on terms that will allow a commercially acceptable return depends on a number of factors that are beyond its control, including general economic and political conditions, the terms on which financial institutions are willing to extend credit to the Group and the availability of other sources of debt or equity financing. Although the Group has obtained financing in the past to fund its business activities, there is no assurance that it will be able to continue to obtain such financing support in the future on acceptable terms, or any financing support at all. In such events, it may not be able to finance its business activities and its cashflow, financial performance and financial position may be adversely affected. In addition, the Group may require additional borrowings to fund its future development projects.

There is no assurance on the sustainability of the growth of the Group

Apart from the Group's development plans and business strategies, other factors, like intense market competition and consumers' preferences, which are beyond its control, may also affect the growth of the Group. There is no assurance that the Group will be able to achieve or maintain similar levels of growth in revenue and profit in future. The past results of the Group should not be used as an indicator of its future performance.

The Group may be affected by corporate guarantees provided to banks

The Issuer may be required to provide corporate guarantees to banks where certain subsidiaries of the Issuer, particularly those with regard to the Group's property development business, have obtained loans. In the case of joint ventures, such corporate guarantees may be granted on a joint but not several basis. In the event of a default by a joint venture partner, the Issuer may be liable to such banks for the full loan amount. This could consequently adversely affect the cashflow, financial performance and financial position of the Group.

The Group operates in highly competitive industries and any failure by the Group to compete could result in the Group losing market share and revenue

The Group operates in the property development, jewellery and financial service industries, all of which are highly competitive. Any failure by the Group to compete in these industries could result in it losing market share and revenue.

The property development industry in Singapore is highly competitive and this could adversely affect the Group's business if it fails to compete successfully in the market. Other property developers, some with greater resources and more lower-cost landbanks, compete with the Group in seeking prospective buyers. Competition from such property developers may adversely affect the Group's ability to sell its projects.

The jewellery market in Singapore is also highly competitive. These competitors include specialty-branded retail shops, department stores, major chain stores and international retailers, which offer jewellery and other related products. The industry players compete with one another based on, amongst other things, product variety, product design, image of stores, advertising and marketing, product quality and price. There is no assurance that the Group will be able to maintain its competitive edge in the future in light of the changing and competitive market environment. Increasing competition in the industry may affect the pricing and profitability of the Group's products.

The financial service industry in Singapore is likewise highly competitive. The Group competes with major pawnshops and retail chains, as well as other smaller players who operate individual pawnshops or retail outlets dealing in pre-owned jewellery and watches. If the Group does not successfully compete against its competitors, its results of operations may be materially and adversely affected.

The Group is dependent on its continued ability to attract and retain skilled and qualified personnel

The Group considers that retaining skilled and qualified personnel is one of the key factors for its growth and future success. In particular, the Group requires a large number of capable staff to fill in the appraisal, sales and management positions for its property development, jewellery and financial service businesses. The Group may face difficulties in relation to recruiting or retaining suitable personnel, in particular, those with extensive experience in and knowledge of the particular industries which the Group has operations in. If the Group fails to maintain or expand the working team or replace any possible loss of such skilled and qualified personnel, its operations and financial performance may be adversely affected and its future expansion plans may not be implemented effectively.

The outbreak of communicable diseases, if uncontrolled, could materially and adversely affect its business

An outbreak of influenza A (H1N1), bird flu, virus and/or other communicable diseases in Singapore could materially and adversely affect the Group's business. In the event that an outbreak occurs at any of its pawnshops and jewellery retail outlets, the Group may be required to temporarily suspend part of its operations and quarantine all affected employees, which could materially and adversely affect its business, results of operations and financial position.

The Issuer's ability to comply with its obligation to repay the Notes may be dependent upon the earnings of, and distributions by, the members of the Group and future performance of the Group

The Issuer's ability to comply with its obligation to repay the Notes may depend on the earnings of the Group and the distribution of funds amongst members of the Group, primarily in the form of dividends. Whether or not the members of the Group can make distributions to the Issuer will depend on distributable earnings, cash flow conditions, restrictions that may be contained in the debt instruments of its members, applicable law and other arrangements. These restrictions could reduce the amount of distributions that the Issuer receives from its members, which would restrict the Issuer's ability to fund its business operations and to comply with its payment obligations under the Notes.

Further, the ability of the Issuer to make scheduled principal or interest payments on its indebtedness, including the Notes, and to fund its growth aspirations, will depend on the Group's future performance and its ability to generate cash, which to a certain extent is subject to general economic, financial, competitive, legislative, legal, regulatory and other factors, as well as other factors discussed in this "Investment Considerations" section, many of which are beyond the control of the Issuer. If the Issuer's future cashflow from operations and other capital resources are insufficient to pay its debt obligations, including the Notes, or to fund its other liquidity needs, it may be forced to sell assets, attempt to restructure or refinance its existing indebtedness. No assurance can be given that the Issuer would be able to accomplish any of these measures on a timely basis or on satisfactory terms or at all.

The Group's management has broad discretion to determine how to use the proceeds received from this offering, and may use them in ways that may not enhance the Group's operating results or the price of the Group's shares

The Group plans to use the net proceeds of this offering as described under the "Purpose of the Programme and Use of Proceeds" section. The Group's management will have broad discretion over the use and investment of the net proceeds of this offering, and accordingly Noteholders will need to rely upon the judgment of the Group's management with respect to the use of proceeds with only limited information concerning management's specific intentions.

Risks relating to the Property Development Business of the Group

The Group may not be able to identify or acquire land for development at commercially acceptable prices

The Group may not be able to identify and acquire attractive sites in the future at commercially acceptable prices, or at all. If the Group is not able to continue to identify and acquire attractive new sites at commercially acceptable prices, this would adversely affect its business and financial performance. Further, the Group's future growth and development are dependent, in part, on its ability to acquire, or enter into agreements to develop, additional tracts of land suitable for the Group's planned real estate projects. The Group may experience difficulties in acquiring parcels of land which are suitable (in size, location and price) for its projects. In the event the Group is unable to acquire suitable land at acceptable prices, and with the expectation of reasonable returns, its growth prospects could be limited and its business and results of operations could be adversely affected.

The Group's business may be affected by property market cooling measures introduced by the Government

Given that mixed property development projects (comprising commercial and residential units) form a core business of the Group, the Group may be affected by residential property market cooling measures introduced by the Government from time to time.

For example, with effect from 12 January 2013, the Government has imposed Additional Buyer's Stamp Duty ("**ABSD**") of between 5 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.[2]

[2] Source: http://www.iras.gov.sg/irashome/page04.aspx?id=12832

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 the current Buyer's Stamp Duty, which is 1 per cent. on the first S$180,000 of purchase consideration or market value of the property (whichever is higher), 2 per cent. on the next S$180,000 and 3 per cent. on the remainder.

Further, LTV limits on housing loans have 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 Group's property development business and financial performance.

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 affect the profits of the Group.

The Group may be impacted by changes in policies, guidelines, rules, regulations and laws issued by various government agencies

The Group may be impacted by changes in policies, guidelines, rules, regulations and laws issued by various government agencies in relation to real estate, including those governing usage, zoning, and government charges. Such revisions may lead to an increase in management expenses or unforeseen capital expenditure to ensure compliance. Rights related to the relevant properties may also be restricted by legislative actions, such as revisions to the laws relating to building standards or town planning laws, or the enactment of new laws relating to government appropriation, condemnation and redevelopment.

For example, with effect from 18 May 2012, property developers are required to abide by revisions made to the Housing Developers Rules. Further to such revisions, property developers are now required to, *inter alia,* provide more information to buyers before the issue of an option to purchase, such as a drawn-to-scale location and site plans of the project, a unit floor plan and a breakdown of the unit's floor area by various spaces, such as bedrooms, balconies and bay windows. To prove their good track record to buyers, property developers are also required to disclose at least one completed project before issuing the option to purchase. Property developers are also required to obtain the consent of buyers should any changes be made to the layout of units. In addition, current advertising rules for newspapers and sales brochures are now extended to online advertisements (for example, advertisements must not contain any false or misleading information). These additional requirements may contribute towards an increase in the cost of developing residential units, and in turn, may affect the profits of the Group.

The Group may be subject to liability for construction defects and other building-related claims

Construction defects and other building-related claims may be asserted against the Group, and the Group may be subject to liability for such claims. There is no assurance that the Group will not be held liable for any damages, cost of repairs and/or the expense of litigation in connection with such claims. There is also no assurance that claims will not arise out of uninsurable events, such as landslides or earthquakes, or circumstances not covered by the Group's insurance and not subject to effective indemnification agreements with the Group's contractors. Neither can there be any assurance that the contractors hired by the Group will be able to correct any such defects or indemnify the Group for costs incurred by the Group to correct such defects. In the event that a substantial number of claims arising from structural or construction defects arise, this could have a material adverse effect on the Group's reputation and on its business, financial condition and results of operations.

The Group mitigates this risk by following strict quality control procedures during the various phases of a project's development, such as the construction phase, delivery of materials, project delivery and unit delivery to homeowners. In addition, the Group also ensures that all completed units, facilities and amenities are built according to specifications set by government regulatory agencies.

The value of projects may be subject to market volatility and price corrections

The value of the property development projects of the Group may be subject to market volatility and price corrections in the event of economic downturns, decrease in consumer confidence in the economy or other unpredictable supervening events. If such an event occurs, it may affect the financial condition and performance of the Group.

The Group is reliant on independent contractors

The Group engages independent third-party contractors to provide various services, including architectural and structural design, piling and foundation, electrical, engineering, plumbing, building and property fit-out works as well as installation of air-conditioning units and elevators. The Group invites contractors to tender bids according to their reputation for quality and track record. The services rendered by independent third-party contractors may not be satisfactory or may not match the level of quality that the Group requires.

Moreover, there is no assurance that the Group will be able to find an independent contractor who is willing to undertake a particular project within the Group's budget and schedule. This may result in increased costs for the Group or delays in the project. There is also no assurance that the services rendered by any of the independent contractors will always be satisfactory or will match the Group's requirements for quality. Contractors may also experience financial or other difficulties, such as shortages in, or increases in the price of construction materials either of which could delay the completion of the project or increase the costs of construction. Any of these factors could have a material adverse effect on the Group's business, financial condition and results of operations.

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. 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. In such an event, the Group's cash flow and financial performance will be adversely affected.

Cancellation of sale of projects could adversely affect the business, financial condition and results of operations of the Group

As a developer and seller of residential and commercial property development projects, the Group's business, financial condition and results of operations could be adversely affected in the event that a material number of sold residential, retail or office unit sales are cancelled. While this risk is beyond the control of the Group, the Group practises prudent financial management, such as diversifying its property sales to retail customers rather than in bulk to any single purchaser and entering into joint ventures where appropriate, to minimise its possible effects on the Group's financial condition and continuous operations.

The Group may be involved in legal and other proceedings arising from its property developments 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 the Group 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.

Risks relating to the Jewellery Business of the Group

The Group is reliant on its "Aspial", "Lee Hwa", "Goldheart" and "CITIGEMS" brands

The jewellery business of the Group markets and sells its products under its "Aspial", "Lee Hwa", "Goldheart" and "CITIGEMS" brands and it believes that future sales of its jewellery may depend in part on increasing brand recognition for the Group's products amongst consumers. Brand recognition in turn depends on factors such as the product design, the distinct character and quality of its products, the image of its stores, its communication activities including advertising, public relations and marketing and its general corporate profile. Failure to maintain the image of the Group's brands and quality standards associated with its brands may have a material adverse effect on the Group's businesses and financial performance.

The Group may be subject to fluctuations in market prices of gold, platinum and gems

The Group's purchases and sales are vulnerable to variations in the market prices of gold, platinum and gems. Any sharp appreciation in the prices of gold, platinum and gems may cause a similar increase in the price of the finished products, which may affect consumer demand. Similarly, depreciation in the prices of these raw materials may induce higher demand. On the other hand, any forecasted depreciations in the prices of gold, platinum and gems may cause a decrease in demand amongst consumers who purchase jewellery for investment purposes.

The Group's business may be affected by non-renewal of leases or increase in rental of its retail outlets

Some of the retail stores of the Group's jewellery business are located at prime shopping locations in Singapore where consumers can easily access. The Group has entered into tenancy agreements in respect of such retail stores. The Group intends to renew certain tenancies or to exercise certain renewal options upon expiry. Provided that the rental rates are not unreasonably above market rental rates, the Group may maintain the leases at the existing locations.

However, there is no assurance that each of these leases can be renewed upon expiry or can be renewed at terms and conditions which are favourable to the Group. There is also no assurance that the Group may secure similar locations at the Group's satisfaction for new leases. Failure to renew the existing leases upon expiry may hence have an adverse effect on the Group's performance and future development.

Should the Group fail to renew any tenancies for the retail stores upon expiry, such stores may have to be relocated. If the stores are required to be relocated to less prime areas, the turnover of the Group may be affected and the Group may have to incur costs for renovation and removal. Such stores may also face closure if the increase in the rental is excessive or if the Group is unable to find alternative locations. In such instances, the Group may face a decline in turnover and incur costs for closure.

Rental expense forms a large part of the Group's operational costs for its jewellery business. Therefore, any substantial increase in rental expense may have a material adverse impact on the Group's profitability.

The Group may be subject to risks associated with third-party production

While the Group develops, controls and produces in-house the majority of its prototypes, it outsources to external manufacturers with appropriate expertise and capacity the production of most of its jewellery products. The Group has established a rigorous inspection and quality control process for all outsourced production and contractually requires all third-party manufacturers to comply with intellectual property protections and confidentiality restrictions in addition to all applicable labour, social security and health and safety laws and regulations. However, the inability of third-party manufacturers to ship orders in a timely and appropriate manner or to comply with their contractual obligations could have a negative impact on its operations and business. Likewise, if the Group expands beyond the production capacity of its current suppliers, it may not be able to find new suppliers with an appropriate level of expertise and capacity in a timely manner. If any of these risks were to develop, it may have an adverse effect on the business, financial condition and results of operations of the Group.

Intellectual property rights may be costly and difficult to enforce and the Group may not be able to renew its intellectual property rights or may be subject to claims for infringement of third parties' intellectual property rights

The Group has registered its trademarks and designs in Singapore. Effective enforcement of intellectual property rights is important for the protection of the Group's interests as it considers the recognition of its trademarks and designs to be vital in the sale of its products. Unauthorised use of the Group's trademarks, brands and designs may damage the brand recognition and reputation of the Group. Although the Group has registered its trademarks and designs, it may be possible for third parties to unlawfully pass-off their products as the Group's or to infringe the Group's intellectual property rights in the design and/or manufacture of their products. In the event that third parties infringe upon the Group's intellectual property rights in respect of its trademarks and designs by unlawfully passing off their products as the Group's products or imitating or using the Group's trademarks and designs without its authorisation, the Group may face considerable difficulties and costly litigation in order to fully protect these intellectual property rights, which may in turn affect its reputation, businesses and financial performance.

In addition, there is no assurance that the Group can renew its intellectual property rights upon their expiry. In the event that the Group is unable to do so, its jewellery business and financial performance may be adversely affected.

Further, while taking care not to, the Group may during the course of business inadvertently infringe upon other registered trademarks or intellectual property rights belonging to third parties. As such, the Group may be subject to legal proceedings and claims relating to such infringement. In the event of any claims or litigation involving infringement of intellectual property rights of third parties, whether with or without merit, it could result in a diversion of the Group's management time and resources and its business operations may be materially and adversely affected. In addition, any successful claim against the Group arising out of such proceedings could result in substantial monetary liability and may materially affect the Group's reputation and the continued sale of the affected products and consequently, the Group's financial performance.

Obsolete and slow-moving inventory may adversely affect the financial position and profitability of the Group

The jewellery business of the Group is highly related to consumers' preferences to the Group's products. If the products of the Group fail to meet the changing trend of the market and consumers' tastes, the Group may face the risk of slow-moving inventory. If the Group cannot manage to source or manufacture appropriate inventory to suit consumers' tastes in future, the volume of obsolete and slow-moving inventory may increase and the financial position and the profitability of the Group may be adversely affected.

The Group's business is reliant on the sufficient and continual supply of good quality gems

The jewellery products designed and offered by the Group largely consist of gems. The sales volume and operation results of the Group may be adversely affected if the gems supplied by the suppliers fail to meet the Group's requirements, in particular, the size and quality standard of the gems. The ability of the Group to meet the demands of its customers may also be adversely affected if its major suppliers are unable to supply sufficient amount of gems to the Group on a timely basis. This may in turn affect the operations and financial performance of the Group.

The accessibility of the Group's jewellery retail stores may be affected by regulatory changes

The Group recognises that business is largely dependent upon the accessibility of its retail stores (for example, locations with a high volume of human traffic). Therefore, the Group endeavours to establish retail stores in prime locations which are easily accessible to the public. However, in the event of changes to rules and regulations, such as public health and safety rules, access routes to the retail stores may be affected. This may result in a decrease in revenue for such stores (which may have high operating costs, such as high rental rates) and in turn result in losses to or a decline in profits for the Group.

Risks relating to the Financial Service Business of the Group

The Group is subject to regulatory risks associated with pawnbroking and retail and trading of pre-owned jewellery and watches and may be adversely affected if the Group is unable to maintain its existing licences, registrations, permits, approvals or exemptions

The Group's pawnbroking business and retail and trading of pre-owned jewellery and watches business are subject to several laws and regulations in Singapore, including but not limited to the Pawnbrokers Act and Secondhand Goods Dealers Act respectively.

As at the Latest Practicable Date, the Group's pawnshops and retail outlets have obtained the necessary licences and exemptions (where applicable) for the operation of these businesses respectively. The Group's ability to continue its pawnbroking and retail and trading of pre-owned jewellery and watches businesses is dependent, respectively, on the relevant licences and exemptions. The licences for its pawnbroking business are valid for certain periods of time with their renewal based on its compliance with the requirements imposed by the relevant authorities. As for the exemptions granted to the Group in respect of its dealing in secondhand goods, its exempt status is subject to its continued compliance with the requirements imposed by the relevant authorities.

While there have been no previous instances of failure to obtain the licence renewals or maintain its exempt status as a secondhand goods dealer in the past, there is no assurance that its licences will be renewed when they expire in the future or that its said exempt status will be maintained. The revocation or suspension of the licences of any of its pawnshops, or the revocation or suspension of its exemption status as a secondhand goods dealer, or a failure by the Group to obtain the relevant exemptions as a secondhand goods dealer (in the event that its exempt status is revoked), or the imposition of any penalties, whether as a result of the infringement of regulatory requirements or otherwise, may have an adverse and material impact on its business and financial performance.

In addition, if there are any changes in legislation, regulations or policies governing the pawnbroking and/ or retail and trading of pre-owned jewellery and watches businesses, such that more restrictions and/or additional compliance requirements are imposed by the regulatory authorities in Singapore on the Group which would restrict the conduct of its business and/or result in higher costs for the Group, its financial performance may be adversely affected. In the event that it would not be viable to build in such increased costs into its prices, the Group will have to absorb these cost increments and this would affect its profitability.

Gold price volatility may affect the Group's profitability

The profitability of the Group's operations is significantly affected by changes in gold prices as the Group sells gold jewellery to individuals and jewellery and precious metals traders/dealers. Gold prices can fluctuate widely and are affected by numerous factors beyond its control, including industrial and jewellery demand, inflation and expectations with respect to the rate of inflation, the strength of the US dollar and of other currencies, interest rates, gold sales by central banks and international institutions, forward sales by producers, global or regional political or economic events, and production and cost levels in major gold-producing regions such as South Africa and China. In addition, gold prices are sometimes subject to rapid short-term changes because of speculative activities. The supply of gold consists of a combination of new production from mining and existing stocks of bullion and fabricated gold held by governments, public and private financial institutions, industrial organisations and private individuals. As the amounts produced in any single year constitute a small portion of the total potential supply of gold, typical variations in current production do not necessarily have a significant impact on the supply of gold or its price.

The Group extends loans secured by gold jewellery as collateral by the customer based on a certain LTV ratio which factors in a buffer for potential fluctuations in gold prices and non-payment of interest. However, a significant prolonged downward movement in the price of gold will result in a fall in collateral values. If the customers do not repay their loans and the collateralised gold jewellery decrease significantly in value, its financial position and results of operations would be adversely and materially affected.

The Group's business may be affected by non-renewal of leases or increase in rental of its retail outlets

All the Group's pawnshops and retail outlets as at the Latest Practicable Date are located at strategic locations which are accessible to customers. A majority of these shops are leased from independent third parties. There is no assurance that each of the leases can be renewed upon expiry or can be renewed on favourable terms and conditions. Failure to renew the existing leases upon expiry or on favourable terms and conditions will adversely affect its performance and future development.

Should the Group fail to renew any leases upon expiry, those shops may need to be relocated. If the shops are required to be relocated to less favourable areas, the Group's revenue may be adversely affected and the Group will have to incur costs for renovation and removal. Shops may face closure if the increase in rental is excessive or if the Group is unable to find alternative locations. In such case, the Group will face a decline in revenue and incur additional costs for closure.

Rental costs is one of the main costs of the Group's financial service business operations. Rental costs accounted for approximately S$3.6 million, S$5.6 million and S$7.3 million for FY2010, FY2011 and FY2012, representing approximately 28.8%, 33.2% and 32.7% of its total operating expenses respectively. Any substantial increase in rental costs in the future will adversely impact its profitability.

The Group may not be able to recover the full loan amount and the value of the collateral may not be sufficient to cover the outstanding amounts due

Failure by the Group's employees to properly appraise the value of the collaterals or pledged articles may result in it incurring losses on these loans as it has no recourse against the borrower. Any failure to recover the loan through the sale of unredeemed pledges could expose the Group to a potential loss if the loan extended based on the initial appraised value is higher than its realised value. Any such losses arising from significant differences in the value of its loan portfolio will adversely affect its financial position and results of operations.

The Group is reliant on its "Maxi-Cash" brand name

The Group markets its business under its "Maxi-Cash" brand name and the Group believes that its business will depend in part on increasing brand recognition amongst customers. Failure to maintain the image of its brand name and quality standards associated with its brand name may have an adverse impact on its business and financial performance.

The Group's insurance coverage may not adequately protect the Group against certain operational risks

The Group maintains general insurance policies, where practicable, covering both its assets and employees in line with general business practices in the pawnbroking and retail and trading of pre-owned jewellery and watches industries, with policy specifications and insured limits which the Group believes are reasonable.

The occurrence of certain incidents, including fraud or other misconduct committed by its employees or third parties, fire, severe weather conditions, earthquake, war, flooding and power outage, and the consequences resulting therefrom may not be covered adequately, if at all, by its insurance policies. If the Group incurs substantial liabilities which are not covered by its insurance policies, or if its business operations are interrupted for more than a short period of time, the Group may incur expenses and losses that would materially and adversely affect its operating results.

The Group's financial service business is dependent on its key personnel for its continued success

The directors of Maxi-Cash, Ms Koh Lee Hwee and Mr Koh Wee Seng, have been instrumental in formulating its business strategies and spearheading the growth of its business operations. Its success to date has been largely attributable to their efforts for implementing the Group's business strategies.

There is no assurance that the Group will be able to retain their services notwithstanding that Ms Koh Lee Hwee has entered into a service agreement with Maxi-Cash. The loss of the services of key management personnel without suitable and/or timely replacements, and inability to attract or retain qualified and experienced management personnel may lead to the loss or deterioration of important business relations as well as management's capability to implement plans and maintain operational effectiveness which will have an adverse impact on its business and financial performance.

The Group may require additional funding for its future growth plans

The Group has identified its future growth plans as set out in the section "Description of the Issuer - 4. Financial Service Business - 4.3 Strategy" in this Information Memorandum. The Group may also find future opportunities to grow through acquisitions which it has not identified at this juncture. Under such circumstances, the Group may need to obtain additional debt and/or equity financing to implement these growth opportunities.

Additional debt financing may, apart from increasing interest expense and gearing:

- limit the Group's ability to pay dividends;
- increase the Group's vulnerability to general adverse economic and industry conditions;
- require the Group to dedicate a substantial portion of cash flow from operations to payments on its debt, thereby reducing the availability of its cash flow to fund capital expenditure, working capital and other requirements; and/or
- limit its flexibility in planning for, or reacting to, changes in the financial service business and industry.

The Group is unable to assure investors and/or Noteholders that it will be able to obtain the additional debt and/or equity financing on terms that are acceptable to it or at all. Any inability to secure additional debt and/or equity financing may materially and adversely affect its business, implementation of its business strategies and future plans and financial position.

The successful implementation of the Group's growth strategies depends on its ability to identify suitable sites for new pawnshops and retail outlets as well as strengthen its brand recognition through its brand management and marketing strategies. There can be no assurance that the Group will be able to execute such growth strategies successfully. If the Group fails to manage its expansion plans and the related risks and costs, its business and financial performance would be adversely affected.

In addition, the Group is subject to regulations in Singapore regarding:

- The grant of new licences for new pawnshops - under the Pawnbrokers Act, a licence is required for each pawnshop. Any restriction on the issue of new licences will impede its business expansion.
- The grant of an exempt status or licences (as the case may be) for its new retail outlets dealing in secondhand goods - under the Secondhand Goods Dealers Act, a dealer in secondhand goods regulated thereunder is required to obtain a licence for each shop unless otherwise exempted. Any restriction in the issue of licences or the grant of an exemption status will similarly impede its business expansion.

PURPOSE OF THE PROGRAMME AND USE OF PROCEEDS

The net proceeds arising from the issue of the Notes under the Programme (after deducting issue expenses) will be used for the financing of general corporate funding requirements or investments of the Issuer (including refinancing of existing borrowings), working capital and capital expenditure requirements of the Issuer and its subsidiaries.

CLEARING AND SETTLEMENT

Clearance and Settlement under the Depository System

In respect of Notes 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. Notes 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 Notes which are accepted for clearance by CDP, the entire issue of the Notes is to be held by CDP in the form of a Global Note for persons holding the Notes in securities accounts with CDP ("**Depositors**"). Delivery and transfer of Notes 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 Notes through the Depository System may only be effected through certain corporate depositors ("**Depository Agents**") approved by CDP under the Companies Act to maintain securities sub-accounts and to hold the Notes in such securities sub-accounts for themselves and their clients. Accordingly, Notes 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 Notes in direct securities accounts with CDP, and who wish to trade Notes through the Depository System, must transfer the Notes 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 Notes in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Issuing and Paying Agent or any other agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

Clearance and Settlement under Euroclear and/or Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants, thereby eliminating the need for physical movements of certificates and any risks from lack of simultaneous transfer. Euroclear and Clearstream, Luxembourg provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg each also deals with domestic securities markets in several countries through established depository and custodial relationships. The respective systems of Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems which enables their respective participants to settle trades with one another. Euroclear and Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream, Luxembourg is also available to others, 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 Notes 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 issued by MAS in force as at the date of this Information Memorandum and are subject to any changes in such laws or administrative guidelines, or the interpretation of those laws or guidelines, occurring after such date, which changes could be made on a retroactive basis. These laws and guidelines 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 Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. 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 Notes 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. Prospective holders of the Notes 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 Notes, 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 Notes.

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% final withholding tax described below) to non-resident persons (other than non-resident individuals) is 17.0% with effect from the year of assessment 2010. The applicable rate for non-resident individuals is 20.0%. 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%. The rate of 15.0% 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 is arranged by DBS Bank Ltd., which is a Financial Sector Incentive (Bond Market) Company (as defined in the ITA), any tranche of the Notes issued as debt securities under the Programme during the period from the date of this Information Memorandum to 31

December 2013 (the "**Relevant Notes**") would be "qualifying debt securities" for the purposes of the ITA, to which the following treatment shall apply:

(i) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the Comptroller of Income Tax in Singapore (the "**Comptroller**") may direct, of a return on debt securities for the Relevant Notes within such period as the Comptroller may specify and such other particulars in connection with the Relevant Notes as the Comptroller may require to the Comptroller and MAS, and the inclusion by the Issuer in all offering documents relating to the Relevant Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Notes 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 Notes 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 Notes, 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 Notes 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 the Comptroller may direct, of a return on debt securities for the Relevant Notes within such period as the Comptroller may specify and such other particulars in connection with the Relevant Notes as the Comptroller may require to the Comptroller and MAS), Qualifying Income from the Relevant Notes 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% (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 Notes a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Relevant Notes is not exempt from tax shall include such income in a return of income made under the ITA; and

(bb) the Issuer, or such other person as the Comptroller may direct, furnishing to the Comptroller and MAS a return on debt securities for the Relevant Notes within such period as the Comptroller may specify and such other particulars in connection with the Relevant Notes as the Comptroller may require,

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

However, notwithstanding the foregoing:

(A) if during the primary launch of any tranche of Relevant Notes, the Relevant Notes of such tranche are issued to fewer than four persons and 50.0% or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the Issuer, such Relevant Notes would not qualify as "qualifying debt securities"; and

(B) even though a particular tranche of Relevant Notes are "qualifying debt securities", if, at any time during the tenure of such tranche of Relevant Notes, 50.0% or more of the issue of such Relevant Notes is held beneficially or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income derived from such Relevant Notes 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 Notes 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.

Notwithstanding that the Issuer is permitted to make payments of interest, discount income, prepayment fee, redemption premium and break cost in respect of the Relevant Notes without deduction or withholding for tax under Section 45 or Section 45A of the ITA, any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Relevant Notes is not exempt from tax shall include such income in a return of income made under the ITA.

The Qualifying Debt Securities Plus Scheme ("**QDS Plus Scheme**") has also been introduced as an enhancement of the Qualifying Debt Securities Scheme. Under the QDS Plus Scheme, subject to certain conditions having been fulfilled (including the submission by the issuer or such other person as the Comptroller may direct, of a return on debt securities in respect of the qualifying debt securities within such period as the Comptroller may specify and such other particulars in connection with the qualifying debt securities as the Comptroller may require to the Comptroller and MAS), income tax exemption is granted on interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost derived by any investor from qualifying debt securities (excluding Singapore Government Securities) which:-

(a) are issued during the period from 16 February 2008 to 31 December 2013;

(b) have an original maturity of not less than 10 years;

(c) cannot be redeemed, called, exchanged or converted within 10 years from the date 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 Notes are "qualifying debt securities" which qualify under the QDS Plus Scheme, if, at any time during the tenure of such tranche of Relevant Notes, 50.0% or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, interest, discount income, prepayment fee, redemption premium or break cost from such Relevant Notes derived by:

(aa) any related party of the Issuer; or

(bb) any other person where the funds used by such person to acquire such Relevant Notes 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.

Pursuant to the Singapore Budget 2013, it was announced that the Qualifying Debt Securities Scheme and the QDS Plus Scheme are to be extended to debt securities issued during the period of 1 January 2014 to 31 December 2018, subject to certain amendments to be announced by MAS.

2. Capital Gains

Any gains considered to be in the nature of capital made from the sale of the Notes will not be taxable in Singapore. However, any gains derived by any person from the sale of the Notes 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 Notes who apply or who are required to apply Singapore Financial Reporting Standard 39 ("**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 Notes, 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 Inland Revenue Authority of Singapore has issued a circular entitled "Income Tax Implications Arising from the Adoption of FRS 39 - Financial Instruments: Recognition and 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 Notes 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 Notes.

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 Notes 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 Notes from the Issuer pursuant to the Programme Agreement.

United States

The Notes have not been and will not be registered under the Securities Act, and the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act ("**Regulation S**").

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder.

Each Dealer has agreed that, and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Programme Agreement, it will not offer, sell or deliver the Notes, (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 Notes 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 Notes sold to or through more than one Dealer, by each of such Dealers with respect to Notes 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 Notes during the distribution compliance period a confirmation or other notice setting out the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering of any identifiable tranche of Notes, an offer or sale of Notes within the United States by any dealer that is not participating in the offering of such Notes may violate the registration requirements of the Securities Act.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent 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 Notes 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 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 Notes, 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 Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Singapore

Each Dealer has acknowledged that this Information Memorandum has not been registered as a prospectus with the MAS. Accordingly, each Dealer has represented and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes 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 Notes, 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 to 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

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 Notes or any interest therein or rights in respect thereof or has in its possession or distributes, any other document or any Pricing Supplement.

Any person who may be in doubt as to the restrictions set out in the SFA or the laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers the Notes 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. 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.

2. 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:

   Mr Koh Wee Seng, Ms Ko Lee Meng and Ms Koh Lee Hwee are siblings.

3. No option to subscribe for shares in, or debentures of, the Issuer has been granted to, or was exercised by, any Director or employees of the Group during the last financial year ended 31 December 2012.

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:

   <u>Directors</u>

	Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	%	Number of Shares	%	Number of Shares	%
Directors						
Koh Wee Seng	245,768,742	15.11	961,857,080	59.05	1,207,625,822	74.15
Ko Lee Meng	28,470,486	1.75	958,454,936	58.84	986,925,422	60.59
Koh Lee Hwee	28,671,793	1.76	972,835,897	59.72	1,001,507,690	61.48
Wong Soon Yum	–	–	–	–	–	–
Kau Jee Chu	–	–	–	–	–	–
Holders of 5% or more						
MLHS Holdings Pte Ltd(1)	957,541,586	58.78	N/A.	N/A.	957,541,586	58.78

NOTES:

(1) MLHS Holdings Pte Ltd ("**MLHS**") is a private limited company incorporated in Singapore on 14 January 1994. MLHS is an investment holding company. The substantial shareholders of MLHS are Mr Koh Wee Seng (35.5%), Ms Ko Lee Meng (25.8%) and Ms Koh Lee Hwee (20.3%). The directors of MLHS are Mr Koh Wee Seng, Ms Ko Lee Meng, Mr Koh Wee Meng, Ms Koh Lee Hwee, Mdm Tan Su Lan @ Tan Soo Lung and the estate of Mr Koh Chong Hin @ Ko Chong Sung. Mr Koh Wee Seng, Ms Ko Lee Meng and Ms Koh Lee Hwee are deemed interested in the shares held by MLHS by virtue of Section 7 of the Companies Act.

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 Articles of Association of the Issuer.

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

	Issued Share Capital	
Share Designation	**Number of Shares**	**Amount**
Ordinary Shares	1,628,933,862	S$111,197,265

BORROWINGS

7. Save as disclosed in Appendix III, the Group had as at 31 December 2012 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 Notes, the Issuer will have adequate working capital for its present requirements.

CHANGES IN ACCOUNTING POLICIES

9. There has been no significant change in the accounting policies of the Issuer since its audited financial accounts for the financial year ended 31 December 2012.

LITIGATION

10. There are no legal or arbitration proceedings pending or, to the best of the knowledge of the Issuer after making all reasonable enquiries, threatened against the Issuer or any of its subsidiaries the outcome of which may have or have had during the 12 months prior to the date of this Information Memorandum a material adverse effect on the financial position of the Issuer or the Group.

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 2012.

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 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623 during normal business hours for a period of six months from the date of this Information Memorandum:

    (a) the Memorandum and Articles of Association of the Issuer;

    (b) the Trust Deed; and

(c) the audited consolidated financial statements of the Group for the financial year ended 31 December 2011 and the audited consolidated financial statements of the Group for the financial year ended 31 December 2012.

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 ASPIAL CORPORATION LIMITED AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011

The information in this Appendix II has been reproduced from the annual report of Aspial Corporation Limited for the financial year ended 31 December 2011 and has not been specifically prepared for inclusion in this Information Memorandum.

Financial Report

Contents

The directors are pleased to present their report to the members together with the audited consolidated financial statements of Aspial Corporation Limited (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2011.

DIRECTORS

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

Koh Wee Seng
Koh Lee Hwee
Ko Lee Meng
Wong Soon Yum
Kau Jee Chu

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

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

DIRECTORS' INTEREST IN SHARES OR DEBENTURES

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50, an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Held by directors			*Other shareholdings in which directors are deemed to have an interest*		
	1 January 2011	*31 December 2011*	*21 January 2012*	*1 January 2011*	*31 December 2011*	*21 January 2012*
MLHS Holdings Pte Ltd						
Ordinary shares						
Koh Wee Seng	900,000	1,065,000	1,065,000	–	–	–
Ko Lee Meng	450,000	772,500	772,500	–	–	–
Koh Lee Hwee	450,000	607,500	607,500	–	–	–

DIRECTORS' INTEREST IN SHARES OR DEBENTURES *(continued)*

	Held by directors			*Other shareholdings in which directors are deemed to have an interest*		
	1 January 2011	*31 December 2011*	*21 January 2012*	*1 January 2011*	*31 December 2011*	*21 January 2012*
Aspial Corporation Limited						
Ordinary shares						
Koh Wee Seng	44,466,400	141,847,522	141,847,522	209,875,500	604,441,440	604,441,440
Ko Lee Meng	7,454,700	17,891,280	17,891,280	208,873,500	602,159,184	602,159,184
Koh Lee Hwee	6,450,300	18,576,864	18,576,864	212,265,900	611,348,792	611,348,792

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2012.

By virtue of Section 7 of the Singapore Companies Act, Chapter. 50, Koh Wee Seng, Ko Lee Meng and Koh Lee Hwee are deemed to have an interest in the shares of all the subsidiaries to the extent held by the Company.

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

DIRECTORS' CONTRACTUAL BENEFITS

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

AUDIT COMMITTEE

The Audit Committee performed the functions specified in the Singapore Companies Act, Cap. 50. The functions performed are detailed in the Report on Corporate Governance.

AUDITORS

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditors.

On behalf of the Board of Directors:

Koh Wee Seng Director	Koh Lee Hwee Director

Singapore
20 March 2012

Statement by Directors Pursuant to Section 201(15)

We, Koh Wee Seng and Koh Lee Hwee, being two of the directors of Aspial Corporation Limited, do hereby state that, in the opinion of the directors,

a. the accompanying consolidated statement of comprehensive income, statements of financial position, statements of changes in equity, and consolidated statement of cash flows together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2011 and the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date, and

b. at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors:

Koh Wee Seng Director	Koh Lee Hwee Director

Singapore
20 March 2012

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Aspial Corporation Limited (the Company) and its subsidiaries (collectively, the Group) set out on pages 39 to 126, which comprise the statements of financial position of the Group and the Company as at 31 December 2011, and the statements of changes in equity of the Group and the Company and the statement of comprehensive income and 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.

OPINION

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards 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 2011 and of the results, changes in equity and cash flows of the Group and the changes in equity of the Company 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
Certified Public Accountants

Singapore
20 March 2012

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2011

	Note	2011 $'000	2010 $'000
Revenue	4	420,324	280,258
Materials and subcontract costs		(245,847)	(169,173)
Employee benefits	5	(41,259)	(32,251)
Depreciation and amortisation		(6,347)	(6,102)
Finance cost	6	(3,474)	(2,388)
Other operating expenses		(68,175)	(66,952)
Operating profit		55,222	3,392
Interest income from bank balances and affiliated company		55	56
Rental income		126	183
Other income	7	1,582	2,992
Share of results of associate		243	39
Profit before tax from continuing operation	8	57,228	6,662
Taxation	24(a)	(9,610)	(1,067)
Profit for the year		47,618	5,595
Other comprehensive income for the year, net of tax		–	–
Total comprehensive income for the year		47,618	5,595
Profit attributable to:			
Owners of the parent		45,310	4,829
Non-controlling interests		2,308	766
		47,618	5,595
Total comprehensive income attributable to:			
Owners of the parent		45,310	4,829
Non-controlling interests		2,308	766
		47,618	5,595
Earnings per share (cents)			
Basic	9	7.18	1.08
Diluted	9	7.18	1.08

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

Statements of Financial Position

As at 31 December 2011

	Note	Group		Company	
		2011 $'000	2010 $'000	2011 $'000	2010 $'000
Non-current assets					
Property, plant and equipment	10	14,704	16,115	337	432
Intangible assets	11	9,516	10,027	35	35
Investment in subsidiaries	12	–	–	77,601	59,571
Investment in associates	13	2,294	51	–	–
Investment in joint venture	14	25	25	25	25
Investment securities	15	23	23	–	–
Other receivables	18	3,891	4,205	4	4
Prepaid rent	19	–	278	–	–
Deferred tax assets	24(c)	3,243	2,107	–	–
		33,696	32,831	78,002	60,067
Current assets					
Inventories	16	90,858	77,646	–	–
Development properties	17	262,933	166,496	–	–
Trade and other receivables	18	135,616	84,489	96	131
Prepaid rent	19	278	337	–	–
Prepayments		830	674	55	80
Due from subsidiaries (non-trade)	20	–	–	29,783	16,705
Due from an affiliated company (non-trade)	20	3,478	3,481	–	–
Due from an associate (non-trade)	20	13,600	–	–	–
Derivative financial instruments	25	60	–	–	–
Cash and bank balances	21	28,163	19,125	93	280
		535,816	352,248	30,027	17,196
Total assets		569,512	385,079	108,029	77,263

	Note	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Current liabilities					
Trade and other payables	22	66,852	63,135	5,706	6,339
Derivative financial instruments	25	–	45	–	–
Due to subsidiaries (non-trade)	20	–	–	30,859	15,965
Due to an affiliated company (non-trade)	20	1,310	–	–	–
Due to ultimate holding company (non-trade)	20	2,500	900	2,500	900
Bank overdrafts	21	16,097	11,750	–	–
Provision for taxation		6,482	6,755	184	156
Interest-bearing loans and borrowings	23	168,809	128,867	1,251	1,250
		262,050	211,452	40,500	24,610
Net current assets/(liabilities)		273,766	140,796	(10,473)	(7,414)
Non-current liabilities					
Interest-bearing loans and borrowings	23	136,745	72,284	708	1,958
Other payables	22	6,800	2,200	–	–
Deferred tax liabilities	24(c)	8,110	685	27	45
		151,655	75,169	735	2,003
Total liabilities		413,705	286,621	41,235	26,613
Net assets		155,807	98,458	66,794	50,650
Equity attributable to owners of the parent					
Share capital	26(a)	42,721	28,141	42,721	28,141
Treasury shares	26(b)	(621)	(442)	(621)	(442)
Gain on reissuance of treasury shares		123	–	123	–
Revenue reserves		104,040	62,000	24,571	22,951
		146,263	89,699	66,794	50,650
Non-controlling interests		9,544	8,759	–	–
Total equity		155,807	98,458	66,794	50,650

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

Statements of Changes in Equity

For the year ended 31 December 2011

	Note	Attributable to owners of the parent					Non-controlling interests	Total equity
		Share capital $'000	Treasury shares $'000	Gain on reissuance of treasury shares $'000	Revenue reserves $'000	Total reserves $'000	$'000	$'000
Group								
At 1 January 2010		28,141	(637)	–	58,263	58,263	11,079	96,846
Profit for the year		–	–	–	4,829	4,829	766	5,595
Total comprehensive income for the year		–	–	–	4,829	4,829	766	5,595
Dividends on ordinary shares	27	–	–	–	(634)	(634)	(4,940)	(5,574)
Employee share award expenses	26(b)	–	195	–	–	–	–	195
Changes in ownership interests in subsidiary that does not result in loss of control	12	–	–	–	(458)	(458)	458	–
Non-controlling interests of non wholly owned newly incorporated subsidiary		–	–	–	–	–	1,396	1,396
At 31 December 2010		28,141	(442)	–	62,000	62,000	8,759	98,458
Profit for the year		–	–	–	45,310	45,310	2,308	47,618
Total comprehensive income for the year		–	–	–	45,310	45,310	2,308	47,618
Dividends on ordinary shares	27	–	–	–	(3,270)	(3,270)	(1,493)	(4,763)
Employee share award expenses	26(b)	–	95	123	–	123	–	218
Ordinary shares issued under rights issue	26(a)	14,690	–	–	–	–	–	14,690
Share issuance expenses	26(a)	(110)	–	–	–	–	–	(110)
Purchase of treasury shares	26(b)	–	(274)	–	–	–	–	(274)
Acquisition of non-controlling interests in a subsidiary		–	–	–	–	–	(30)	(30)
At 31 December 2011		42,721	(621)	123	104,040	104,163	9,544	155,807

	Note	Share capital $'000	Treasury shares $'000	Gain on reissuance of treasury shares $'000	Revenue reserves $'000	Total reserves $'000	Total equity $'000
		Attributable to owners of the parent					*Total equity*
Company							
At 1 January 2010		28,141	(637)	–	12,317	12,317	39,821
Profit for the year		–	–	–	11,268	11,268	11,268
Total comprehensive income for the year		–	–	–	11,268	11,268	11,268
Dividends on ordinary shares	27	–	–	–	(634)	(634)	(634)
Employee share award expenses	26(b)	–	195	–	–	–	195
At 31 December 2010		28,141	(442)	–	22,951	22,951	50,650
Profit for the year		–	–	–	4,890	4,890	4,890
Total comprehensive income for the year		–	–	–	4,890	4,890	4,890
Dividends on ordinary shares	27	–	–	–	(3,270)	(3,270)	(3,270)
Employee share award expenses	26(b)	–	95	123	–	123	218
Ordinary shares issued under rights issue	26(a)	14,690	–	–	–	–	14,690
Share issuance expenses	26(a)	(110)	–	–	–	–	(110)
Purchase of treasury shares	26(b)	–	(274)	–	–	–	(274)
At 31 December 2011		42,721	(621)	123	24,571	24,694	66,794

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 2011

	Note	2011 $'000	2010 $'000
Operating activities			
Profit before tax		57,228	6,662
Adjustments for:			
Property, plant and equipment written-off		958	52
Depreciation of property, plant and equipment		5,499	5,052
Fair value (gain)/loss on forward contracts		(105)	34
Employee Share Award Scheme expenses		218	195
Write down of inventories		11	66
Allowance for foreseeable loss on development properties		240	–
Interest expense		3,474	2,388
Interest income		(55)	(56)
Loss/(gain) on disposal of property, plant and equipment		192	(3)
Gain on sale of investment property		–	(1,269)
Amortisation of prepaid rent		337	540
Amortisation of intangible assets		511	510
Share of result of associate		(243)	(39)
Operating profit before changes in working capital		68,265	14,132
(Increase)/decrease in:			
Inventories		(13,223)	438
Development properties		(96,437)	(40,405)
Properties held for sale		–	11,247
Trade and other receivables		(50,813)	(34,472)
Prepayments		(156)	60
Increase/(decrease) in:			
Trade and other payables		8,077	(1,865)
Net cash used in operations		(84,287)	(50,865)
Interest paid		(3,474)	(2,388)
Income taxes paid		(3,594)	(5,420)
Net cash used in operating activities		(91,355)	(58,673)

	Note	2011 $'000	2010 $'000
Investing activities			
Purchase of property, plant and equipment		(4,781)	(6,577)
Proceeds from sale of property, plant and equipment		53	11
Proceeds from sale of investment property		–	7,869
Investment in associate		(2,000)	(12)
Increase in prepaid rent		–	(467)
Interest received		55	56
Acquisition of non-controlling interests in a subsidiary		(30)	–
Net cash (used in)/generated from investing activities		(6,703)	(880)
Financing activities			
Dividends paid to shareholders of the company		(3,270)	(1,749)
Dividends paid to non-controlling interests in a subsidiary		(1,493)	–
Proceeds from issuance of rights shares by Company, net of expenses		14,580	–
Purchase of treasury shares		(274)	–
Proceeds from issue of shares by subsidiary to a non-controlling interest		–	396
Proceeds from term loans		158,410	84,073
Repayment of term loans		(94,888)	(53,261)
Proceeds from short-term bank borrowings, net		41,979	20,316
Proceeds from finance lease obligations		30	21
Repayment of finance lease obligations		(1,638)	(1,160)
Return of capital from investment in securities		–	10
Advances from affiliated companies (non-trade)		1,313	3
Advances to an associate (non-trade)		(13,600)	–
Advances from ultimate holding company (non-trade)		1,600	200
Net cash generated from financing activities		102,749	48,849
Net increase/(decrease) in cash and cash equivalents		4,691	(8,944)
Cash and cash equivalents at beginning of year		7,375	16,319
Cash and cash equivalents at end of year	21	12,066	7,375

Notes to the Financial Statements

For the year ended 31 December 2011

1. CORPORATE INFORMATION

Aspial Corporation Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST). The immediate and ultimate holding company is MLHS Holdings Pte Ltd, incorporated in Singapore.

The address of its principal place of business is 55 Ubi Avenue 1, #07-11 Ubi 55, Singapore 408935. The address of the Company's registered office is 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 12 to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity 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 (SGD or $) and all values in the tables are rounded to the nearest thousand ($'000) as 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 and Interpretations of FRS (INT FRS) that are effective for annual periods beginning on or after 1 January 2011. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group and the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.3 Standards issued but not yet effective

The Group has not adopted the following standards and interpretations that have been issued but are not yet effective:

Description	*Effective for annual periods beginning on or after*
Amendments to FRS 107 Disclosures – Transfers of Financial Assets	1 July 2011
Amendments to FRS 12 Deferred Tax: Recovery of Underlying Assets	1 January 2012
Amendments to FRS 1 Presentation of Items of Other Comprehensive Income	1 July 2012
Revised FRS 19 Employee Benefits	1 January 2013
Revised FRS 27 Separate Financial Statements	1 January 2013
Revised FRS 28 Investments in Associates and Joint Ventures	1 January 2013
FRS 110 Consolidated Financial Statements	1 January 2013
FRS 111 Joint Arrangements	1 January 2013
FRS 112 Disclosure of Interests in Other Entities	1 January 2013
FRS 113 Fair Value Measurements	1 January 2013

Except for the Amendments to FRS 1, FRS 111, revised FRS 28 and FRS 112, the directors expect that the adoption of the other standards and interpretations 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 the Amendments to FRS 1, FRS 111, revised FRS 28 and FRS 112 are described below.

Amendments to FRS 1 Presentation of Items of Other Comprehensive Income

The Amendments to FRS 1 Presentation of Items of Other Comprehensive Income (OCI) is effective for financial periods beginning on or after 1 July 2012.

The Amendments to FRS 1 changes the grouping of items presented in OCI. Items that could be reclassified to profit or loss at a future point in time would be presented separately from items which will never be reclassified. As the Amendments only affect the presentations of items that are already recognised in OCI, the Group does not expect any impact on its financial position or performance upon adoption of this standard.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.3 Standards issued but not yet effective *(continued)*

FRS 111 Joint Arrangements and Revised FRS 28 Investments in Associates and Joint Ventures

FRS 111 and the revised FRS 28 are effective for financial periods beginning on or after 1 January 2013.

FRS 111 classifies joint arrangements either as joint operations or joint ventures. Joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement whereas joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. FRS 111 requires the determination of joint arrangement's classification to be based on the parties' rights and obligations under the arrangement, with the existence of a separate legal vehicle no longer being the key factor. FRS 111 disallows proportionate consolidation and requires joint ventures to be accounted for using the equity method. The revised FRS 28 was amended to describe the application of equity method to investments in joint ventures in addition to associates.

The Group currently equity account for its investment in joint ventures.

FRS 112 Disclosure of Interests in Other Entities

FRS 112 is effective for financial periods beginning on or after 1 January 2013.

FRS 112 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. FRS 112 requires an entity to disclose information that helps users of its financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial statements. The Group is currently determining the impact of the disclosure requirements. As this is a disclosure standard, it will have no impact to the financial position and financial performance of the Group when implemented in 2013.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.4 Basis of consolidation and business combinations

a. ***Business combinations from 1 January 2010***

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 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.

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.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

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 accordance with FRS 39 either in profit or loss or as change to other comprehensive income. If the contingent consideration is classified as equity, it is not be remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree identifiable net assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.4 Basis of consolidation and business combinations *(continued)*

a. *Business combinations from 1 January 2010* *(continued)*

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 2.11(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.

b. *Business combinations before 1 January 2010*

In comparison to the requirements mentioned in 2.4 (a), the following differences applied:

Business combinations are accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree are not reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent measurements to the contingent consideration were recognised as part of goodwill.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company owners' 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.

2.6 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities. The Group generally has such power when it directly or indirectly, holds more than 50% of the issued share capital, or controls more than half of the voting power, or controls the composition of the Board of Directors.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less any impairment losses.

2.7 Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associates are accounted for using the equity method. Under the equity method, investment in associates is carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment and is neither amortised nor tested individually for impairment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is deducted from the carrying amount of the investment and is recognised as income as part of the Group's share of results of the associate in the period in which the investment is acquired.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.7 Associates *(continued)*

The profit or loss reflects the share of the results of operations of the associates. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associates.

The Group's share of the profit or loss of its associates is shown on the face of profit or loss after tax and non-controlling interests in the subsidiaries of associates.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

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 its associates. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence over the associate, the Group measures any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in profit or loss.

2.8 Joint venture

The Group has an interest in a joint venture which is a jointly controlled entity. A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, and a jointly controlled entity is a joint venture that involves the establishment of a separate entity in which each venturer has an interest. The Group recognises its interest in the joint venture using the equity method until the date on which the Group ceases to have joint control over the joint venture.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.8 Joint venture *(continued)*

Adjustments are made in the Group's consolidated financial statements to eliminate the Group's share of intragroup balances, income and expenses and unrealised gains and losses on transactions between the Group and its jointly controlled entity. Losses on transactions are recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

In the Company's separate financial statements, interest in joint venture is accounted for at cost less impairment losses.

The financial statements of the joint venture are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of joint control, the Group measures any retained investment at its fair value. Any difference between the carrying amount of the former joint venture entity upon loss of joint venture control and the aggregate of the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2.9 Functional and foreign currency

a. ***Functional currency***

The management has determined the currency of the primary economic environment in which the Company operates i.e. functional currency, to be SGD. Sales prices and major costs of providing goods and services including major operating expenses are primarily influenced by fluctuations in SGD.

b. ***Transactions and balances***

Transactions in foreign currencies are measured in the functional currency 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 determined.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.10 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.21. The cost of an item of property, plant and equipment 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.

Renovation-in-progress is not depreciated until it is ready for its intended use. Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the asset as follows:

Renovations, electrical fittings, furniture and fittings	3 – 5 years
Air-conditioners, security equipment and office equipment	3 – 5 years
Machinery, tools and equipment	5 years
Computers	3 years
Motor vehicles	3 – 7 years

Leasehold building is amortised over its remaining lease period of 68 years.

The carrying values of property, plant and equipment 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 to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.11 Intangible assets

a. ***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 each of 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 acquire 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.

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.

b. ***Brands***

Brands are acquired through business combinations. The useful lives of brands are estimated to be 15 years and are amortised on a straight-line basis.

c. ***Other intangible assets***

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.11 Intangible assets *(continued)*

c. *Other intangible assets* *(continued)*

Intangible assets with finite useful lives are amortised on a straight-line basis over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

2.12 Impairment of non-financial assets

The Group assesses at each reporting date whether there is indication that an asset may be impaired. If any indication exists, or when annual impairment assessment 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 to sell 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. 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.

Impairment losses are recognised in profit or loss in those expense categories consistent with the function of the impaired asset, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.12 Impairment of non-financial assets *(continued)*

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.

2.13 Financial assets

Initial recognition and measurement

Financial assets are recognised on the statement of financial position 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:

a. ***Financial assets at fair value through profit or loss***

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. 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 are also classified as held for trading unless they are designated as effective hedging instruments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.13 Financial assets *(continued)*

a. *Financial assets at fair value through profit or loss* *(continued)*

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.

b. *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.

The Group classifies the following financial assets as loans and receivables:
- cash and cash equivalents;
- trade and other receivables, including amounts due from an affiliated company.

c. *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 financial assets designated at fair value through profit or loss nor loans and receivables. 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 asset 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.13 Financial assets *(continued)*

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.

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.

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at banks and amounts held under the "Project Account (Amendment) Rules 1997" of which withdrawals are restricted to payments for expenditure incurred on projects. These also include bank overdrafts that form an integral part of the Group's cash management.

2.15 Impairment of financial assets

The Group assesses at each end of the reporting period 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.15 Impairment of financial assets *(continued)*

a. *Financial assets carried at amortised cost* *(continued)*

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 assets 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 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.15 Impairment of financial assets *(continued)*

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. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its 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 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 and is accrued 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.16 Inventories

Inventories are stated at the lower of cost and net realisable value.

Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

Raw materials – purchase cost on a weighted average basis; and

Finished goods – cost of raw materials, labour and an attributable portion of overheads, determined on a specific identification basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

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

2.17 Development properties

Development properties are properties held and developed 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 measured at the lower of cost (plus, where appropriate, attributable profits, net of progress billings) and estimated net realisable value.

Cost of development properties includes the cost of land, development charges, construction costs, property taxes, interest on borrowings to finance the development projects and other direct and related expenditure incurred. Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when paid.

Profit on sale of properties under development is recognised in the financial statements using the percentage of completion method based on the stage of completion as certified by architects or quantity surveyors.

Provision is made for foreseeable losses in arriving at estimated net realisable value. Net realisable value 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.18 Properties held for sale

Properties purchased are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

Properties held for sale are properties purchased which are intended for sale in the ordinary course of business.

2.19 Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised on the statement of financial position 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

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling 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.

Subsequent to initial recognition, financial liabilities 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 liabilities are recognised in profit or loss.

The Group has not designated any financial liabilities upon initial recognition at fair value through profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.19 Financial liabilities *(continued)*

Other financial liabilities

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.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. 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 de-recognition 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.

2.20 Affiliated company

An affiliated company is an entity, not being a subsidiary or an associate, in which one or more of the shareholders of a subsidiary have a significant equity interest or exercise significant influence.

2.21 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.22 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 economic resources 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.

2.23 Employee benefits

a. *Defined contribution plans*

As required by law, the Group makes contributions to the national pension scheme, the Central Provident Fund (CPF), a defined contribution pension scheme. CPF contributions are recognised as an expense in the same period in which the related service is performed.

b. *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The estimated liability for leave is recognised for services rendered by employees up to end of the reporting period.

c. *Employee share award plan*

The Company's shares can be awarded to certain employees and directors of the Group. Share award expense is recognised as an expense in the same period in which the related service is performed. The fair value of the share award expense is determined based on the market value at the distribution dates.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.24 Leases

a. *Finance lease*

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.

b. *Operating lease*

i. *As lessee*

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased assets are classified as operating leases. 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.

Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

ii. *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 2.25(b). Contingent rents are recognised as revenue in the period in which they are earned.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.25 Revenue recognition

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. Revenue is measured at the fair value of consideration received or receivable excluding discounts, rebates, and sales taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised.

a. ***Revenue***

Revenue from sale of jewellery is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, which generally coincides with delivery and acceptance of the goods sold, net of discounts, returns and applicable goods and services tax. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

INT FRS 115 clarifies when revenue and related expenses from a sale of real estate unit should be recognised if an agreement between a developer and a buyer is reached before the construction of real estate is completed. Percentage of completion method for revenue recognition can only be applied if the entity continuously transfers to the buyer control and the significant risks and rewards of ownership of the work in progress in its current state as construction progresses.

Revenue from sale of development properties is recognised using the percentage of completion method. The percentage of completion is measured by reference to the survey of work performed by external architects. Profits are recognised in the financial statements only in respect of sales agreements finalised and to the extent that such profits relate to the progress of the construction work. The Group has considered the application of INT FRS 115 and concluded that certain 'pre-completion' sale contracts were not, in substance, construction contracts, and the legal terms are such that the construction does not represent the continuous transfer of work in progress to the purchaser. Consequently, the completed contract method of revenue recognition has been applied to these contracts.

Revenue from sale of properties held for sale is recognised when the risks and rewards of ownership have been transferred to the buyer through the transfer of legal title.

Interest income is recognised on a time-proportion basis using the effective interest method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.25 Revenue recognition *(continued)*

b. *Rental income from operating leases*

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

c. *Dividend income*

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

2.26 Income 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 by the end of the reporting period, in the country 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.26 Income taxes *(continued)*

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 assets and liabilities are recognised for all taxable temporary differences, except:

- Where the deferred tax relating to the deductible temporary differences 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 accounting profit nor taxable profit or loss; and

- In respect of deductible temporary differences and carry-forward of unused tax credits and unused tax losses, if it is not probable that taxable profit will be available against which the deductible temporary differences and carry-forward of unused tax credits and unused tax losses can be utilised.

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 accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associate and interests in joint venture, deferred income 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.26 Income taxes *(continued)*

b. *Deferred tax* *(continued)*

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 the 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 income taxes relate to the same taxable entity and the same taxation authority.

c. *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred in 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 statement of financial position.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.27 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 30 to the financial statements, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.28 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.

2.29 Treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received is recognised directly in equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.30 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.

2.31 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.31 Related parties *(continued)*

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).

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

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.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES *(continued)*

Key sources of estimation uncertainty *(continued)*

a. ***Impairment of non-financial assets***

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill and other indefinite life intangibles are tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the key assumptions applied in the impairment assessment of goodwill and brands, are given in Note 11 to the financial statements.

b. ***Impairment of loans and receivables***

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. The carrying amount of the Group's loan and receivable at the end of the reporting period was disclosed in Note 18 to the financial statements.

c. ***Income taxes***

The Group has exposure to income taxes in Singapore. Significant judgment 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. The carrying amount of the Group's income tax payables, deferred tax liabilities and deferred tax assets at the end of the reporting period was $6,482,000 (2010: $6,755,000) and $8,110,000 (2010: $685,000) and $3,243,000 (2010: $2,107,000) respectively.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES *(continued)*

Key sources of estimation uncertainty *(continued)*

d. ***Impairment of inventory***

The Group assesses periodically provision for excess inventory. When inventories are deemed obsolete or when the net realisable value falls below cost, the amount of obsolete inventories or fall in value is recognised as an impairment against the inventory balance. To determine whether there is objective evidence of impairment, the Group estimates future demand for the product. Any possible changes in these estimates could result in revision to the valuation of inventory. The carrying amount of the Group's inventories at the end of the reporting period was disclosed in Note 16 to the financial statements.

e. ***Revenue recognition on development properties***

The Group recognises revenues and costs on development properties that have been sold using the percentage of completion method.

Significant assumptions are required in determining the estimated total development costs which are recognised by reference to the stage of completion of a project at the end of the reporting period, using architect's certification. In making these estimates, the management has relied on costs actually paid or contracted for, and in respect of costs not paid or contracted for, management estimates of the costs to be incurred taking into consideration historical trends of its project costs.

Management has reviewed the status of all its projects and is satisfied that the estimates are realistic, and the estimates of total project costs and sales proceeds indicate full project recovery. The carrying amount of the development properties is disclosed in Note 17 to the financial statements.

f. ***Development properties***

Significant assumptions are required to estimate the stage of completion. The estimates are made based on past experience and knowledge of the project specialists. The Group recognises property development revenue by reference to the stage of completion of the property development project at the date of statement of financial position, when the outcome of a property development project can be estimated reliably. The stage of completion is based on the value of construction work certified by architects over the total contract value of construction of the development property. The carrying amount of asset arising from property development projects at the date of statement of financial position is disclosed in Note 17 to the financial statements.

4. REVENUE

	Group 2011 $'000	Group 2010 $'000
Sales of jewellery	228,601	191,537
Revenue from sale of development properties	177,461	61,258
Revenue from sale of properties held for sale	–	20,690
Interest income from providing collateral loan services	14,262	6,773
	420,324	280,258

5. EMPLOYEE BENEFITS

	Group 2011 $'000	Group 2010 $'000
Employee benefits expenses (including executive directors):		
Salaries and bonuses	37,744	29,241
Central Provident Fund contributions	3,420	2,815
Share Award Scheme expenses	95	195
	41,259	32,251

Share Awards

During the financial year, the Company distributed 427,000 (2010:800,000) shares out of treasury shares to its employees under the Aspial Share Awards Scheme at reissue price of $0.51 (2010:$Nil) per share.

6. FINANCE COSTS

	Group	
	2011 $'000	2010 $'000
Interest expense		
- term loans/short-term bank borrowings	2,655	1,713
- bank overdrafts	591	356
- hire purchase	168	206
- advances from an affiliated company	56	57
- others	4	56
	3,474	2,388

7. OTHER INCOME

	Group	
	2011 $'000	2010 $'000
Gain on disposal of investment property	–	1,269
Gain on disposal of property, plant and equipment	–	3
Net foreign exchange gain	623	1,030
Marketing rebate	115	80
Cash purchase discount	6	–
Dividend income from investment security	2	–
Grant income from Jobs Credit Scheme	–	300
Others	836	310
	1,582	2,992

During the financial year ended 31 December 2009, the Singapore Finance Minister announced the introduction of a Jobs Credit Scheme (Scheme). Under this Scheme, the Group received a 12% cash grant on the first $2,500 of each month's wages for each employee on their Central Provident Fund payroll. For the three month periods ended 31 March and 30 June 2010, the cash grant was reduced to 6% and 3% respectively.

During the financial year, the Group received grant income of $Nil (2010: $300,000) under the Scheme.

8. PROFIT BEFORE TAX FROM CONTINUING OPERATION

This is determined after charging/ (crediting) the following:

	Group	
	2011 *$'000*	*2010* *$'000*
Non-audit fees paid to:		
- Auditors of the Company	79	104
Audit fee paid to:		
- Auditors of the Company	335	282
- Other auditors	6	6
Agent sales commission	2,506	4,273
Amortisation of prepaid rent	337	540
Amortisation of intangible assets	511	510
Directors' fees	148	95
Depreciation of property, plant and equipment	5,499	5,052
Fixed rental expense on operating leases	35,932	33,379
Contingent rental expense on operating leases	5,082	4,066
Fair value (gain)/loss on forward contracts	(105)	34
Property, plant and equipment written-off	958	52
Allowance for foreseeable loss on development properties	240	–
Write down of inventories	11	66
Loss on disposal of property, plant and equipment	192	–

9. EARNINGS PER SHARE

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

Diluted earnings per share amounts is calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding (excluding treasury shares) during the 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 table reflects profit or loss and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	Group	
	2011 *$'000*	*2010* *$'000*
Profit for the year attributable to owners of the parent used in computation of basic and diluted earnings per share	45,310	4,829
Weighted average number of ordinary shares (excluding treasury shares) for basic earnings per share computation	631,055	446,071
Earnings per share (cents)		
- basic	7.18	1.08
- diluted	7.18	1.08

10. PROPERTY, PLANT AND EQUIPMENT

Group	Leasehold building	Renovations, electrical fittings, furniture and fittings	Air-conditioners, security equipment and office equipment
	$'000	$'000	$'000
Cost			
At 1 January 2010	–	18,924	2,705
Additions	4,629	1,096	785
Disposals	–	(8)	–
Written off	–	(567)	(34)
Transfer in/(out)	–	3,033	–
At 31 December 2010 and 1 January 2011	4,629	22,478	3,456
Additions	–	999	663
Disposals	–	(252)	(23)
Written off	–	(3,303)	(159)
Transfer in/(out)	–	2,463	56
At 31 December 2011	4,629	22,385	3,993
Accumulated depreciation and impairment			
At 1 January 2010	–	11,139	1,553
Depreciation charge for the year	–	4,031	445
Disposals	–	(1)	–
Written off	–	(520)	(31)
At 31 December 2010 and 1 January 2011	–	14,649	1,967
Depreciation charge for the year	134	4,249	525
Disposals	–	(74)	(5)
Written off	–	(2,380)	(127)
At 31 December 2011	134	16,444	2,360
Net carrying amount			
At 31 December 2010	4,629	7,829	1,489
At 31 December 2011	4,495	5,941	1,633

Renovation-in-progress $'000	Machinery, tools and equipment $'000	Computers $'000	Motor vehicles $'000	Total $'000
126	1,106	3,125	395	26,381
3,980	93	324	27	10,934
–	(1)	(1)	–	(10)
–	(2)	(13)	–	(616)
(3,043)	–	10	–	–
1,063	1,196	3,445	422	36,689
3,007	59	406	157	5,291
–	(6)	(16)	(104)	(401)
–	(2)	(74)	–	(3,538)
(2,519)	–	–	–	–
1,551	1,247	3,761	475	38,041
–	802	2,414	181	16,089
–	105	426	45	5,052
–	–	(1)	–	(2)
–	(2)	(12)	–	(565)
–	905	2,827	226	20,574
–	102	436	53	5,499
–	(2)	(11)	(64)	(156)
–	(1)	(72)	–	(2,580)
–	1,004	3,180	215	23,337
1,063	291	618	196	16,115
1,551	243	581	260	14,704

10. PROPERTY, PLANT AND EQUIPMENT *(continued)*

Company	*Renovations, electrical fittings, furniture and fittings*	*Air-conditioners, security equipment and office equipment*
	$'000	*$'000*
Cost		
At 1 January 2010	631	345
Additions	21	19
At 31 December 2010 and 1 January 2011	652	364
Additions	3	2
At 31 December 2011	655	366
Accumulated depreciation and impairment		
At 1 January 2010	591	300
Depreciation charge for the year	16	19
At 31 December 2010 and 1 January 2011	607	319
Depreciation charge for the year	16	17
At 31 December 2011	623	336
Net carrying amount		
At 31 December 2010	45	45
At 31 December 2011	32	30

Renovation-in-progress	*Machinery, tools and equipment*	*Computers*	*Motor vehicles*	*Total*
$'000	*$'000*	*$'000*	*$'000*	*$'000*
7	78	1,876	23	2,960
6	–	119	–	165
13	78	1,995	23	3,125
–	–	179	–	184
13	78	2,174	23	3,309
–	78	1,434	3	2,406
–	–	249	3	287
–	78	1,683	6	2,693
–	–	243	3	279
–	78	1,926	9	2,972
13	–	312	17	432
13	–	248	14	337

10. PROPERTY, PLANT AND EQUIPMENT *(continued)*

During the year, property, plant and equipment amounting to $570,000 (2010:$957,000) was acquired by means of finance leases. The carrying amount of assets held under finance leases as at 31 December 2011 was $2,057,000 (2010:$2,195,000).

Leased assets are pledged as security for the related finance lease liabilities (Note 29d).

11. INTANGIBLE ASSETS

	Group			Group and Company	Total
	Brand $'000	Trademark $'000	Goodwill $'000	Club membership $'000	$'000
Cost					
At 1 January 2010, 31 December 2010 and 31 December 2011	8,421	723	4,994	49	14,187
Accumulated amortisation and impairment					
At 1 January 2010	3,336	300	–	14	3,650
Amortisation	462	48	–	–	510
At 31 December 2010 and 1 January 2011	3,798	348	–	14	4,160
Amortisation	462	49	–	–	511
At 31 December 2011	4,260	397	–	14	4,671
Net carrying amount					
At 31 December 2010	4,623	375	4,994	35	10,027
At 31 December 2011	4,161	326	4,994	35	9,516

Amortisation expense

The brand and trademark acquired are amortised evenly over its estimated economic useful life of 15 years. The remaining amortisation period for the brand and trademark are 10 years and 8 years (2010: 11 years and 9 years) respectively.

11. INTANGIBLE ASSETS *(continued)*

Impairment testing of goodwill, brand and trademark

Impairment testing of goodwill, brand and trademark has been done by comparing the carrying amounts of goodwill, brand and trademark with their recoverable amounts.

The recoverable amounts of goodwill and brand have been determined based on value in use calculations using cash flow projections from financial budgets of the business unit approved by management covering a five year period. Management has considered and determined the factors applied in these financial budgets which include average growth rates derived based on management's judgment. For goodwill and brand, the growth rates applied are in the range of 2% and 4% (2010: 3% and 12%).

The pre-tax discount rates applied in the cash flow projections is 5% (2010: 7%), which reflects management's estimation of the risks specific to the segment.

The recoverable amount of trademark has been determined based on actual business performance.

12. INVESTMENT IN SUBSIDIARIES

	Company	
	2011 *$'000*	*2010* *$'000*
Unquoted equity shares, at cost		
Opening balance at 1 January	59,571	30,294
Impairment loss	–	(723)
Acquisition of non-controlling interests in a subsidiary	30	–
Issuance of shares by subsidiaries during the year	18,000	30,000
Carrying amount of investments at 31 December	77,601	59,571

12. INVESTMENT IN SUBSIDIARIES *(continued)*

Impairment testing of investment in a subsidiary

During the last financial year, management performed an impairment test for the investment in Gold Purple Pte Ltd as this subsidiary had been persistently making losses. An impairment loss of $Nil (2010: $722,800) was recognised to write down the investment in this subsidiary.

	Name of Company	*Principal activities*	*Country of incorporation and place of business*	*Proportion (%) of ownership interest*	
				2011	*2010*
	Held by the Company				
B.	Aspial International Pte Ltd	Jewellery wholesaling and exporting	Singapore	100	100
A.	World Class Land Pte Ltd	Property development	Singapore	90	90
	Gold Purple Pte Ltd	Jewellery manufacturing (dormant)	Singapore	100	100
	Belgium – Singapore Diamond Corporation Pte Ltd.	Diamond trading (dormant)	Singapore	100	70
A.	Aspial-Lee Hwa Jewellery Singapore Pte. Ltd.	Jewellery retailing and manufacturing	Singapore	100	100
A.	Maxi-Cash Financial Services Corporation Pte. Ltd. (formerly known as World Class Financial Services Pte. Ltd.)	Investment holding	Singapore	100	100
A.	World Financial Property Pte. Ltd.	Real estate activities	Singapore	100	100
	Held through subsidiaries				
	Aspial-Lee Hwa Jewellery Singapore Pte. Ltd.				
A, C.	Citigems Pte. Ltd.	Jewellery retailing	Singapore	49	49
A.	Aspial-Lee Hwa Jewellery Pte. Ltd.	Jewellery retailing	Singapore	100	100
A.	Goldheart Jewelry Pte. Ltd.	Jewellery retailing	Singapore	100	100
B, E.	L&N Jewellery Pte. Ltd.	Jewellery wholesaling and retailing	Singapore	100	100
	Aspial International Pte Ltd				
B.	BU2 Services Pte. Ltd.	Investment holding	Singapore	100	100

12. INVESTMENT IN SUBSIDIARIES *(continued)*

Name of Company	Principal activities	Country of incorporation and place of business	Proportion (%) of ownership interest 2011	2010
World Class Land Pte Ltd				
A. World Class Developments Pte. Ltd.	Property development	Singapore	90	90
B. Advance Property Pte. Ltd.	Investment holding	Singapore	90	90
A. World Class Property Pte. Ltd.	Property development	Singapore	90	90
A. World Class Capital Pte. Ltd.	Property development	Singapore	72	72
Advance Property Pte. Ltd.				
B. Headway Construction Pte. Ltd.	Building construction and contractors	Singapore	90	90
B. Dynamic Project Management Services Pte. Ltd.	Property management	Singapore	90	90
World Class Capital Pte. Ltd.				
A. World Class Capital (LN) Pte. Ltd.	Property development	Singapore	72	72
World Class Property Pte. Ltd.				
A. World Class Property (Eastcoast) Pte. Ltd.	Property development	Singapore	90	90
A. World Class Investments Pte. Ltd.	Property investment	Singapore	90	90
A. World Class Property (Dunearn) Pte. Ltd.	Property development	Singapore	90	90
A. World Class Property (North) Pte. Ltd.	Property development	Singapore	72.18	72.18
A. World Class Property (Central) Pte. Ltd.	Property development	Singapore	90	90
A. World Class Property (Telok Kurau) Pte. Ltd.	Property development	Singapore	90	90
World Class Developments Pte. Ltd.				
A. World Class Developments (Bedok) Pte. Ltd.	Property development	Singapore	72	72
A. World Class Developments (Central) Pte. Ltd.	Property development	Singapore	90	90
A. World Class Developments (City Central) Pte. Ltd.	Property development	Singapore	90	–
A. World Class Developments (North) Pte. Ltd.	Property development	Singapore	90	–

12. INVESTMENT IN SUBSIDIARIES *(continued)*

	Name of Company	*Principal activities*	*Country of incorporation and place of business*	*Proportion (%) of ownership interest*	
				2011	*2010*
	Maxi-Cash Financial Services Corporation Pte. Ltd. (formerly known as World Class Financial Services Pte. Ltd.)				
A.	Maxi-Cash Group Pte. Ltd.	Pawn brokerage and investment holding	Singapore	100	100
A.	Maxi-Cash Jewellery Group Pte. Ltd. (formerly known as GNG Group Pte. Ltd.)	Jewellery retailing	Singapore	100	100
A.	Maxi-Cash Jewellery Pte. Ltd. (formerly known as Gold N Gems Pte. Ltd.)	Jewellery retailing	Singapore	100	100
D.	Maxi-Cash (North East) Pte. Ltd.	Pawn brokerage	Singapore	100	–
	Maxi Cash Group Pte. Ltd.				
A.	Maxi-Cash (North) Pte. Ltd.	Pawn brokerage	Singapore	100	100
A.	Maxi-Cash (East) Pte. Ltd.	Pawn brokerage	Singapore	100	100
A.	Maxi-Cash (Central) Pte. Ltd.	Pawn brokerage	Singapore	100	100
A.	Maxi-Cash (West) Pte. Ltd.	Pawn brokerage	Singapore	100	100
A.	Maxi-Cash (Clementi) Pte. Ltd.	Pawn brokerage	Singapore	70	70
A.	Maxi-Cash Capital Pte. Ltd.	Pawn brokerage	Singapore	100	100
A.	Maxi-Cash Assets Pte. Ltd.	Pawn brokerage	Singapore	100	100
A.	Maxi-Cash (Ventures) Pte. Ltd.	Pawn brokerage	Singapore	100	–
D.	Maxi-Cash (Central 2) Pte. Ltd.	Pawn brokerage	Singapore	100	–
D.	Maxi-Cash (East 2) Pte. Ltd.	Pawn brokerage	Singapore	100	–

A. *Audited by Ernst & Young LLP, Singapore*

B. *Audited by David Yeung & Co PAC, Singapore*

C. *Citigems Pte. Ltd. is treated as a subsidiary on the basis that the Group controls the composition of the Board of Directors of the Company.*

D. *Not audited as it is newly incorporated.*

E. **Acquisition of subsidiary**
On 1 November 2011, the Group acquired an additional 30% interest in Belgium – Singapore Diamond Pte. Ltd for $30,000. Upon the acquisition, Belgium – Singapore Diamond Pte. Ltd. became a wholly-owned subsidiary of the Group.

F. *As required by Rule 716 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Audit Committee and the Board of Directors of the Company have satisfied themselves that the appointment of different auditors for its subsidiaries would not compromise the standard and effectiveness of the audit of the Group.*

13. INVESTMENT IN ASSOCIATES

	Group 2011 $'000	Group 2010 $'000
Shares, at cost	2,012	12
Share of post-acquisition reserves	282	39
	2,294	51

	Name of Company	*Principal activities*	*Country of incorporation and place of business*	*Proportion (%) of ownership interest 2011*	*2010*
	Held through a subsidiary:				
i.	WCS Engineering Construction Pte. Ltd.	Civil engineering construction and general building engineering services	Singapore	49	49
ii.	Kengsington Land Pte Ltd	Property development	Singapore	40	–

i. Audited by MY Chau & Co
ii. Audited by Deloitte & Touche LLP

The summarised financial information of the associate, not adjusted for the proportion of ownership interest held by the Group, is as follows:

Assets and liabilities:	Group 2011 $'000	Group 2010 $'000
Total assets	164,205	311
Total liabilities	(158,607)	(206)
Results:		
Revenue	17,297	833
Profit for the year	494	80

14. INVESTMENT IN JOINT VENTURE

The Group has a 40% equity interest in the assets, liabilities, expenses and income of Jewelfest Pte. Ltd.

	Note	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Unquoted shares, at cost					
Balance at 1 January/31 December		25	25	25	25

	Name of entity	Principal activities	Country of incorporation and place of business	Proportion (%) of ownership interest 2011	Proportion (%) of ownership interest 2010
	Held by the Company				
#	Jewelfest Pte. Ltd. (Singapore)	Management of trade shows and exhibitions	Singapore	40 *	40 *

Audited by K Y Chik & Associates, Singapore
* *40% equity interest is held as 20% by the Company and 20% by Goldheart Jewelry Pte.Ltd.*

The results of the joint venture have not been accounted for using the equity method as they are not material to the Group.

15. INVESTMENT SECURITIES

	Group 2011 $'000	Group 2010 $'000
Available-for-sale financial assets		
Unquoted shares, at cost		
Balance at 1 January	23	33
Return of capital from investment securities	–	(10)
Balance at 31 December	23	23

The investment is carried at cost as management is of the opinion that it is not practicable to determine with sufficient reliability the fair value of the unquoted investment.

16. INVENTORIES

	Group 2011 $'000	Group 2010 $'000
Finished goods		
- at cost	57,108	54,218
- at net realisable value	25,172	16,388
Raw materials, at cost	8,155	6,714
Packaging materials, at cost	423	326
Total inventories at lower of cost and net realisable value	90,858	77,646

During the financial year, the Group wrote-down $11,000 (2010: $66,000) of inventories which are recognised as an expense in profit or loss. There is a reversal of provision for stock obsolescence of $3,000 during the year.

A floating charge has been placed on inventories as security for bank borrowings (Note 23).

17. DEVELOPMENT PROPERTIES

	Group 2011 $'000	Group 2010 $'000
Land costs	234,060	159,593
Development charges	13,628	5,843
Construction costs	33,446	5,713
Property tax	2,306	1,280
Interest costs	6,434	3,587
Other development expenditure	17,106	4,512
	306,980	180,528
Attributable profits	56,410	9,054
	363,390	189,582
Progress billings	(100,457)	(23,086)
	262,933	166,496

17. DEVELOPMENT PROPERTIES *(continued)*

The development properties are pledged to banks as security for term loan facilities granted (Note 23).

During the financial year, borrowing costs amounting to $3,670,000 (2010: $2,905,000) arising from borrowings obtained specifically for the development properties were capitalised.

A weighted average interest capitalisation rate of 1.94% (2010: 2.50%) per annum was used, representing the actual borrowing cost of the loans used to finance the projects.

Details of development properties held by the Group are as follows:

Location	*Description and use*	*Land area (square metre)*	*Gross floor area (square metre)*	*Tenure*	*Stage of completion*
World Class Property (Eastcoast)					
Heritage East 451, 453 East Coast Road	Apartments units	2,212	3,226	Freehold	98% completed, expected completion in 2012
Soho Life/Onan Suite Lot 99394N MK 26 at Joo Chiat/Onan Road	Apartments/ commercial	3,293	6,736	Freehold	85% completed, expected completion in 2012
13 Sempandan Road	Landed residential unit	201	385	Freehold	57% completed, expected completion in 2012
World Class Property (Dunearn)					
Dunearn Suite 404 Dunearn Road	Apartments units	1,043	1,460	Freehold	Temporary Occupancy Permit obtained in November 2011

17. DEVELOPMENT PROPERTIES *(continued)*

Location	*Description and use*	*Land area (square metre)*	*Gross floor area (square metre)*	*Tenure*	*Stage of completion*
World Class Property (Central)					
Cavan Suite 11 Cavan Road	Apartments/ commercial	759	2,274	Freehold	35% completed, expected completion in 2012
45 Truro Road	Landed residential unit	290	–	Freehold	94% constructed, expected completion in 2012*
49/51 Truro Road	Landed residential unit	582	–	Freehold	4% constructed, expected completion in 2012*

* *These revenue and costs of investment properties will be recognised under the completed contracts method*

Location	*Description and use*	*Land area (square metre)*	*Gross floor area (square metre)*	*Tenure*	*Stage of completion*
World Class Property (Telok Kurau)					
Espira Suite 92 Lorong G and 99A Lorong H, Telok Kurau	Apartments units	1,847	2,852	Freehold	95% completed, expected completion in 2012
Casa Palmera Lot 1397W MK23 at Lorong Melayu	Apartments units	719	–	Freehold	Foundation work has not commenced, expected completion in 2012
Palmera East 23 Lorong Melayu	Apartments units	1,302	–	Freehold	85% completed, expected completion in 2012
World Class Developments (Bedok)					
East Village Lot 5230K, Lot 5231N at Bedok Road	Apartments/ commercial	7,215	10,352	Freehold	Foundation work has not commenced, expected completion in 2013

17. DEVELOPMENT PROPERTIES *(continued)*

Location	*Description and use*	*Land area (square metre)*	*Gross floor area (square metre)*	*Tenure*	*Stage of completion*
World Class Developments (Central)					
Cardiff Residence 101 and 103 Cardiff Court	Apartments units	5,887	8,872	99 years	Foundation work has not commenced, expected completion in 2013
World Class Developments (City Central) Pte Ltd					
8 Bassein Road	Apartments units	1,566	4,817	Freehold	Foundation work has not commenced, expected completion in 2014

These properties are wholly-owned by the property development companies of the Group.

Had the Group adopted the completion of construction method, the following would have been reported in the financial statements:

	2011		*2010*	
	Percentage of completion $'000	*Completion of construction $'000*	*Percentage of completion $'000*	*Completion of construction $'000*
Included in property development segment:				
Retained earnings	73,715	26,895	37,086	29,430
Revenue	177,462	40,121	81,948	103,863
Profit after income tax	41,178	1,034	7,902	7,301
Included in statement of financial position:				
Development properties	262,933	199,074	166,496	155,896

18. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Trade and other receivables (current)				
Trade receivables	6,829	15,139	–	–
Other debtors	878	1,323	19	58
Deposits	5,365	4,581	77	73
Amount due from a shareholder	–	250	–	–
Loans to customers	122,544	63,196	–	–
	135,616	84,489	96	131
Other receivables (non-current)				
Deposits	3,891	4,205	4	4
Total trade and other receivables (current and non-current)	139,507	88,694	100	135
Add:				
Due from subsidiaries (non-trade)	–	–	29,783	16,705
Due from an affiliated company (non-trade)	3,478	3,481	–	–
Due from an associate (non-trade)	13,600	–	–	–
Cash and bank balances (Note 21)	28,163	19,125	93	280
Total loans and receivables	184,748	111,300	29,976	17,120

Trade receivables are non-interest bearing and are generally on 30 days' terms. They are recognised at their original invoice amounts which represents their fair values on initial recognition.

Loans to customers are loans which are interest bearing at 1.0% for the first month and 1.5% for the subsequent 5 months (2010: 1.5% per month). The quantum of loan granted to customers is based on a fraction of the value of the items pledged to the Group.

There are no receivables that are past due or impaired at the end of the reporting period.

Related party balances

Amount due from a shareholder is unsecured, interest-free, repayable on demand and are to be settled in cash.

19. PREPAID RENT

	Group 2011 $'000	Group 2010 $'000
At cost	2,022	2,036
Less : Accumulated amortisation	(1,744)	(1,421)
	278	615
Current portion	278	337
Non-current portion	–	278
	278	615

Movement in accumulated amortisation during the year is as follows:

	Group 2011 $'000	Group 2010 $'000
Balance at 1 January	1,421	881
Amortisation for the year	337	540
Reversal of fully amortised prepaid rent	(14)	–
Balance at 31 December	1,744	1,421

20. DUE FROM/TO SUBSIDIARIES/DUE FROM/TO AN AFFILIATED COMPANY/DUE TO ULTIMATE HOLDING COMPANY/DUE FROM AN ASSOCIATE

The amounts due from/to subsidiaries, due to ultimate holding company, due to an affliated company and due from an associate are unsecured, interest free and receivable/repayable on demand and are to be settled in cash.

The amount due from an affiliated company is unsecured and receivable on demand. Interest is charged at weighted average effective interest rate of 5.35% (2010: 5.43%) per annum.

21. CASH AND BANK BALANCES

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Cash at banks and in hand	28,163	19,125	93	280

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Cash and bank balances denominated in foreign currency at 31 December is as follows:

	Group	
	2011 $'000	2010 $'000
United States dollar	41	54

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, the consolidated cash and cash equivalents comprise the following as at 31 December:

Cash amounts held under the "Project Account (Amendment) Rules - 1997" withdrawals of which are restricted to payments for expenditure incurred on projects		
Cash in accounts	12,813	9,452
Cash at banks and in hand	15,350	9,673
	28,163	19,125
Bank overdrafts	(16,097)	(11,750)
Cash and cash equivalents	12,066	7,375

Bank overdrafts are denominated in SGD, bear interest at the bank's prime lending rate and are secured by a fixed and floating charge over certain assets.

22. TRADE AND OTHER PAYABLES

	Note	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Current:					
Trade payables		23,267	20,800	64	69
Other payables		6,529	7,458	64	144
Accrued operating expenses					
- payroll related		13,809	7,977	527	418
- property development		11,051	5,468	–	–
- others		4,150	6,077	249	331
Deferred revenue		565	428	–	–
Deposits received		516	643	2	2
Dividend payable		–	630	–	630
Amount due to directors		6,965	13,654	4,800	4,745
		66,852	63,135	5,706	6,339
Non-current:					
Other payables					
- amounts due to shareholders *		6,800	2,200	–	–
Total trade and other payables (current and non-current)		73,652	65,335	5,706	6,339
Add:					
Due to subsidiaries (non-trade)		–	–	30,859	15,965
Due to an affiliated company (non-trade)		1,310	–	–	–
Due to ultimate holding company (non-trade)		2,500	900	2,500	900
Bank overdrafts	21	16,097	11,750	–	–
Interest-bearing loans and borrowings	23	305,554	201,151	1,959	3,208
Less:					
Accrued operating expenses					
- payroll related		(13,809)	(7,977)	(527)	(418)
Total financial liabilities carried at amortised cost		385,304	271,159	40,497	25,994

22. TRADE AND OTHER PAYABLES *(continued)*

Trade and other payables are unsecured, non-interest bearing and repayment is based on payment terms and conditions agreed.

Related party balances

The amount due to shareholders are unsecured, interest free, repayable upon completion of the Group's East Village project and to be settled in cash.

The amounts due to directors are unsecured, interest free, repayable upon demand and to be settled in cash.

The following foreign currency denominated amounts which differs from the functional currency of the companies within the Group included in trade and other payables are as follows:

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
United States Dollar	13,739	13,291	–	–
Hong Kong Dollar	1,941	1,987	–	–
Others	72	206	–	–

23. INTEREST-BEARING LOANS AND BORROWINGS

	Note	Group 2011 $'000	Group 2010 $'000	Company 2011 $'000	Company 2010 $'000
Secured borrowings					
Current					
Obligation under finance leases	29(c)	1,539	1,443	–	–
Bank borrowings		93,445	51,466	–	–
Term loans		73,825	75,958	1,251	1,250
		168,809	128,867	1,251	1,250
Non-current					
Obligation under finance leases	29(c)	398	1,592	–	–
Term loans		136,347	70,692	708	1,958
		136,745	72,284	708	1,958
Total loans and borrowings		305,554	201,151	1,959	3,208

a. Details of securities granted for the secured borrowings are as follows:

Company

The term loans of the Company of $1,959,000 (2010: $3,208,000) are unsecured and payable in 30 - 32 monthly instalments.

Subsidiaries

Interest-bearing loans and borrowings comprise bank borrowings of $93,445,000 (2010: $51,466,000), term loans of $62,158,000 (2010: $28,515,000), land loans of $141,298,000 (2010: $114,163,000) and construction loans of $4,757,000 (2010: $765,000).

Bank borrowings of $93,445,000 (2010: $51,466,000) are secured by way of a fixed and floating charge on all assets of certain subsidiaries and corporate guarantee by the Company.

23. INTEREST-BEARING LOANS AND BORROWINGS *(continued)*

a. Details of securities granted for the secured borrowings are as follows: *(continued)*

Subsidiaries *(continued)*

The term loan of $7,500,000 (2010: $7,250,000) is secured by way of a fixed and floating charge on all assets of a subsidiary and corporate guarantee by the Company. This loan is repayable in eight (2010: six) semi-annual instalments, comprising of $937,500 per instalment and the final instalment on 13 September 2015.

The term loan of $2,199,000 (2010: $3,460,000) is unsecured. This loan is repayable in 30 to 34 (2010: 42 to 46) monthly instalments.

The term loans of $211,000 (2010: $717,000) are secured by way of corporate guarantee by the Company. This loans are payable in 16 to 18 (2010: 23) monthly instalments.

The term loan of $2,748,000 (2010: $3,088,000) is secured by way of legal mortgage over the leasehold building.

The land loans, construction loans and term loans of $195,555,000 (2010:$128,927,000) are secured by way of:

(i) legal mortgages over a subsidiary's development properties (Note 17);

(ii) legal assignments of a subsidiary's interest under the Sale and Purchase agreements and tenancy agreements in respect of the development properties or units therein which includes the assignment of all the sale and rental proceeds;

(iii) legal assignments of a subsidiary's interest in the Project Account and Rental Account, and a charge over such sales proceeds and rentals and all sums in credit in such accounts; and

(iv) a corporate guarantee by the Company.

The loans relating to the respective development projects are repayable in one lump sum within 30 months from the date of the loan agreement or 6 months after the issuance of Temporary Occupation Permit ("TOP"), whichever is earlier.

23. INTEREST-BEARING LOANS AND BORROWINGS *(continued)*

b. Maturity of borrowings

The non-current borrowings have the following maturity:

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Later than one year and not later than five years	136,745	72,284	708	1,958

c. Effective interest rate

Weighted average effective interest rates per annum of total borrowings at the end of the reporting period are as follows:

	Group		Company	
	2011	2010	2011	2010
Bank borrowings	1.97%	2.16%	–	–
Term loans	1.80%	2.96%	5.00%	5.00%

24. INCOME TAX

a. Income tax expense

The major components of income tax expense for the years ended 31 December 2011 and 2010 are:

	Group	
	2011 $'000	2010 $'000
Current income tax		
Current income taxation	3,862	3,202
Under/(over) provision in respect of previous years	315	(257)
Deferred income tax		
Movement in temporary differences	5,433	(1,878)
	9,610	1,067

24. INCOME TAX *(continued)*

b. Relationship between tax expense and profit before tax

The reconciliation between tax expense and the product of profit before tax multiplied by the applicable corporate tax rate for the years ended 31 December is as follows:

	Group	
	2011 $'000	2010 $'000
Profit before tax	57,228	6,662
Tax calculated at a tax rate of 17% (2010: 17%)	9,729	1,133
Effects of:		
- Expenses not deductible for tax purposes	438	506
- Income not subject to tax	(200)	(275)
- Deferred tax assets not recognised	543	805
- Partial tax exemption and tax relief	(968)	(306)
- Under/ (over) provision of current taxation in respect of previous years	315	(257)
- Benefits from previously unrecognised tax losses	(240)	(541)
- Others	(7)	2
	9,610	1,067

c. Deferred income tax

	Group		Company	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Balance at 1 January	(1,422)	456	45	53
Tax charge/(credit) to statement of comprehensive income	5,433	(1,878)	(18)	(8)
Group relief transfer from one subsidiary to another subsidiary	856	–	–	–
Balance at 31 December	4,867	(1,422)	27	45

24. INCOME TAX *(continued)*

c. Deferred income tax *(continued)*

Deferred income tax as at 31 December relates to the following:

	Group		*Company*	
	2011 *$'000*	*2010* *$'000*	*2011* *$'000*	*2010* *$'000*
Deferred tax liabilities, net				
Differences in depreciation	178	203	53	68
Uncompleted project expenses	(1,441)	(932)	–	–
Attributable profits from development properties	9,590	1,493	–	–
Provisions	(83)	(65)	(19)	(16)
Unutilised tax losses	(155)	–	(27)	–
Others	21	(14)	20	(7)
	8,110	685	27	45
Deferred tax assets, net				
Difference in depreciation	304	91	–	–
Uncompleted project expenses	(277)	(95)	–	–
Provisions	(1,317)	(17)	–	–
Unutilised tax losses	(1,962)	(2,086)	–	–
Others	9	–	–	–
	(3,243)	(2,107)	–	–

The Group has tax losses and unabsorbed capital allowances of approximately $3,346,000 (2010: $8,941,000) and $1,599,000 (2010: $585,000). The use of these balances is subject to the agreement of the tax authorities and compliance with the relevant provisions of the tax legislation.

25. DERIVATIVE FINANCIAL INSTRUMENTS

	Group					
	2011 $'000			2010 $'000		
	Contract / notional amount	Assets	Liabilities	Contract / notional amount	Assets	Liabilities
Forward currency contracts	5,789	60	–	1,949	–	45

Forward currency contracts are used to hedge foreign currency risk arising from the Group's purchases denominated in United States Dollars for which firm commitments existed at the end of the reporting period, extending to March 2012.

26. SHARE CAPITAL AND TREASURY SHARES

a. Share capital

	Group and Company			
	2011		2010	
	No. of shares ('000)	$'000	No. of shares ('000)	$'000
Issued and fully paid ordinary shares				
At 1 January	351,578	28,141	351,578	28,141
Issue rights shares [(1)]	69,953	14,690	–	–
Shares issuance expenses	–	(110)	–	–
Bonus shares [(2)]	84,306	–	–	–
Bonus shares [(3)]	505,837	–	–	–
At 31 December	1,011,674	42,721	351,578	28,141

The holders of ordinary shares (except treasury 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.

26. SHARE CAPITAL AND TREASURY SHARES *(continued)*

a. Share capital *(continued)*

Note:

(1) On 19 January 2011, the Company allotted and issued 69,953,160 rights shares at $0.21 per share for valid acceptances received.

(2) On 18 February 2011, the Company proposed a bonus issue to shareholders on the basis of one bonus share for every five existing ordinary shares in the capital of the Company which was approved by The Singapore Exchange Securities Trading Limited ("SGX-ST") on 4 March 2011. The 84,306,187 bonus shares were listed and quoted on the official list of the SGX-ST on 4 April 2011.

(3) On 5 August 2011, the Company proposed another bonus issue to shareholders on the basis of one bonus share for every one existing ordinary shares in the capital of the Company which was approved by SGX-ST on 19 August 2011. The 505,837,144 bonus shares were listed and quoted on the official list of the SGX-ST on 19 September 2011.

(4) Subsequent to 31 December 2011, the Company proposed a bonus issue of 202,334,858 new ordinary shares on the basis of one bonus share for every existing five shares in the capital of the Company. The 202,334,858 bonus shares were listed and quoted on the official list of the SGX- ST on 14 March 2012.

b. Treasury shares

	Group and Company			
	2011		*2010*	
	No. of shares ('000)	*$'000*	*No. of shares ('000)*	*$'000*
At 1 January	1,812	442	2,612	637
Acquired during the financial year	868	274	–	–
Distributed as staff benefit	(427)	(95)	(800)	(195)
Bonus shares	3,325	–	–	–
At 31 December	5,578	621	1,812	442

26. SHARE CAPITAL AND TREASURY SHARES *(continued)*

b. Treasury shares *(continued)*

Treasury shares relate to ordinary shares of the Company that are held by the Company.

The Company acquired 868,000 (2010: nil) shares in the Company through purchases on the Singapore Exchange during the financial year. The total amount paid to acquire the shares was $274,000 (2010: $nil) and this is presented as a component within shareholders' equity.

27. DIVIDENDS

	Group 2011 $'000	Group 2010 $'000
Declared and payable/paid during the year:		
Dividends on ordinary shares:		
- Final exempt (one-tier) dividend for 2010: 0.50 cents (2009: 0.15 cents) per share*	2,515	630
- Interim exempt (one-tier) dividend for 2011: 0.15 cents (2010: nil) per share*	755	–
- Underprovision of prior year dividend	–	4
	3,270	634
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at AGM:		
- Interim exempt (one-tier) dividend for 2011: 0.15 cents (2010: nil)**	1,509	–
- Final exempt (one-tier) dividend for 2011: 1.00 cent (2010: 0.50 cents) per share***	12,073	2,518

* *The final and interim exempt (one-tier) dividend for 2010 and 2011 at 0.50 cents and 0.15 cents respectively per share is calculated based on 503,048,144 shares. The book closure date for the 2010 final and 2011 interim exempt (one-tier) dividend was on 8 September 2011.*

** *The interim exempt (one-tier) dividend for 2011 was declared on 31 January 2012 at 0.15 cents per share is calculated based on 1,006,096,288 shares. The book closure date for the 2011 interim exempt (one-tier) dividend is on 17 February 2012.*

*** *Total dividend includes dividend for proposed bonus issue of one bonus share for every five existing ordinary shares subsequent to 31 December 2011 (Note 26(a)).*

27. DIVIDENDS *(continued)*

The scrip dividend scheme (approved at Extraordinary General Meeting on 12 January 2012) will be applicable to the proposed final dividend. The scrip dividend scheme would provide shareholders with the option to elect for their distributions to be paid:

(1) in cash; or
(2) in fully paid share.

28. RELATED PARTY TRANSACTIONS

An entity or individual is considered a related party of the Group for the purposes of the financial statements if: i) it possesses the ability (directly or indirectly) to control or exercise significant influence over the operating and financial decisions of the Group or vice versa; or ii) it is subject to common control or common significant influence.

a. Sale and purchase of goods and services

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

	Group	
	2011 $'000	*2010 $'000*
Construction expenses paid to associate	9,914	636
Showflat expenses paid to associate	6	446
Professional fees paid to related company	2,643	–
Sales of residential development to a director	–	526
Interest payable to an affiliated company	56	57
Interest receivable from an affiliated company	54	54
Rental paid to a director related company	184	16

28. RELATED PARTY TRANSACTIONS *(continued)*

a. Sale and purchase of goods and services *(continued)*

Interest payable to an affiliated company

Under a shareholder's agreement, from 1 January 2011 to 31 December 2013, the Group is liable to pay interest computed based on the aggregate of the US Federal Rate and a fixed rate of 5.25% per annum on the amount of investment in the subsidiary by the affiliated company.

For the purpose of the interest computation, the investment amount by the affiliated company is offset by a loan from the Group to the affiliated company. The arrangement will lapse on 31 December 2013.

Interest receivable from an affiliated company

From 18 December 2008, the Group extended a loan to an affiliated company. Under the terms of the loan agreement, the affiliated company is liable to pay interest computed based on the aggregate of the US Federal Rate and a fixed rate of 5.25% per annum on the loan amount extended by the Group.

b. Compensation of key management personnel

	Group	
	2011 *$'000*	*2010* *$'000*
Short-term employee benefits	7,300	2,742
Central Provident Fund contributions	95	51
Share-based payments	64	63
Total compensation paid to key management personnel	7,459	2,856
Comprise amounts paid to:		
Directors of the Company	3,591	1,200
Directors of the subsidiaries	2,902	770
Other key management personnel	966	886
	7,459	2,856

29. COMMITMENTS

a. Capital commitments

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group	
	2011 $'000	2010 $'000
Capital commitments in respect of properties acquired	–	34,528
Capital commitments in respect of land acquired for development	–	6,061
Capital commitments in respect of property development expenditure	5,367	23,718
	5,367	64,307

b. Operating lease commitments - As lessee

As at 31 December 2011, the Group and the Company had lease commitments in respect of office and retail outlet premises. Certain of the leases contain an escalation clause and provide for contingent rentals based on a percentage of sales derived. 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 amounted to $41,014,000 (2010: $37,445,000).

Future minimum rental payable under non-cancellable operating leases as at 31 December is as follows:

	Group	
	2011 $'000	2010 $'000
Not later than one year	29,880	31,793
Later than one year but not later than five years	19,581	23,753
	49,461	55,546

29. COMMITMENTS *(continued)*

c. Finance lease commitments

The Group has finance leases for certain items of plant and equipment and furniture and fixtures (Note 10). The effective interest rate on the leases was 4.67% (2010: 3.50%) per annum. These leases have terms of renewal but no purchase options and escalation clauses. There are no restrictions placed upon the Group by entering into these leases. Renewals are at the option of the specific entity that holds the lease.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Minimum lease payments 2011 $'000	*Present value of payments 2011 $'000*	*Minimum lease payments 2010 $'000*	*Present value of payments 2010 $'000*
Not later than one year	1,614	1,539	1,598	1,443
Later than one year but not later than five years	413	398	1,654	1,592
Total minimum lease payments	2,027	1,937	3,252	3,035
Less: Amounts representing finance charges	(90)	–	(217)	–
Present value of minimum lease payments	1,937	1,937	3,035	3,035

30. SEGMENTAL INFORMATION

Business segments

The segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services offered. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Group is organised into three main operating business segments, namely:
(a) Manufacture and sale of jewellery;
(b) Property development business; and
(c) Finance services business

Other operations include rental of properties and provision of other support services.

30. SEGMENTAL INFORMATION *(continued)*

Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly tax liabilities, corporate assets, liabilities and expenses.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

Capital expenditure comprises additions to property, plant and equipment.

As the business activities of the Group are mainly conducted in Singapore, group reporting format by geographical segment is not presented.

30. SEGMENTAL INFORMATION *(continued)*

	Jewellery $'000	Property development $'000	Financial Services $'000	Others $'000	Elimination $'000	Group $'000	Note
2011							
Revenue	158,462	177,462	84,400	–		420,324	
Intersegment revenue	548	–	3,372	288	(4,208)	–	A
Results							
Segment result	4,650	49,956	5,346	5,212	(4,368)	60,796	
Unallocated expenses	–	–	–	–		(148)	
Interest income	107	–	–	–	(53)	54	
Finance costs	(779)	(733)	(1,816)	(199)	53	(3,474)	
Profit before tax from operations	3,978	49,223	3,530	5,013		57,228	
Segment assets	118,615	323,251	162,959	112,588	(151,179)	566,234	B
Unallocated assets						3,278	
Total assets						569,512	
Segment liabilities	78,372	232,795	117,469	45,421	(74,944)	399,113	C
Unallocated liabilities						14,592	
Total liabilities						413,705	
Capital expenditure	3,394	46	1,666	185	–	5,291	
Depreciation and amortisation	4,756	94	1,035	347	115	6,347	
Other significant non-cash expenses	955	240	–	–	–	1,195	D

30. SEGMENTAL INFORMATION *(continued)*

	Jewellery $'000	Property development $'000	Financial Services $'000	Others $'000	Elimination $'000	Group $'000	Note
2010							
Revenue	146,055	81,948	52,255	–		280,258	
Intersegment revenue	457	–	2,630	216	(3,303)	–	A
Results							
Segment result	(1,876)	9,181	(821)	12,458	(9,854)	9,088	
Unallocated expenses	–	–	–	–		(94)	
Interest income	109	2	–	–	(55)	56	
Finance costs	(1,020)	(147)	(953)	(323)	55	(2,388)	
Profit/(loss) from operations before taxation	(2,787)	9,036	(1,774)	12,135		6,662	
Segment assets	108,327	207,869	77,866	82,005	(93,130)	382,937	B
Unallocated assets						2,142	
Total assets						385,079	
Segment liabilities	72,174	156,074	54,757	31,049	(34,873)	279,181	C
Unallocated liabilities						7,440	
Total liabilities						286,621	
Capital expenditure	4,689	220	1,236	4,789	–	10,934	
Depreciation and amortisation	4,830	93	843	288	48	6,102	
Other significant non-cash expenses	145	–	–	–	–	145	D

30. SEGMENTAL INFORMATION *(continued)*

Notes

A Inter-segment revenues are eliminated on consolidation.

B The following items are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position.

	2011 $'000	2010 $'000
Inter-segment assets	(151,179)	(93,130)

C The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position.

Inter-segment liabilities	74,944	34,873

D Other non-cash expenses consist of property, plant and equipment written off, provision for stock obsolescence and allowances for foreseeable loss on development properties as presented in the respective notes to the financial statements.

Property, plant and equipment written off	958	52
Provision for stock obsolescence	(3)	93
Allowance for foreseeable loss on development properties	240	–
	1,195	145

31. 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 liquidity risk, interest rate risk, foreign currency risk and credit risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Senior Finance Director. 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 use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

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 exposure to these financial risks or the manner in which it manages and measures the risks.

a. 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 for its business other than the property development business. As for the property development business there is no liquidity risk as loans and borrowings are repayable upon TOP whereupon receipts exceed the repayment of loans and borrowings. 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 95% (2010: 95%) of loans and borrowings should mature in the next one year period, and to maintain sufficient liquid financial assets and stand-by credit facilities.

At the end of the reporting period excluding the property development business, approximately 97% (2010: 91%) of the Group's loans and borrowings will mature in less than one year based on the carrying amount reflected in the financial statements.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

a. Liquidity risk *(continued)*

Analysis of financial instruments by remaining contractual maturities

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 repayment obligations.

	1 year or less *$'000*	*1 to 5 years* *$'000*	*Total* *$'000*
2011			
Group			
Financial assets:			
Trade and other receivables	135,616	3,891	139,507
Cash and bank balances	28,163	–	28,163
Due from an affiliated company (non-trade)	3,292	–	3,292
Due from an associate (non-trade)	13,600	–	13,600
Derivatives financial instruments	60	–	60
Total undiscounted financial assets	180,731	3,891	184,622
Financial liabilities:			
Trade and other payables	53,043	6,800	59,843
Interest-bearing loans and borrowings	172,086	138,853	310,939
Bank overdrafts	16,902	–	16,902
Due to ultimate holding company (non-trade)	2,500	–	2,500
Due to an affiliated company (non-trade)	1,310	–	1,310
Total undiscounted financial liabilities	245,841	145,653	391,494
Total net undiscounted financial liabilities	(65,110)	(141,762)	(206,872)

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

a. Liquidity risk *(continued)*

	1 year or less $'000	1 to 5 years $'000	Total $'000
2010			
Group			
Financial assets:			
Trade and other receivables	84,489	4,205	88,694
Cash and bank balances	19,125	–	19,125
Due from an affiliated company (non-trade)	3,290	–	3,290
Total undiscounted financial assets	106,904	4,205	111,109
Financial liabilities:			
Trade and other payables	55,158	2,200	57,358
Derivatives financial instruments	45	–	45
Interest-bearing loans and borrowings	129,924	76,403	206,327
Due to ultimate holding company (non-trade)	900	–	900
Bank overdrafts	12,338	–	12,338
Total undiscounted financial liabilities	198,365	78,603	276,968
Total net undiscounted financial liabilities	(91,461)	(74,398)	(165,859)

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

a. Liquidity risk *(continued)*

	1 year or less *$'000*	*1 to 5 years* *$'000*	*Total* *$'000*
2011			
Company			
Financial assets:			
Trade and other receivables	96	4	100
Due from subsidiaries (non-trade)	29,783	–	29,783
Cash and bank balances	93	–	93
Total undiscounted financial assets	29,972	4	29,976
Financial liabilities:			
Trade and other payables	5,179	–	5,179
Interest-bearing loans and borrowings	1,318	719	2,037
Due to subsidiaries (non-trade)	30,859	–	30,859
Due to ultimate holding company (non-trade)	2,500	–	2,500
Total undiscounted financial liabilities	39,856	719	40,575
Total net undiscounted financial liabilities	(9,884)	(715)	(10,599)

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

a. Liquidity risk *(continued)*

	1 year or less $'000	1 to 5 years $'000	Total $'000
2010			
Company			
Financial assets:			
Trade and other receivables	131	4	135
Due from subsidiaries (non-trade)	16,705	–	16,705
Cash and bank balances	280	–	280
Total undiscounted financial assets	17,116	4	17,120
Financial liabilities:			
Trade and other payables	5,921	–	5,921
Interest-bearing loans and borrowings	1,380	2,037	3,417
Due to subsidiaries (non-trade)	15,965	–	15,965
Due to ultimate holding company (non-trade)	900	–	900
Total undiscounted financial liabilities	24,166	2,037	26,203
Total net undiscounted financial liabilities	(7,050)	(2,033)	(9,083)

b. 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. Other than the fixed rate loans and borrowings, the Group's loans and borrowings are at floating rates which are contractually repriced at intervals of less than 6 months from the end of the reporting period.

The Group's policy is to manage interest cost by using a mix of fixed and floating rate debts. At the end of the reporting period, approximately 2% (2010: 5%) of the Group's borrowings are at a fixed rate of interest.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

b. Interest rate risk *(continued)*

Sensitivity analysis for interest rate risk

For the jewellery retail business, at the end of the reporting period, if SGD interest rates had been 50 (2010: 50) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been $149,000 (2010: $136,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

For the property development business, at the end of the reporting period, if SGD interest rates had been 100 (2010: 100) basis points lower/higher with all other variables held constant, the Group's profit net of tax and development properties would have been $332,000 (2010: $217,000) higher/lower and $1,623,000 (2010: $1,072,000) lower/higher respectively, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

For the financial services business, at the end of the reporting period, if SGD interest rates had been 50 (2010: 50) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been $450,000 (2010: $173,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

c. Foreign currency risk

The jewellery business has transactional currency exposures arising from purchases that are denominated in a currency other than the functional currency of the Group. The foreign currencies in which these transactions are denominated are mainly US Dollars (USD), Hong Kong Dollar (HKD) and Euro (EUR). Approximately 50% (2010: 48%) of the jewellery business purchases are denominated in foreign currencies. The Group's trade payable balances at the end of the reporting period have similar exposures.

The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

The Group requires operating entities with major foreign currency purchases to use forward currency contracts to eliminate the currency exposures for which payment is anticipated more than two months after the Group has entered into a firm commitment for a purchase. The forward currency contracts must be in the same currency as the hedged item. It is the Group's policy not to enter into forward contracts until a firm commitment is in place.

At 31 December 2011, the Group had hedged 22% (2010: 58%) of its foreign currency purchases, for which firm commitments existed at the end of the reporting period, extending to February 2011.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

c. Foreign currency risk *(continued)*

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD, HKD and EUR exchange rates (against SGD), with all other variables held constant, of the Group's profit net of tax and equity.

	2011 Profit net of tax $'000 lower/higher	*2010 Profit net of tax $'000 lower/higher*
USD - strengthened/weakened 5% (2010: 5%)	1,554	523
HKD - strengthened/weakened 5% (2010: 5%)	603	430
EUR - strengthened/weakened 5% (2010: 5%)	32	12

d. Credit risk

Credit risk is the risk of loss that may arise on 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 and cash and cash equivalents. No other financial asset carries a significant exposure to credit risk.

Trade and other receivables are neither past due nor impaired. Cash and cash equivalents are placed with reputable financial institutions or companies with high credit ratings and no history of default. They are neither past due nor impaired.

32. FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Financial instruments whose carrying amount approximate fair value

Cash and bank balances, current trade and other receivables, current trade and other payables and current bank loans wherein, the carrying amounts of these financial instruments are based on their notional amounts, reasonably approximate their fair values because these are mostly short-term in nature or that they are floating rate instruments that are repriced to market interest rates on or near the statements of financial position date.

The carrying amounts of term loans approximate fair values as these instruments bear interest at variable market rates.

Financial instruments carried at other than 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 a reasonable approximation of fair value are as follows:

	Group			
	Carrying amount		Fair value	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000
Financial assets:				
Non-current				
Investment securities	23	23	–	*
Other receivables	3,891	4,205	3,742	4,106
Financial liabilities:				
Non-current				
Obligation under finance leases	398	1,592	413	1,654
Other payables	6,800	2,200	6,746	2,127

32. FAIR VALUE OF FINANCIAL INSTRUMENTS *(continued)*

	Company			
	Carrying amount		*Fair value*	
	2011	*2010*	*2011*	*2010*
	$'000	*$'000*	*$'000*	*$'000*
Financial assets:				
Non-current				
Other receivables	4	4	4	4

* *Investment in unquoted equity instruments carried at cost (Note 15)*

Fair value information has not been disclosed for the Group's investments in unquoted equity instruments that are carried at cost because fair value cannot be measured reliably. The investee company is not quoted on any market and does not have any comparable industry peer that is listed. In addition, the variability in the range of reasonable fair value estimates deriv ed from valuation techniques is significant. The Group does not intend to dispose of this investment in the foreseeable future.

33. 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 2011 and 31 December 2010.

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, other liabilities, less cash and cash equivalents. The Group's policy is to keep the gearing ratio between 60% to 67%. The gearing ratios for the jewellery segment, property development segment and financial services segment are 57% (2010: 62%), 67% (2010: 77%) and 73% (2010: 49%) respectively. Due to the nature of the business, the property development segment will generally have a higher gearing ratio than the jewellery segment. The table below shows the capital and net debt for the Group.

33. CAPITAL MANAGEMENT *(continued)*

	Note	Group 2011 $'000	Group 2010 $'000
Loans and borrowings	23	305,554	201,151
Trade and other payables	22	73,652	65,335
Less: Cash and cash equivalents	21	(12,066)	(7,375)
Net debt		367,140	259,111
Equity attributable to owners of the parent		146,263	89,699
Capital and net debt		513,403	348,810
Gearing ratio		72%	74%

34. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 13 January 2012, the Company announced the adoption of a scrip dividend scheme. The scrip dividend scheme (approved at Extraordinary General Meeting on 12 January 2012) will be applicable to the proposed final dividend. The scrip dividend scheme would provide shareholders with the option to elect for their distributions to be paid:

(1) in cash; or

(2) in fully paid share

Total dividend includes dividend for proposed bonus issue of one bonus share for every five existing ordinary shares subsequent to 31 December 2011.

On 18 January 2012, the Company's subsidiary, Maxi-Cash Financial Services Pte. Ltd. incorporated a wholly owned subsidiary, Cash Express Financial Services Pte. Ltd. with $2 share capital.

On 30 January 2012, the Company's subsidiary, World Class Developments Pte. Ltd. acquired new allotment of 800,000 shares capital in World Class Developments (City Central) Pte. Ltd.

On 8 February 2012, the Company's subsidiary, Maxi-Cash Financial Services Pte. Ltd. transferred its shares in a wholly owned subsidiary, Maxi-Cash (North East) Pte. Ltd. to another wholly owned subsidiary, Maxi-Cash Group Pte. Ltd.. After the shares were transferred, Maxi-Cash (North East) Pte. Ltd. became a wholly owned subsidiary of Maxi-Cash Group Pte Ltd.

34. EVENTS OCCURRING AFTER THE REPORTING PERIOD *(continued)*

On 17 February 2012, the Company declared an interim exempt (one-tier) dividend for financial year 2011 at 0.15 cents per share. The interim dividend is calculated based on 1,006,096,288 shares.

On 17 February 2012, the Company announced that its Board of Directors proposed a bonus issue of 202,334,858 new ordinary shares in the capital of the Company on the basis of one bonus share credited as fully paid for every five existing ordinary shares held by the shareholders of the Company. The Singapore Exchange Securities Trading Limited (SGX-ST) had on 27 February 2012 granted in-principle approval for the proposed Bonus Issue and the listing and quotation of the Bonus Issue. The book closure date for the Bonus Issue was on 7 March 2012.

35. AUTHORISATION OF FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2011 were authorised for issue in accordance with a directors' resolution dated 20 March 2012.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ASPIAL CORPORATION LIMITED AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012

The information in this Appendix III has been reproduced from the annual report of Aspial Corporation Limited for the financial year ended 31 December 2012 and has not been specifically prepared for inclusion in this Information Memorandum.

General Information

Directors

Koh Wee Seng
Ko Lee Meng
Koh Lee Hwee
Wong Soon Yum
Kau Jee Chu

Company Secretary

Lim Swee Ann

Registered Office

50 Raffles Place
#32-01 Singapore Land Tower
Singapore 048623

Share Registrar

B.A.C.S. Private Limited
63 Cantonment Road
Singapore 089758

Principal Bankers

United Overseas Bank Limited
Oversea-Chinese Banking Corporation Limited
DBS Bank Ltd.
Hong Leong Finance Limited
The Hongkong and Shanghai Banking Corporation Ltd
Malayan Banking Berhad

Auditors

Ernst & Young LLP
Partner in charge (since financial year ended 31 December 2011): Tan Peck Yen

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The directors are pleased to present their report to the members together with the audited consolidated financial statements of Aspial Corporation Limited (the "Company") and its subsidiaries (collectively, the "Group") and the statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2012.

Directors

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

Koh Wee Seng
Ko Lee Meng
Koh Lee Hwee
Wong Soon Yum
Kau Jee Chu

Arrangements to enable directors to acquire shares or debentures

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

Directors' interest in shares or debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50, an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Held by directors			Other shareholdings in which directors are deemed to have an interest		
	1 January 2012	31 December 2012	21 January 2013	1 January 2012	31 December 2012	21 January 2013
MLHS Holdings Pte Ltd						
Ordinary shares						
Koh Wee Seng	1,065,000	1,065,000	1,065,000	–	–	–
Ko Lee Meng	772,500	772,500	772,500	–	–	–
Koh Lee Hwee	607,500	607,500	607,500	–	–	–
Aspial Corporation Limited						
Ordinary shares						
Koh Wee Seng	141,847,522	216,154,330	216,154,330	604,441,440	907,572,630	907,572,630
Ko Lee Meng	17,891,280	26,863,468	26,863,468	602,159,184	904,236,490	904,236,490
Koh Lee Hwee	18,576,864	27,184,417	27,184,417	611,348,792	918,047,190	918,047,190

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2013.

By virtue of Section 7 of the Singapore Companies Act, Chapter.50, Koh Wee Seng, Ko Lee Meng and Koh Lee Hwee are deemed to have an interest in the shares of all the subsidiaries to the extent held by the Company.

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

Directors' contractual benefits

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

Audit committee

The Audit Committee performed the functions specified in the Singapore Companies Act, Cap.50. The functions performed are detailed in the Report on Corporate Governance.

Auditor

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditor.

On behalf of the Board of Directors:

Koh Wee Seng
Director

Ko Lee Meng
Director

Singapore
26 March 2013

Statement by Directors Pursuant to Section 201(15)

We, Koh Wee Seng and Ko Lee Meng, being two of the directors of Aspial Corporation Limited, do hereby state that, in the opinion of the directors,

(a) the accompanying consolidated statement of comprehensive income, statements of financial position, statements of changes in equity, and consolidated statement of cash flows together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2012 and the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date, and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors:

Koh Wee Seng
Director

Ko Lee Meng
Director

Singapore
26 March 2013

Independent Auditor's Report to the Members of Aspial Corporation Limited

Report on the financial statements

We have audited the accompanying financial statements of Aspial Corporation Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 6 to 86, which comprise the statements of financial position of the Group and the Company as at 31 December 2012, and the statements of changes in equity of the Group and the Company and the statement of comprehensive income and 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 to the Members of Aspial Corporation Limited

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards 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 2012 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company 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
Certified Public Accountants
Singapore

26 March 2013

Consolidated Statement of Comprehensive Income for the year ended 31 December 2012

	Note	2012	2011
		$'000	$'000
Revenue	4	451,941	420,324
Materials and subcontract costs		(260,954)	(245,847)
Employee benefits	5	(46,286)	(41,259)
Depreciation and amortisation		(5,993)	(6,347)
Finance cost	6	(6,146)	(3,474)
Other operating expenses		(78,658)	(68,175)
Operating profit		53,904	55,222
Interest income from bank balances and affiliated company		162	55
Rental income		1,970	126
Other income	7	3,395	1,582
Share of results of associate		19,611	243
Profit before tax	8	79,042	57,228
Taxation	25(a)	(12,739)	(9,610)
Profit for the year, representing total comprehensive income for the year		66,303	47,618
Total comprehensive income attributable to:			
Owners of the parent		54,860	45,310
Non-controlling interests		11,443	2,308
		66,303	47,618
Earnings per share (cents)			
Basic	9	3.73	3.15
Diluted	9	3.73	3.15

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

Statements of Financial Position as at 31 December 2012

	Note	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Non-current assets					
Property, plant and equipment	10	17,408	14,704	451	337
Intangible assets	11	9,006	9,516	35	35
Investment in subsidiaries	12	–	–	77,601	77,601
Investment in associates	13	23,905	2,294	–	–
Investment in joint venture	14	25	25	25	25
Investment securities	15	33	23	–	–
Other receivables	18	4,835	3,891	40	4
Prepaid rent	19	523	–	–	–
Deferred tax assets	25(c)	1,359	3,243	12	–
		57,094	33,696	78,164	78,002
Current assets					
Inventories	16	109,740	90,858	–	–
Development properties	17(a)	534,413	262,933	–	–
Properties held for sales	17(b)	6,382	–	–	–
Trade and other receivables	18	182,609	135,616	23	96
Prepaid rent	19	379	278	–	–
Prepayments		2,088	830	1,341	55
Due from subsidiaries (non-trade)	20	–	–	194,551	29,783
Due from an affiliated company (non-trade)	20	3,431	3,478	–	–
Due from an associate (non-trade)	20	18,942	13,600	–	–
Derivative financial instruments	26	–	60	–	–
Cash and bank balances	21	46,781	28,163	3,534	93
		904,765	535,816	199,449	30,027
Total assets		961,859	569,512	277,613	108,029
Current liabilities					
Trade and other payables	22	98,120	66,852	22,331	5,706
Due to subsidiaries (non-trade)	20	–	–	79	30,859
Due to an affiliated company (non-trade)	20	1,310	1,310	–	–
Due to ultimate holding company (non-trade)	20	–	2,500	–	2,500
Bank overdrafts	21	26	16,097	–	–
Provision for taxation		14,627	6,482	130	184
Interest-bearing loans and borrowings	23	188,493	168,809	708	1,251
		302,576	262,050	23,248	40,500
Net current assets/(liabilities)		602,189	273,766	176,201	(10,473)

	Note	Group 2012 $'000	Group 2011 $'000	Company 2012 $'000	Company 2011 $'000
Non-current liabilities					
Interest-bearing loans and borrowings	23	267,045	136,745	–	708
Term notes	24	150,000	–	150,000	–
Other payables	22	2,300	6,800	–	–
Deferred tax liabilities	25(c)	8,235	8,110	–	27
		427,580	151,655	150,000	735
Total liabilities		730,156	413,705	173,248	41,235
Net assets		231,703	155,807	104,365	66,794
Equity attributable to owners of the Company					
Share capital	27(a)	76,801	42,721	76,801	42,721
Treasury shares	27(b)	(538)	(621)	(538)	(621)
Other reserve	27(c)	4,419	123	500	123
Revenue reserves		122,664	104,040	27,602	24,571
		203,346	146,263	104,365	66,794
Non-controlling interests		28,357	9,544	–	–
Total equity		231,703	155,807	104,365	66,794

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

Statements of Changes in Equity for the year ended 31 December 2012

	Note	Attributable to owners of the Company					Non-controlling interests	Total equity
		Share capital	Treasury shares	Other reserves	Revenue reserves	Equity attributable to owners of the Company		
		$'000	$'000	$'000	$'000	$'000	$'000	$'000
Group								
At 1 January 2011		28,141	(442)	–	62,000	89,699	8,759	98,458
Profit for the year		–	–	–	45,310	45,310	2,308	47,618
Total comprehensive income for the year		–	–	–	45,310	45,310	2,308	47,618
Contributions by and distributions to owners								
Dividends on ordinary shares	28	–	–	–	(3,270)	(3,270)	(1,493)	(4,763)
Treasury shares reissued pursuant to employee share award		–	95	123	–	218	–	218
Ordinary shares issued under rights issue	27(a)	14,690	–	–	–	14,690	–	14,690
Share issuance expense	27(a)	(110)	–	–	–	(110)	–	(110)
Purchase of treasury shares	27(b)	–	(274)	–	–	(274)	–	(274)
Total contributions by and distributions to owners		14,580	(179)	123	(3,270)	11,254	(1,493)	9,761
Changes in ownership interests in subsidiary								
Acquisition of non-controlling interests in a subsidiary, representing total changes in ownership interests in subsidiary		–	–	–	–	–	(30)	(30)
At 31 December 2011		42,721	(621)	123	104,040	146,263	9,544	155,807
Profit for the year		–	–	–	54,860	54,860	11,443	66,303
Total comprehensive income for the year		–	–	–	54,860	54,860	11,443	66,303
Contributions by and distributions to owners								
Dividends on ordinary shares	28	–	–	–	(36,236)	(36,236)	(4,940)	(41,176)
Ordinary shares issued under scrip dividend	27(a)	21,020	–	–	–	21,020	–	21,020
Issuance of ordinary share	27(a)	13,060	–	–	–	13,060	–	13,060
Premium on dilution of interest in subsidiary		–	–	3,919	–	3,919	12,115	16,034
Capital contribution to subsidiary		–	–	–	–	–	200	200
Treasury shares reissued pursuant to employee share award		–	83	377	–	460	–	460
Total contributions by and distributions to owners		34,080	83	4,296	(36,236)	2,223	7,375	9,598
Changes in ownership interests in subsidiary								
Disposal of interest of subsidiary, representing total changes in ownership interests in subsidiary		–	–	–	–	–	(5)	(5)
At 31 December 2012		76,801	(538)	4,419	122,664	203,346	28,357	231,703

Statements of Changes in Equity for the year ended 31 December 2012

	Note	Share capital $'000	Treasury shares $'000	Other reserves $'000	Revenue reserves $'000	Total equity $'000
Company						
At 1 January 2011		28,141	(442)	–	22,951	50,650
Profit for the year		–	–	–	4,890	4,890
Total comprehensive income for the year		–	–	–	4,890	4,890
Contributions by and distributions to owners						
Dividends on ordinary shares	28	–	–	–	(3,270)	(3,270)
Treasury shares reissued pursuant to employee share award		–	95	123	–	218
Ordinary shares issued under rights issue	27(a)	14,690	–	–	–	14,690
Share issuance expense	27(a)	(110)	–	–	–	(110)
Purchase of treasury shares	27(b)	–	(274)	–	–	(274)
Total contributions by and distributions to owners		14,580	(179)	123	(3,270)	11,254
At 31 December 2011		42,721	(621)	123	24,571	66,794
Profit for the year		–	–	–	39,267	39,267
Total comprehensive income for the year		–	–	–	39,267	39,267
Contributions by and distributions to owners						
Dividends on ordinary shares	28	–	–	–	(36,236)	(36,236)
Issuance of ordinary shares	27(b)	13,060	–	–	–	13,060
Ordinary shares issued under scrip dividend	27(a)	21,020	–	–	–	21,020
Treasury shares reissued pursuant to employee share award		–	83	377	–	460
Total contributions by and distributions to owners		34,080	83	377	(36,236)	(1,696)
At 31 December 2012		76,801	(538)	500	27,602	104,365

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 2012

	Note	2012	2011
		$'000	$'000
Operating activities			
Profit before tax		79,042	57,228
Adjustments for:			
Property, plant and equipment written-off		309	958
Depreciation of property, plant and equipment	8	4,969	5,499
Fair value expense/(gain) on forward contracts		60	(105)
Employee Share Award Scheme expenses		460	218
Write down of inventories	8	42	11
Allowance for doubtful receivables	8	593	–
Allowance for foreseeable loss on development properties		–	240
Interest expense	6	6,146	3,474
Interest income		(162)	(55)
Loss on disposal of property, plant and equipment		3	192
Amortisation of prepaid rent	19	514	337
Disposal of interest on non-wholly owned subsidiary		(5)	–
Amortisation of intangible assets	11	510	511
Share of result of associate		(19,611)	(243)
Operating profit before changes in working capital		72,870	68,265
Changes in working capital			
Increase in inventories		(18,924)	(13,223)
Increase in development properties		(268,586)	(92,767)
Increase in properties held for sale		(6,382)	–
Increase in trade and other receivables		(47,573)	(50,813)
Decrease/(increase) in prepayments		17	(156)
Increase in trade and other payables		15,225	8,077
Total changes in working capital		(326,223)	(148,882)
Net cash used in operations		(253,353)	(80,617)
Interest paid		(9,040)	(7,144)
Income taxes paid		(3,541)	(3,594)
Net cash used in operating activities		(265,934)	(91,355)

Consolidated Statement of Cash Flows for the year ended 31 December 2012

	Note	2012	2011
		$'000	$'000
Investing activities			
Purchase of property, plant and equipment	10	(8,050)	(4,781)
Proceeds from sale of property, plant and equipment		65	53
Investment in associate		(2,000)	(2,000)
Increase in prepaid rent		(1,138)	–
Interest received		162	55
Purchase of investment securities		(10)	–
Acquisition of non-controlling interests in a subsidiary		–	(30)
Advances to an associate (non-trade)		(5,342)	(13,600)
Net cash used in investing activities		(16,313)	(20,303)
Financing activities			
Dividends paid to shareholders of the Company	28	(3,673)	(3,270)
Dividends paid to non-controlling interests of subsidiaries		(4,940)	(1,493)
Proceed from issuance of ordinary shares, net of issuance expenses	27	13,060	–
Proceeds from initial public offering of a subsidiary		16,034	–
Proceeds from issue of shares by subsidiary to a non-controlling interest		200	–
Proceeds from issuance of term notes, net of commitment fees		148,724	–
Proceeds from issuance of rights shares by Company, net of expenses		–	14,580
Purchase of treasury shares		–	(274)
Proceeds from term loans		272,100	158,410
Repayment of term loans		(123,590)	(94,888)
Proceeds from short-term bank borrowings, net		3,353	41,979
Proceeds from finance lease obligations		50	30
Repayment of finance lease obligations		(1,929)	(1,638)
Due from an affiliated company (non-trade)		47	–
Advances from an affiliated company (non-trade)		–	1,313
Advances from ultimate holding company (non-trade)		(2,500)	1,600
Net cash generated from financing activities		316,936	116,349
Net increase in cash and cash equivalents		34,689	4,691
Cash and cash equivalents at beginning of year		12,066	7,375
Cash and cash equivalents at end of year	21	46,755	12,066

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

1. Corporate information

Aspial Corporation Limited (the "Company") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST"). The immediate and ultimate holding company is MLHS Holdings Pte Ltd, incorporated in Singapore.

The address of its principal place of business is 55 Ubi Avenue 1, #07-11 Ubi 55, Singapore 408935. The address of the Company's registered office is 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 12 to the financial statements.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity 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 (SGD or $) and all values in the tables are rounded to the nearest thousand ($'000) as 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 that are effective for annual periods beginning on or after 1 January 2012. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

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**
Amendments to FRS 1 *Presentation of Items of Other Comprehensive Income*	1 July 2012
Revised FRS 19 *Employee Benefits*	1 January 2013
FRS 113 *Fair Value Measurement*	1 January 2013
Amendments to FRS 107 *Disclosures – Offsetting Financial Assets and Financial Liabilities*	1 January 2013
Improvements to FRSs 2012	1 January 2013
– Amendment to FRS 1 *Presentation of Financial Statements*	1 January 2013
– Amendment to FRS 16 *Property, Plant and Equipment*	1 January 2013
– Amendment to FRS 32 *Financial Instruments: Presentation*	1 January 2013
FRS 101 *Amendments to FRS 101 – Government Loans*	1 January 2013
Revised FRS 27 *Separate Financial Statements*	1 January 2014
Revised FRS 28 *Investments in Associates and Joint Ventures*	1 January 2014
FRS 110 *Consolidated Financial Statements*	1 January 2014
FRS 111 *Joint Arrangements*	1 January 2014
FRS 112 *Disclosure of Interests in Other Entities*	1 January 2014
Amendments to FRS 32 *Offsetting Financial Assets and Financial Liabilities*	1 January 2014
FRS 110, FRS 111 and FRS 27 *Amendments to FRS 110, FRS 111 and FRS 27: Investment Entities*	1 January 2014
FRS 110, FRS 111 and FRS 112 *Amendments to the transition guidance of FRS 110 Consolidated Financial Statements, FRS 111 Joint Arrangements and FRS 112 Disclosure of Interests in Other Entities*	1 January 2014

Except for the Amendments to FRS 1, the directors expect that the adoption of the standards and interpretations above will have no material impact on the financial statements in the period of initial application.

Amendments to FRS 1 Presentation of Items of Other Comprehensive Income

The Amendments to FRS 1 Presentation of Items of Other Comprehensive Income ("OCI") is effective for financial periods beginning on or after 1 July 2012.

The Amendments to FRS 1 changes the grouping of items presented in OCI. Items that could be reclassified to profit or loss at a future point in time would be presented separately from items which will never be reclassified. As the Amendments only affect the presentation of items that are already recognised in OCI, the Group does not expect any impact on its financial position or performance upon adoption of this standard.

2. Summary of significant accounting policies (cont'd)

2.4 *Basis of consolidation and business combinations*

(a) *Basis of consolidation*

Basis of consolidation from 1 January 2010

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 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.

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.

2. Summary of significant accounting policies (cont'd)

2.4 *Basis of consolidation and business combinations (cont'd)*

(a) *Basis of consolidation (cont'd)*

Basis of consolidation before 1 January 2010

Certain of the above-mentioned requirements were applied on a prospective basis. The following differences, however, are carried forward in certain instances from the previous basis of consolidation:

- Acquisition of non-controlling interests, prior to 1 January 2010, were accounted for using the parent entity extension method, whereby, the difference between the consideration and the book value of the share of the net assets acquired were recognised in goodwill.
- Losses incurred by the Group were attributed to the non-controlling interest until the balance was reduced to nil. Any further losses were attributed to the Group, unless the non-controlling interest had a binding obligation to cover these. Losses prior to 1 January 2010 were not reallocated between non-controlling interest and the owners of the Company.
- Upon loss of control, the Group accounted for the investment retained at its proportionate share of net asset value at the date control was lost. The carrying value of such investments as at 1 January 2010 have not been restated.

(b) *Business combinations*

Business combinations from 1 January 2010

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.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

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 accordance with FRS 39 either in profit or loss or as change to other comprehensive income. If the contingent consideration is classified as equity, it is not be remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.4 ***Basis of consolidation and business combinations (cont'd)***

(b) *Business combinations (cont'd)*

Business combinations from 1 January 2010 (cont'd)

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree identifiable net assets.

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 2.11(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.

Business combinations before 1 January 2010

In comparison to the requirements mentioned in 2.4 (a), the following differences applied:

Business combinations are accounted for by applying the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest (formerly known as minority interest) was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity. Any additional acquired share of interest did not affect previously recognised goodwill.

When the Group acquired a business, embedded derivatives separated from the host contract by the acquiree are not reassessed on acquisition unless the business combination results in a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required under the contract.

Contingent consideration was recognised if, and only if, the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent measurements to the contingent consideration were recognised as part of goodwill.

2. Summary of significant accounting policies (cont'd)

2.5 *Transactions with non-controlling interests*

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company owners' 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.

2.6 *Subsidiaries*

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less any impairment losses.

2.7 *Associates*

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associates are accounted for using the equity method. Under the equity method, investment in associates is carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment and is neither amortised nor tested individually for impairment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is deducted from the carrying amount of the investment and is recognised as income as part of the Group's share of results of the associate in the period in which the investment is acquired.

The profit or loss reflects the share of the results of operations of the associates. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associates.

2. Summary of significant accounting policies (cont'd)

2.7 ***Associates (cont'd)***

The Group's share of the profit or loss of its associates is the profit attributable to the equity holders of the associate and, therefore is the profit or loss after tax and non-controlling interests in the subsidiaries of associates.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

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 its associates. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The financial statements of the associates are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Upon loss of significant influence over the associate, the Group measures any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the aggregate of the retained investment and proceeds from disposal is recognised in profit or loss.

2.8 ***Joint ventures***

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. The Group recognises its interest in the joint venture using the proportionate consolidation method. The Group combines its proportionate share of each of the assets, liabilities, income and expenses of the joint venture with the similar items, line by line, in its consolidated financial statements. The joint venture is proportionately consolidated from the date the Group obtains joint control until the date the Group ceases to have joint control over the joint venture.

Adjustments are made in the Group's consolidated financial statements to eliminate the Group's share of intragroup balances, income and expenses and unrealised gains and losses on such transactions between the Group and its jointly controlled entity. Losses on transactions are recognised immediately if the loss provides evidence of a reduction in the net realisable value of current assets or an impairment loss.

The financial statements of the joint venture are prepared as of the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies into line with those of the Group.

Upon loss of joint control, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the former jointly controlled entity upon loss of joint control and the aggregate of the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.9 *Functional and foreign currency*

The Group's consolidated 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.

Transactions and balances

Transactions in foreign currencies are measured in the functional currency 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 determined.

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.

2.10 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The accounting policy for borrowing costs is set out in Note 2.21. The cost of an item of property, plant and equipment 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.

Renovation-in-progress is not depreciated until it is ready for its intended use. Depreciation is computed on a straight-line basis over the estimated useful life of the asset as follows:

Freehold property	–	50 years
Leasehold property	–	68 years
Renovations, electrical fittings, furniture and fittings	–	3 – 5 years
Air-conditioners, security equipment and office equipment	–	3 – 5 years
Machinery, tools and equipment	–	5 years
Computers	–	3 years
Motor vehicles	–	3 – 7 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment 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.

2. Summary of significant accounting policies (cont'd)

2.11 *Intangible assets*

(a) *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 each of 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 acquire 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.

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.

(b) *Other intangible assets*

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised on a straight-line basis over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

2. Summary of significant accounting policies (cont'd)

2.11 *Intangible assets (cont'd)*

(b) *Other intangible assets (cont'd)*

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

(i) Brands

Brands are acquired through business combinations. The useful lives of brands are estimated to be 15 years and are amortised on a straight-line basis.

(ii) Trademark

Trademark acquired separately is measured on initial recognition at cost. Following initial recognition, it is carried at cost less any accumulated amortisation and any accumulated impairment losses. It is amortised on a straight line basis over its finite useful life of 15 years.

2.12 *Impairment of non-financial assets*

The Group assesses at each reporting date whether there is indication that an asset may be impaired. If any indication exists, or when annual impairment assessment 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 to sell 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. 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. These calculations are corroborated by valuation multiples or other available fair value indicators.

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. The 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.

2. Summary of significant accounting policies (cont'd)

2.12 *Impairment of non-financial assets (cont'd)*

Impairment losses are recognised in profit or loss in those expense categories consistent with the nature of the impaired asset.

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. .

2.13 *Financial assets*

Initial recognition and measurement

Financial assets are recognised on the statement of financial position 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:

(a) 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.

2. Summary of significant accounting policies (cont'd)

2.13 *Financial assets (cont'd)*

(b) 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 financial assets designated at fair value through profit or loss nor loans and receivables. 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.

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.

2.14 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank, cash on hand and cash amounts held under the "Project Account (Amendment) Rules - 1997" withdrawals of which are restricted to payments for expenditure incurred on projects. These also include bank overdrafts that form an integral part of the Group's cash management.

2. Summary of significant accounting policies (cont'd)

2.15 *Impairment of financial assets*

The Group assesses at the end of each reporting period 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.

When the asset becomes uncollectible, the carrying amount of impaired financial assets 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.

2. Summary of significant accounting policies (cont'd)

2.15 ***Impairment of financial assets (cont'd)***

(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. ‘Significant’ is to be evaluated against the original cost of the investment and ‘prolonged’ against the period in which the fair value has been below its original cost.

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 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 and is accrued 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.

2.16 ***Inventories***

Inventories are stated at the lower of cost and net realisable value.

Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

Raw materials	–	purchase cost on a weighted average basis; and
Finished goods	–	cost of raw materials, labour and an attributable portion of overheads, determined on a specific identification basis.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

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

2. Summary of significant accounting policies (cont'd)

2.17 *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 estimated net realisable value.

The cost of development properties include:

- Freehold and leasehold rights for land;
- Amounts paid to contractors for construction; and
- Borrowing costs, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs.

Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are expensed when paid.

Provision is made for foreseeable losses in arriving at estimated net realisable value. Net realisable value 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 by 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.

2.18 *Properties held for sale*

Properties held for sale are properties constructed or purchased which are intended for sale in the ordinary course of business. Properties held for sale are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

2.19 *Financial liabilities*

Initial recognition and measurement

Financial liabilities are recognised on the statement of financial position 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 plus in the case of non-derivative financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

2. Summary of significant accounting policies (cont'd)

2.19 *Financial liabilities (cont'd)*

Subsequent measurement

After initial recognition, non-derivative 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.

De-recognition

A financial liability is de-recognised 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 de-recognition 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.

2.20 *Affiliated company*

An affiliated company is an entity, not being a subsidiary or an associate, in which one or more of the shareholders of the Company's subsidiary have a significant equity interest or exercise significant influence.

2.21 *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.

2.22 *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 economic 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. Summary of significant accounting policies (cont'd)

2.23 ***Employee benefits***

(a) *Defined contribution plans*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The estimated liability for leave is recognised for services rendered by employees up to end of the reporting period.

(c) *Employee share award plan*

The Company's treasury shares can be awarded to certain employees and directors of the Group. Share award expense is recognised as an expense in the same period in which the related service is performed. The fair value of the share award expense is determined based on the market value at the distribution dates.

2.24 ***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.

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.

2. Summary of significant accounting policies (cont'd)

2.24 *Leases (cont'd)*

(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 2.25(c). Contingent rents are recognised as revenue in the period in which they are earned.

2.25 *Revenue recognition*

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 excluding discounts, rebates, and sales taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognised.

(a) *Sales of goods*

Revenue from sale of jewellery

Revenue from sale of jewellery is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer, which generally coincides with delivery and acceptance of the goods sold. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Revenue from sale of development properties

Where development property is under construction and agreement has been reached to sell such property when construction is complete, the directors consider whether the contract comprises:

– A contract to construct a property; or
– A contract for the sale of completed property

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.

2. Summary of significant accounting policies (cont'd)

2.25 *Revenue recognition (cont'd)*

(a) *Sales of goods (cont'd)*

Revenue from sale of development properties (cont'd)

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 the 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 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.

In the above situations (i) and (ii), the percentage of work completed is measured by reference to the survey of work performed by external architects.

(b) *Interest income*

Interest income is recognised using the effective interest method.

(c) *Rental income from operating leases*

Rental income arising from operating leases on leasehold properties and standing property at a development site is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(d) *Dividend income*

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

2. Summary of significant accounting policies (cont'd)

2.26 *Income 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 by the end of the reporting period, in the country 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.

(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 taxable 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 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 accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associate and interests in joint venture, deferred income 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.

2. Summary of significant accounting policies (cont'd)

2.26 ***Income taxes (cont'd)***

(b) *Deferred tax (cont'd)*

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 the 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 income 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 in 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 statement of financial position.

2. Summary of significant accounting policies (cont'd)

2.27 *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 32, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.28 *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.

2.29 *Treasury shares*

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2.30 *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. Summary of significant accounting policies (cont'd)

2.31 *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).

2.32 *Financial guarantees*

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 as a liability 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.

3. Significant accounting judgments and estimates

The preparation of the Group's consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

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 statements were 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 non-financial assets*

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill is tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the key assumptions applied in the impairment assessment of goodwill and brands, are given in Note 11 to the financial statements.

(b) *Impairment of loans and receivables*

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. The carrying amount of the Group's loan and receivable at the end of the reporting period was disclosed in Note 18 to the financial statements.

(c) *Income taxes*

The Group has exposure to income taxes in Singapore. Significant judgment 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. The carrying amount of the Group's income tax payables, deferred tax liabilities and deferred tax assets at the end of the reporting period was $14,627,000 (2011: $6,482,000) and $8,235,000 (2011: $8,110,000) and $1,359,000 (2011: $3,243,000) respectively.

3. Significant accounting judgments and estimates (cont'd)

Key sources of estimation uncertainty (cont'd)

(d) *Impairment of inventory*

The Group assesses periodically provision for excess inventory. When inventories are deemed obsolete or when the net realisable value falls below cost, the amount of obsolete inventories or fall in value is recognised as an impairment against the inventory balance. To determine whether there is objective evidence of impairment, the Group estimates future demand for the product. Any possible changes in these estimates could result in revision to the valuation of inventory. The carrying amount of the Group's inventories at the end of the reporting period was disclosed in Note 16 to the financial statements.

(e) *Revenue recognition on development properties*

The Group recognises revenues and costs of certain type of development properties which met the criteria under INT FRS 115 and the accompanying note on application of INT FRS 115 by reference to the stage of completion using the percentage of completion method. The stage of completion is measured by reference to the survey of work performed by external architects.

Significant assumptions are required to estimate the total development costs which are recognised by reference to the stage of completion of a project at the end of the reporting period. In making these estimates, the management has relied on costs actually paid or contracted for, and in respect of costs not paid or contracted for, management's estimates of the costs to be incurred taking into consideration historical trends of its project costs.

Management has reviewed the status of all its projects and is satisfied that the estimates are realistic, and the estimates of total project costs and sales proceeds indicate full project recovery. The carrying amounts of the development properties and accrued expenses relating to development properties are disclosed in Note 17 and Note 22 to the financial statements.

4. Revenue

	Group	
	2012	**2011**
	$'000	$'000
Sales of jewellery	233,411	228,601
Revenue from sale of development properties	196,210	177,461
Interest income from providing collateral loan services	22,320	14,262
	451,941	420,324

5. Employee benefits

	Group 2012	Group 2011
	$'000	$'000
Employee benefits expenses (including executive directors):		
Salaries and bonuses	42,248	37,744
Central Provident Fund contributions	3,955	3,420
Share Award Scheme expenses	83	95
	46,286	41,259

Share Awards

During the financial year, the Company distributed 1,069,000 (2011: 427,000) shares out of treasury shares to its employees under the Aspial Share Awards Scheme at reissue price of $0.43 (2011: $0.51) per share.

6. Finance costs

	Group 2012	Group 2011
	$'000	$'000
Interest expense		
- term loans/short-term borrowings	6,059	6,325
- term notes	2,337	–
- bank overdrafts	455	591
- hire purchase	69	168
- advances from an affiliated company	57	56
- others	63	4
	9,040	7,144
Less: interest capitalised in development properties	(2,894)	(3,670)
Total finance cost	6,146	3,474

7. Other income

	Group	
	2012	2011
	$'000	$'000
Net foreign exchange gain	1,214	623
Marketing rebate	79	115
Cash purchase discount	324	6
Dividend income from investment security	3	2
Forfeiture of option fees on sale of development properties	315	–
Write back of overprovision of defect liability	241	263
Interest income from loans and receivables	44	54
Service charges and car park income from a standing property on development site	544	–
Others	631	519
	3,395	1,582

Interest income from loans and receivables relates to interest income receivable from an affiliated company.

8. Profit before tax

This is determined after charging/(crediting) the following:

	Group	
	2012	2011
	$'000	$'000
Audit fees paid to:		
- Auditors of the Company	443	335
- Other auditors	7	6
Non-audit fees paid to:		
- Auditors of the Company	284*	79
Amortisation of prepaid rent and assignment fee	514	337
Amortisation of intangible assets	510	511
Directors' fees	148	148
Depreciation of property, plant and equipment	4,969	5,499
Fixed rental expense on operating leases	30,776	35,932
Contingent rental expense on operating leases	5,473	5,082
Fair value loss/(gain) on forward contracts	60	(105)
Net loss on disposal of property, plant and equipment	3	192
Property, plant and equipment written-off	309	958
Allowance for foreseeable loss on development properties	–	240
Allowance for doubtful receivables		
- Trade receivables	534	–
- Other receivables	59	–
Write down of inventories	42	11

* *Included in non-audit fees is Reporting Accountant fees in respect of Initial Public Offering of a subsidiary of $203,000, the remaining balance of $47,000 is accounted for as a deduction from the share capital of the subsidiary.*

9. Earnings per share

Basic earnings per share amounts are calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding (excluding treasury shares) during the financial year.

Diluted earnings per share amounts are calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding (excluding treasury shares) during the 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 table reflects profit or loss and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	Group	
	2012	**2011**
	$'000	$'000
Profit for the year attributable to owners of the parent used in computation of basic and diluted earnings per share	54,860	45,310
Weighted average number of ordinary shares (excluding treasury shares) for basic earnings per share computation	1,471,763	1,438,393
Earnings per share (cents)*		
- basic	3.73	3.15
- diluted	3.73	3.15

**comparatives for earnings per share have been adjusted for the bonus issue of shares.*

Diluted earnings per share is similar to basic earnings per share as there are no potential dilutive ordinary shares.

10. Property, plant and equipment

Group	Freehold property	Leasehold property	Reno-vations, electrical fittings, furniture and fittings	Air-conditioners, security equipment and office equipment	Reno-vation-in-progress	Machinery, tools and equipment	Computers	Motor vehicles	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Cost:									
At 1 January 2011	–	4,629	22,478	3,456	1,063	1,196	3,445	422	36,689
Additions	–	–	999	663	3,007	59	406	157	5,291
Disposals	–	–	(252)	(23)	–	(6)	(16)	(104)	(401)
Written off	–	–	(3,303)	(159)	–	(2)	(74)	–	(3,538)
Transfer in/(out)	–	–	3,638	56	(3,694)	–	–	–	–
At 31 December 2011 and 1 January 2012	–	4,629	23,560	3,993	376	1,247	3,761	475	38,041
Additions	4,476	–	701	581	1,542	90	593	67	8,050
Disposals	–	–	–	(70)	–	–	(3)	(27)	(100)
Written off	–	–	(3,119)	(188)	–	(10)	(107)	–	(3,424)
Transfer in/(out)	–	–	1,438	4	(1,442)	–	–	–	–
At 31 December 2012	4,476	4,629	22,580	4,320	476	1,327	4,244	515	42,567
Accumulated depreciation and impairment:									
At 1 January 2011	–	–	14,649	1,967	–	905	2,827	226	20,574
Depreciation charge for the year	–	134	4,249	525	–	102	436	53	5,499
Disposals	–	–	(74)	(5)	–	(2)	(11)	(64)	(156)
Written off	–	–	(2,380)	(127)	–	(1)	(72)	–	(2,580)
At 31 December 2011 and 1 January 2012	–	134	16,444	2,360	–	1,004	3,180	215	23,337
Depreciation charge for the year	2	67	3,714	577	–	88	462	59	4,969
Disposals	–	–	–	(24)	–	–	(1)	(7)	(32)
Written off	–	–	(2,837)	(166)	–	(10)	(102)	–	(3,115)
At 31 December 2012	2	201	17,321	2,747	–	1,082	3,539	267	25,159
Net carrying amount:									
At 31 December 2011	–	4,495	7,116	1,633	376	243	581	260	14,704
At 31 December 2012	4,474	4,428	5,259	1,573	476	245	705	248	17,408

10. Property, plant and equipment (cont'd)

	Renovations, electrical fittings, furniture and fittings	Air-conditioners, security equipment and office equipment	Renovation-in-progress	Machinery, tools and equipment	Computers	Motor vehicles	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Company							
Cost:							
At 1 January 2011	652	364	13	78	1,995	23	3,125
Additions	3	2	–	–	179	–	184
At 31 December 2011 and 1 January 2012	655	366	13	78	2,174	23	3,309
Additions	11	17	8	–	373	–	409
Disposal	–	–	–	–	(1)	–	(1)
Written off	(16)	(8)	–	–	–	–	(24)
Transfer in / (out)	–	–	(21)	–	21	–	–
At 31 December 2012	650	375	–	78	2,567	23	3,693
Accumulated depreciation and impairment:							
At 1 January 2011	607	319	–	78	1,683	6	2,693
Depreciation charge for the year	16	17	–	–	243	3	279
At 31 December 2011 and 1 January 2012	623	336	–	78	1,926	9	2,972
Depreciation charge for the year	15	15	–	–	247	3	280
Written off	(7)	(3)	–	–	–	–	(10)
At 31 December 2012	631	348	–	78	2,173	12	3,242
Net carrying amount:							
At 31 December 2011	32	30	13	–	248	14	337
At 31 December 2012	19	27	–	–	394	11	451

10. Property, plant and equipment (cont'd)

Assets held under finance leases

During the year, property, plant and equipment amounting to $50,000 (2011: $510,000) was acquired by means of finance leases. The carrying amount of assets held under finance leases as at 31 December 2012 was $141,000 (2011: $2,057,000).

Leased assets are pledged as security for the related finance lease liabilities (Note 30d).

Assets pledged as security

In addition to assets held under finance leases, the Group's leasehold properties with a carrying amount of $8,902,000 (2011: $4,495,000) are mortgaged to secure the Group's bank loans (Note 23).

11. Intangible assets

	Group			Group and Company	Group
	Brand	**Trademark**	**Goodwill**	**Club member-ship**	**Total**
	$'000	$'000	$'000	$'000	$'000
Cost:					
At 1 January 2011, 31 December 2011 and 31 December 2012	8,421	723	4,994	49	14,187
Accumulated amortisation and impairment:					
At 1 January 2011	3,798	348	–	14	4,160
Amortisation	462	49	–	–	511
At 31 December 2011 and 1 January 2012	4,260	397	–	14	4,671
Amortisation	462	48	–	–	510
At 31 December 2012	4,722	445	–	14	5,181
Net carrying amount:					
At 31 December 2011	4,161	326	4,994	35	9,516
At 31 December 2012	3,699	278	4,994	35	9,006

Amortisation expense

The brand and trademark acquired are amortised evenly over their estimated economic useful life of 15 years. The remaining amortisation period for the brand and trademark are 9 years and 7 years (2011: 10 years and 8 years) respectively.

11. Intangible assets (cont'd)

Impairment testing of goodwill, brand and trademark

Impairment testing of goodwill, brand and trademark has been done by comparing the carrying amounts of goodwill, brand and trademark with their recoverable amounts.

The recoverable amount of goodwill has been determined based on value in use calculations using cash flow projections from financial budgets of the business unit approved by management covering a five year period. Management has considered and determined the factors applied in these financial budgets which include average growth rates derived based on management's judgment. For goodwill and brand, the growth rates applied are in the range of 2% and 4% (2011: 2% and 4%).

The pre-tax discount rates applied in the cash flow projections is 8% (2011: 5%), which reflects management's estimation of the risks specific to the segment.

The recoverable amount of trademark has been determined based on actual business performance.

12. Investment in subsidiaries

	Company	
	2012	**2011**
	$'000	$'000
Unquoted equity shares, at cost		
Opening balance at 1 January	77,601	59,571
Acquisition of non-controlling interests in a subsidiary	–	30
Issuance of shares by subsidiaries during the year	–	18,000
Carrying amount of investments at 31 December	77,601	77,601

12. Investment in subsidiaries (cont'd)

	Name of Company	Principal activities	Country of incorporation and place of business	Proportion (%) of ownership interest 2012	2011
	Held by the Company				
(b)	Aspial International Pte Ltd	Jewellery wholesaling and exporting	Singapore	100	100
(a)	World Class Land Pte Ltd	Property development	Singapore	90	90
	Gold Purple Pte Ltd	Jewellery manufacturing (dormant)	Singapore	100	100
	Belgium – Singapore Diamond Corporation Pte. Ltd.	Diamond trading (dormant)	Singapore	100	100
(a)	Aspial-Lee Hwa Jewellery Singapore Pte. Ltd.	Jewellery retailing and manufacturing	Singapore	100	100
(a), (e)	Maxi-Cash Financial Services Corporation Ltd	Investment holding	Singapore	81.19	100
(a)	World Financial Property Pte. Ltd.	Real estate activities	Singapore	100	100
	Held through subsidiaries				
	Aspial-Lee Hwa Jewellery Singapore Pte. Ltd.				
(a), (c)	Citigems Pte. Ltd.	Jewellery retailing	Singapore	49	49
(a)	Aspial-Lee Hwa Jewellery Pte. Ltd.	Jewellery retailing	Singapore	100	100
(a)	Goldheart Jewelry Pte. Ltd.	Jewellery retailing	Singapore	100	100
(b)	L&N Jewellery Pte. Ltd.	Jewellery wholesaling and retailing	Singapore	100	100

12. Investment in subsidiaries (cont'd)

	Name of Company	Principal activities	Country of incorporation and place of business	Proportion (%) of ownership interest 2012	2011
	Held through subsidiaries				
	Aspial International Pte Ltd				
(b)	BU2 Services Pte. Ltd.	Investment holding	Singapore	100	100
	World Class Land Pte Ltd				
(a)	World Class Developments Pte. Ltd.	Property development	Singapore	90	90
(b)	Advance Property Pte. Ltd.	Investment holding	Singapore	90	90
(a)	World Class Property Pte. Ltd.	Property development	Singapore	90	90
(a)	World Class Capital Pte. Ltd.	Property development	Singapore	72	72
	Advance Property Pte. Ltd.				
(b)	Headway Construction Pte. Ltd.	Building construction and contractors	Singapore	90	90
(b)	Dynamic Project Management Services Pte. Ltd.	Property management	Singapore	90	90
	World Class Capital Pte. Ltd.				
(a)	World Class Capital (LN) Pte. Ltd.	Property development	Singapore	72	72

12. Investment in subsidiaries (cont'd)

	Name of Company	Principal activities	Country of incorporation and place of business	Proportion (%) of ownership interest 2012	2011
	Held through subsidiaries				
	World Class Property Pte. Ltd.				
(a)	World Class Property (Eastcoast) Pte. Ltd.	Property development	Singapore	90	90
(a)	World Class Investments Pte. Ltd.	Property investment	Singapore	90	90
(a)	World Class Property (Dunearn) Pte. Ltd.	Property development	Singapore	90	90
(a)	World Class Property (North) Pte. Ltd.	Property development	Singapore	72.18	72.18
(a)	World Class Property (Central) Pte. Ltd.	Property development	Singapore	90	90
(a)	World Class Property (Telok Kurau) Pte. Ltd.	Property development	Singapore	90	90
	World Class Developments Pte. Ltd.				
(a)	World Class Developments (Bedok) Pte. Ltd.	Property development	Singapore	72	72
(a)	World Class Developments (Central) Pte. Ltd.	Property development	Singapore	90	90
(a)	World Class Developments (City Central) Pte. Ltd.	Property development	Singapore	90	90
(a)	World Class Developments (North) Pte. Ltd.	Property development	Singapore	90	90

12. Investment in subsidiaries (cont'd)

	Name of Company	Principal activities	Country of incorporation and place of business	Proportion (%) of ownership interest 2012	2011
	Held through subsidiaries				
	Maxi-Cash Financial Services Corporation Ltd				
(a)	Maxi-Cash Group Pte. Ltd.	Pawn brokerage and investment holding	Singapore	100	100
(a)	Maxi-Cash Jewellery Group Pte. Ltd.	Jewellery retailing	Singapore	100	100
(a)	Gold N Gems Pte. Ltd. (formerly known as Maxi-Cash Jewellery Pte. Ltd.)	Jewellery retailing	Singapore	100	100
	Maxi Cash Group Pte. Ltd.				
(a)	Maxi-Cash (North) Pte. Ltd.	Pawn brokerage	Singapore	100	100
(a)	Maxi-Cash (East) Pte. Ltd.	Pawn brokerage	Singapore	100	100
(a)	Maxi-Cash (Central) Pte. Ltd.	Pawn brokerage	Singapore	100	100
(a)	Maxi-Cash (West) Pte. Ltd.	Pawn brokerage	Singapore	100	100
(a)	Maxi-Cash (Clementi) Pte. Ltd.	Pawn brokerage	Singapore	70	70
(a)	Maxi-Cash Capital Pte. Ltd.	Pawn brokerage	Singapore	100	100
(a)	Maxi-Cash Assets Pte. Ltd.	Pawn brokerage	Singapore	100	100
(a)	Maxi-Cash Ventures Pte. Ltd.	Pawn brokerage	Singapore	100	100
(a)	Maxi-Cash (Central 2) Pte. Ltd.	Pawn brokerage	Singapore	100	100

12. Investment in subsidiaries (cont'd)

	Name of Company	Principal activities	Country of incorporation and place of business	Proportion (%) of ownership interest 2012	2011
	Held through subsidiaries				
	Maxi Cash Group Pte. Ltd. (cont'd)				
(a)	Maxi-Cash (East 2) Pte. Ltd.	Pawn brokerage	Singapore	100	100
(d)	Maxi-Cash (North East) Pte. Ltd.	Pawn brokerage	Singapore	100	100
(a), (d)	Cash & Co Pte. Ltd (formerly known as Cash Express Financial Services Pte. Ltd.)	Pawn brokerage	Singapore	100	–

(a) Audited by Ernst & Young LLP, Singapore

(b) Audited by David Yeung & Co PAC, Singapore

(c) Citigems Pte. Ltd. is treated as a subsidiary on the basis that the Group controls the composition of the Board of Directors of the Company.

(d) Newly incorporated during the financial year ended 31 December 2012.

(e) On 22 June 2012, the initial public offering (the "Invitation") of 56,000,000 New Shares at $0.30 per share in the capital of Maxi-Cash Financial Services Corporation Ltd ("Maxi-Cash FSC") has been completed. The net proceeds from the Invitation amounted to $16,034,000 and consequently, the Company's equity interest in Maxi-Cash FSC is diluted from 100% to 81.19%.

13. Investment in associates

The Group's material investments in associates are summarised below:

	Group	
	2012	2011
	$'000	$'000
Shares, at cost	4,012	2,012
Share of post-acquisition reserves	19,893	282
	23,905	2,294

	Name of Company	Principal activities	Country of incorporation and place of business	Proportion (%) of ownership interest 2012	2011
	Held through a subsidiary:				
i	WCS Engineering Construction Pte. Ltd.	Civil engineering construction and general building engineering services	Singapore	49	49
ii	Kensington Land Pte Ltd	Property development	Singapore	40	40
ii	Kensington Village Pte. Ltd.	Property development	Singapore	40	–

i Audited by MY Chau & Co

ii Audited by Deloitte & Touche LLP

13. Investment in associates (cont'd)

The summarised financial information of the associate, not adjusted for the proportion of ownership interest held by the Group, is as follows:

	Group	
	2012	2011
	$'000	$'000
Assets and liabilities:		
Total assets	208,173	164,205
Total liabilities	(148,880)	(158,607)
Results:		
Revenue	201,082	17,297
Profit for the year	48,694	494

14. Investment in joint ventures

Details of the joint ventures as at 31 December 2012 as follows:

	Name of entity	Principal activities	Country of incorporation and place of business	Proportion (%) of ownership interest 2012	2011
	Held by the Company				
#	Jewelfest Pte. Ltd.	Management of trade shows and exhibitions	Singapore	40*	40*
	Held through subsidiary				
^	Bayfront Ventures Pte. Ltd.	Property development	Singapore	50	50
^	Bayfront Realty Pte. Ltd.	Property development	Singapore	50	50
^	Bayfront Land Pte. Ltd.	Property development	Singapore	50	50

Audited by K Y Chik & Associates, Singapore

^ Audited by Ernst & Young LLP, Singapore

* 40% equity interest is held as 20% by the Company and 20% by Goldheart Jewelry Pte Ltd

14. Investment in joint ventures (cont'd)

Jewelfest Pte. Ltd.(“Jewelfest”)

	Group		Company	
	2012	**2011**	**2012**	**2011**
	$'000	$'000	$'000	$'000
Unquoted shares, at cost				
Balance at 1 January/ 31 December	25	25	25	25

The results of Jewelfest have not been accounted for using the equity method as they are not material to the Group.

Bayfront Ventures/Bayfront Realty/Bayfront Land

The Group’s commitments in respect of its interest in the joint ventures are disclosed in Note 30(a) and 30(b).

The Group’s contingent liabilities in respect of its investment in joint ventures are disclosed in Note 31.

The aggregate amounts of each of current assets, non-current assets, current liabilities, non-current liabilities, income and expenses related to the Group’s interests in the joint ventures are as follows:

	Group	
	2012	**2011**
	$'000	$'000
Assets and liabilities:		
Current assets	336,391	–
Non-current assets	99	–
	336,490	–
Current liabilities	(97,786)	–
Non-current liabilities	(232,950)	–
	(330,736)	–
Income and expenses:		
Income	(1,969)	–
Expenses	1,215	–

15. Investment securities

	Group 2012 $'000	Group 2011 $'000
Available-for-sale financial assets		
Unquoted shares, at cost		
Balance at 1 January	23	23
Addition	10	–
Balance at 31 December	33	23

The investment is carried at cost as management is of the opinion that it is not practicable to determine with sufficient reliability the fair value of the unquoted investment.

16. Inventories

	Group 2012 $'000	Group 2011 $'000
Consolidated statement of financial position:		
Finished goods		
- at cost	78,944	57,108
- at net realisable value	19,929	25,172
Raw materials, at cost	10,548	8,155
Packaging materials, at cost	319	423
Total inventories at lower of cost and net realisable value	109,740	90,858
Consolidated statement of comprehensive income:		
Inventories recognised as expense in profit or loss	139,217	130,439
Inclusive of the following charge/(credit):		
- Write down of inventories	42	11
- Reversal of provision for inventory obsolescence	(3)	–

A floating charge has been placed on inventories as security for cetain bank borrowings (Note 23).

17. Development properties/properties held for sale

(a) Development properties

	Group 2012 $'000	Group 2011 $'000
Land costs	508,216	234,060
Development charges	20,986	13,628
Construction costs	27,705	33,446
Property tax	1,817	2,306
Interest costs	5,346	6,434
Other development expenditure	7,611	17,106
	571,681	306,980
Attributable profits	57,681	56,410
	629,362	363,390
Progress billings	(94,949)	(100,457)
	534,413	262,933

The development properties are pledged to banks as security for term loan facilities granted (Note 23).

During the financial year, borrowing costs amounting to $2,894,000 (2011: $3,670,000) arising from borrowings obtained specifically for the development properties were capitalised.

A weighted average interest capitalisation rate of 2.01% (2011: 1.94%) per annum was used, representing the actual borrowing cost of the loans used to finance the projects.

Details of development properties held by the Group are as follows:

Location	Description and use	Land area (square metre)	Gross floor area (square metre)	Tenure	Stage of completion
World Class Property (Eastcoast) Pte Ltd					
Heritage East 451, 453 East Coast Road	Apartments units	2,212	3,226	Freehold	Temporary Occupancy Permit obtained in January 2012
Soho Life/Onan Suite Lot 99394N MK 26 at Joo Chiat/Onan Road	Apartments/ commercial	3,293	6,736	Freehold	Temporary Occupancy Permit obtained in April 2012

17. Development properties/properties held for sale (cont'd)

(a) Development properties (cont'd)

Location	Description and use	Land area (square metre)	Gross floor area (square metre)	Tenure	Stage of completion
World Class Property (Eastcoast) Pte Ltd (cont'd)					
13 Sempandan Road	Landed residential unit	201	385	Freehold	Temporary Occupancy Permit obtained in July 2012, construction work was completed in August 2012
World Class Property (Central) Pte Ltd					
Cavan Suite 11 Cavan Road	Apartments/ commercial	759	2,274	Freehold	Temporary Occupancy Permit obtained in October 2012
45 Truro Road	Landed residential unit	290	–	Freehold	Temporary Occupancy Permit obtained in March 2012, construction work was completed in August 2012
World Class Property (Telok Kurau) Pte Ltd					
Espira Suite 92 Lorong G and 99A Lorong H, Telok Kurau	Apartments units	1,847	2,852	Freehold	Temporary Occupancy Permit obtained in February 2012
Casa Palmera Lot 1397W MK23 at Lorong Melayu	Landed residential unit	1,302	1,969	Freehold	Foundation work has not commenced, expected completion in 2013
Palmera East 23 Lorong Melayu	Apartments units	719	1,013	Freehold	Temporary Occupancy Permit obtained in March 2012

17. Development properties/properties held for sale (cont'd)

(a) Development properties (cont'd)

Location	Description and use	Land area (square metre)	Gross floor area (square metre)	Tenure	Stage of completion
World Class Developments (Bedok) Pte Ltd					
East Village Lot 5230K, Lot 5231N at Bedok Road	Apartments/ commercial	5,952	8,332	Freehold	47% completed, expected completion in 2013
World Class Developments (Central) Pte Ltd					
Cardiff Residence 101 and 103 Cardiff Court	Apartments units	5,887	8,872	99 years	45% completed, expected completion in 2013
World Class Developments (City Central) Pte Ltd					
8 Bassein Road	Apartments units	1,427	4,457	Freehold	15% completed, expected completion in 2014
Bayfront Ventures Pte. Ltd.					
371 Beach Road Singapore^	Proposed development of commercial and apartment units	7,269	39,616	99 years	Foundation work has not commenced, expected completion in 2016
Bayfront Realty Pte. Ltd.					
Lot 10765A MK27 at Tanah Merah Kechil Link^	Proposed development of apartment units	13,999	42,271	99 years	Foundation work has not commenced, expected completion in 2015

^ *the Group's share of development properties using proportionate consolidation method*

17. Development properties/properties held for sale (cont'd)

(a) Development properties (cont'd)

The following table provides information about agreements that are in progress at the reporting date whose revenue are recognised on a percentage of completion basis:

	Group 2012 $'000	Group 2011 $'000
Aggregate cost incurred and recognised to-date:	344,585	126,862
Attributable profit recognised to-date	128,439	56,410
Development properties recognised as an expense in profit or loss	117,424	103,209

(b) Properties held for sale

	Group 2012 $'000	Group 2011 $'000
At cost		
At 1 January	–	–
Transfer from development properties	6,382	–
At 31 December 2012	6,382	–

Details of the properties held for sale by the Group are as follows:

Location	Description and existing use	Land area (in square metres)	Gross floor area (in square metres)	Tenure	Stage of completion
49/51 Truro Road	Landed residential unit	582	814	Freehold	construction completed

The properties held for sale are pledged to banks as security for term loan facilities granted (Note 23).

18. Trade and other receivables

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Trade and other receivables (current)				
Trade receivables	12,343	6,829	–	–
Other debtors	2,573	878	–	19
Deposits	4,228	5,365	23	77
Amount due from a shareholder	753	–	–	–
Loans to customers	157,713	118,859	–	–
Interest receivable on loans to customers	4,999	3,685	–	–
	182,609	135,616	23	96
Other receivables (non-current)				
Deposits	4,835	3,891	40	4
Total trade and other receivables (current and non-current)	187,444	139,507	63	100
Add:				
Due from subsidiaries (non-trade)	–	–	194,551	29,783
Due from an affiliated company (non-trade)	3,431	3,478	–	–
Due from an associate (non-trade)	18,942	13,600	–	–
Cash and bank balances (Note 21)	46,781	28,163	3,534	93
Total loans and receivables	256,598	184,748	198,148	29,976

18. Trade and other receivables (cont'd)

Trade receivables are non-interest bearing and are generally on 30 days' terms. They are recognised at their original invoice amounts which represents their fair values on initial recognition.

Loans to customers are loans which are interest bearing at 1.0% for the first month and 1.5% for the subsequent 5 months (2011: 1.5% per month). The quantum of loans granted to customers is based on a fraction of the value of the collaterals pledged to the Group.

A floating charge has been placed on trade and other receivables with a carrying value at $164,095,000 (2011: $123,094,000) as security for bank borrowings (Note 23).

There are no receivables that are past due at the end of the reporting period.

Receivables that are impaired

At the end of the reporting period, the Group's has provided allowances of $534,000 (2011: nil) and $59,000 (2011: nil) of the trade receivables and other receivables with nominal amounts of $534,000 (2011: nil) and $91,000 (2011: nil) respectively.

Receivables that are individually determined to be impaired at the end of reporting period relate to debtors that have defaulted on payments. The other receivables are secured by a deposit of $32,000.

Receivables that are past due

The Group has no receivables that are past due as at 31 December 2012 and 31 December 2011.

Related party balances

Amount due from a shareholder is unsecured, interest-free, and repayable on demand and are to be settled in cash.

19. Prepaid rent

	Group	
	2012	2011
	$'000	$'000
At cost	3,160	2,022
Less : Accumulated amortisation	(2,258)	(1,744)
	902	278
Current portion	379	278
Non-current portion	523	–
	902	278

Movement in accumulated amortisation during the year is as follows:

	2012	2011
Balance at 1 January	1,744	1,421
Amortisation for the year	514	337
Reversal of fully amortised prepaid rent	–	(14)
Balance at 31 December	2,258	1,744

Prepaid rent relates to payments for assignments of Housing Development Board leases. It is amortised over the balance lease period if new leases are entered into upon the assignments or the expected balance lease period of the leases if no new leases are entered into upon the assignments, subject to a maximum of 3 years period.

20. Due from/to subsidiaries/due from/to an affiliated company/due to ultimate holding company/due from an associate

The amounts due from/to subsidiaries, due to ultimate holding company, due to an affiliated company and due from an associate are unsecured and receivable/repayable on demand and are to be settled in cash. These amounts are non-interest bearing except for an amount due from subsidiary of $39,120,000 (2011: nil) which bear interest ranging from 1.9% to 4.5% per annum.

The amount due from an affiliated company is unsecured and receivable on demand. Interest is charged at weighted average effective interest rate of 5.35% (2011: 5.43%) per annum.

21. Cash and bank balances

	Group		Company	
	2012	**2011**	**2012**	**2011**
	$'000	$'000	$'000	$'000
Cash at banks and in hand	46,781	28,163	3,534	93

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Cash and bank balances denominated in foreign currency at 31 December is as follows:

	Group	
	2012	**2011**
	$'000	$'000
United States dollar	35	41

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, the consolidated cash and cash equivalents comprise the following as at 31 December:

Cash held under "Project Account (Amendment) Rules – 1997"	26,426	12,813
Cash at banks and in hand	20,355	15,350
	46,781	28,163
Bank overdrafts	(26)	(16,097)
Cash and cash equivalents	46,755	12,066

Bank overdrafts are denominated in SGD, bear interest at the bank's prime lending rate and are secured by a fixed and floating charge over certain assets.

A floating charge has been placed on cash and bank balances as security for certain bank borrowings (Note 23).

22. Trade and other payables

	Note	Group 2012	Group 2011	Company 2012	Company 2011
		$'000	$'000	$'000	$'000
Current:					
Trade payables		10,601	23,267	47	64
Other payables		3,672	6,529	81	64
Loans from third parties		5,965	–	–	–
Accrued operating expenses					
- payroll related		23,415	13,809	540	527
- property development		10,555	11,051	–	–
- others		13,345	4,150	3,066	249
Deferred revenue		358	565	–	–
Deposits received		790	516	2	2
Amounts due to directors		17,876	6,965	7,052	4,800
Dividend payable		11,543	–	11,543	–
		98,120	66,852	22,331	5,706
Non-current:					
Other payables					
- amounts due to shareholders		2,300	6,800	–	–
Total trade and other payables (current and non-current)		100,420	73,652	22,331	5,706
Add:					
Due to subsidiaries (non-trade)		–	–	79	30,859
Due to an affiliated company (non-trade)		1,310	1,310	–	–
Due to ultimate holding company (non-trade)		–	2,500	–	2,500
Bank overdrafts	21	26	16,097	–	–
Interest-bearing loans and borrowings	23	455,538	305,554	708	1,959
Term notes	24	150,000	–	150,000	–
Less:					
Accrued operating expenses					
- payroll related		(23,415)	(13,809)	(540)	(527)
Deferred revenue		(358)	(565)	–	–
Total financial liabilities carried at amortised cost		683,521	384,739	172,578	40,497

22. Trade and other payables (cont'd)

Trade and other payables are unsecured, non-interest bearing and repayment is based on payment terms and conditions agreed.

Loans from third parties are non-interest bearing and are repayable upon the issuance of the Temporary Occupation Permit ("TOP").

Related party balances

The amounts due to shareholders are unsecured, interest free, repayable upon completion of the Group's East Village project and are to be settled in cash.

The amounts due to directors are unsecured, interest free, repayable upon demand and are to be settled in cash.

The following foreign currency denominated amounts which differs from the functional currency of the companies within the Group included in trade and other payables are as follows:

	Group		Company	
	2012	**2011**	**2012**	**2011**
	$'000	$'000	$'000	$'000
United States Dollar	4,806	13,739	–	–
Hong Kong Dollar	1,813	1,941	–	–
Others	129	72	–	–

23. Interest-bearing loans and borrowings

		Group		Company	
	Note	**2012**	**2011**	**2012**	**2011**
		$'000	$'000	$'000	$'000
Secured borrowings					
Current					
Obligation under finance leases	30(d)	46	1,539	–	–
Bank borrowings		96,799	93,445	–	–
Term loans		91,648	73,825	708	1,251
		188,493	168,809	708	1,251
Non-current					
Obligation under finance leases	30(d)	10	398	–	–
Term loans		267,035	136,347	–	708
		267,045	136,745	–	708
Total loans and borrowings		455,538	305,554	708	1,959

23. Interest-bearing loans and borrowings (cont'd)

(a) ***Details of securities granted and financial for the secured borrowings are as follows:***

Company

The term loans of the Company of $708,000 (2011: $1,959,000) bear interest at 5.0% (2011: 5.0%) per annum, unsecured, payable in 12 monthly instalments and are to be repaid in full in July 2013.

Subsidiaries/Joint ventures

Interest-bearing loans and borrowings comprise bank borrowings of $79,302,000 (2011: $93,445,000), term loans of $30,241,000 (2011: $62,158,000), land loans of $343,687,000 (2011: $141,298,000) and construction loans of $1,544,000 (2011: $4,757,000).

(i) Bank borrowings of $79,302,000 (2011: $93,445,000) are secured by way of a fixed and floating charge on all assets of certain subsidiaries and corporate guarantee by the Company.

(ii) The term loan of $5,625,000 (2011: $7,500,000) is secured by way of a fixed and floating charge on all assets of a subsidiary and corporate guarantee by the Company. This loan bears interest rates ranging from 1.99% to 2.25% (2011: 1.96% to 2.22%) per annum and is repayable in eight (2011: six) semi-annual instalments, comprising of $937,500 per instalment and the final instalment in September 2015.

(iii) The term loans of $875,000 (2011: $2,199,000) are unsecured. The loans bear interest rate at 5.0% (2011: 5.0%) per annum and are repayable in 18 to 22 (2011: 30 to 34) monthly instalments.

(iv) The term loans of $17,500,000 (2011: $211,000) bear interest ranging from 1.55% to 1.68% (2011: 1.56% to 1.69%) and are secured by way of corporate guarantee by the Company. These loans are payable in 4 (2011: 16-18) monthly instalments and the final instalment in January 2013.

(v) The term loans of $6,241,000 (2011: $2,748,000) bear interest rates ranging from 1.63% to 2.30% (2011: 1.63% to 2.30%) per annum and are secured by way of legal mortgage over the leasehold properties.

(vi) The land loans, construction loans and term loans of $345,231,000 (2011: $195,555,000) bear interest rates ranging from 1.72% to 2.96% (2011: 1.63% to 2.74%) per annum are secured by way of:

- legal mortgages over subsidiaries' development properties (Note 17);
- legal assignments of subsidiaries' interest under the Sale and Purchase agreements and tenancy agreements in respect of the development properties or units therein which includes the assignment of all the sale and rental proceeds;
- legal assignments of subsidiaries interest in the Project Account and Rental Account, and a charge over such sales proceeds and rentals and all sums in credit in such accounts; and
- a corporate guarantee by the Company.

23. Interest-bearing loans and borrowings (cont'd)

(a) ***Details of securities granted and financial for the secured borrowings are as follows (cont'd):***

The loans relating to the respective development projects are repayable in one lump sum within 30 months from the date of the loan agreement or 6 months after the issuance of Temporary Occupation Permit ("TOP"), whichever is earlier.

The loans include financial covenants which require the subsidiaries/joint ventures to achieve certain cumulative sales target and to maintain aggregate outstanding debt secured against the properties not exceeding 57.7% to 80% of the security value of the relevant development properties at all times.

(b) ***Maturity of borrowings***

Loans due after one year are estimated to be repayable as follows:

	Group		Company	
	2012	**2011**	**2012**	**2011**
	$'000	$'000	$'000	$'000
Years after year end:				
After one year but within two years	2,453	98,577	–	708
After two years but within five years	261,131	36,721	–	–
After five years	3,461	1,049	–	–
	267,045	136,347	–	708

24. Term notes

During the financial year ended 31 December 2012, unsecured term notes issued by the Group and the Company under the Multicurrency Medium Term Note Programme amounted to $150,000,000 (2011: nil).

Date issued	**Aggregate principal amount outstanding**	**Interest rate**	**Maturity dates**
	$'000	%	
27 July 2012	35,000	5.0	27 July 2015
7 September 2012	50,000	5.0	7 September 2015
25 September 2012	65,000	4.5	25 September 2014
	150,000		

Interest is payable semi-annually. Unless previously redeemed or purchased and cancelled, the term notes are redeemable at the principal amounts on their respective maturity dates.

25. Income tax

(a) *Income tax expense*

The major components of income tax expense for the years ended 31 December 2012 and 2011 are:

	Group	
	2012	**2011**
	$'000	$'000
Current income tax		
Current income taxation	11,690	3,006
(Over)/under provision in respect of previous years	(960)	315
Deferred income tax		
Movement in temporary differences	2,009	6,289
	12,739	9,610

(b) *Relationship between tax expense and profit before tax*

The reconciliation between tax expense and the product of profit before tax multiplied by the applicable corporate tax rate for the years ended 31 December is as follows:

	2012	2011
Profit before tax	79,042	57,228
Tax calculated at a tax rate of 17% (2011: 17%)	13,437	9,729
Effects of:		
- Expenses not deductible for tax purposes	1,091	438
- Income not subject to tax	(86)	(200)
- Deferred tax assets not recognised	3,138	543
- Partial tax exemption and tax relief	(711)	(968)
- (Over)/under provision of current taxation in respect of previous years	(960)	315
- Benefits from previously unrecognised tax losses	(71)	(240)
- Share of results of associates	(3,262)	–
- Others	163	(7)
	12,739	9,610

25. Income tax (cont'd)

(c) ***Deferred income tax***

	Group		Company	
	2012	2011	2012	2011
	$'000	$'000	$'000	$'000
Balance at 1 January	4,867	(1,422)	27	45
Tax charge/(credit) to statement of comprehensive income	2,009	6,289	(39)	(18)
Balance at 31 December	6,876	4,867	(12)	27

Deferred income tax as at 31 December relates to the following:

	Group 2012	Group 2011	Company 2012	Company 2011
Deferred tax liabilities, net				
Differences in depreciation	193	178	–	53
Uncompleted project expenses	–	(1,441)	–	–
Attributable profits from development properties	8,042	9,590	–	–
Provisions	–	(83)		(19)
Unutilised tax losses	–	(155)	–	(27)
Others	–	21	–	20
	8,235	8,110	–	27
Deferred tax assets, net				
Difference in depreciation	202	304	5	–
Uncompleted project expenses	–	(277)	–	–
Provisions	(416)	(1,317)	(17)	–
Unutilised tax losses	(1,141)	(1,962)	–	–
Others	(4)	9	–	–
	(1,359)	(3,243)	(12)	–

25. Income tax (cont'd)

(c) ***Deferred income tax (cont'd)***

The Group has unutilised tax losses and unabsorbed capital allowances of approximately $21,354,000 (2011: $3,346,000) and $2,764,000 (2011: $1,599,000) that are available for offset against future taxable profit of the Group, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these balances is subject to the agreement of the tax authorities and compliance with the relevant provisions of the tax legislation.

Tax consequences of proposed dividends

There are no income tax consequences (2011: nil) attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 28).

26. Derivative financial instruments

	Group					
		2012 $'000			**2011** $'000	
	Contract/ notional amount	**Assets**	**Liabilities**	**Contract/ notional amount**	**Assets**	**Liabilities**
Forward currency contracts	–	–	–	5,789	60	–

Forward currency contracts are used to hedge foreign currency risk arising from the Group's purchases denominated in United States Dollars for which firm commitments ended in March 2012. There is no outstanding forward currency contracts as at 31 December 2012.

27. Share capital, treasury shares and other reserves

(a) ***Share capital***

	Group and Company			
	2012		**2011**	
	No. of shares '000	$'000	**No. of share** '000	$'000
Issued and fully paid ordinary shares				
At 1 January	1,011,674	42,721	351,578	28,141
Issue rights shares	–	–	69,953	14,690
Bonus shares (1)	202,335	–	84,306	–
Bonus shares (2)	248,111	–	505,837	–
Share issuance expenses	–	(140)	–	(110)
Scrip dividend scheme (3)	50,944	21,020	–	–
Issue of ordinary shares (4)	33,000	13,200	–	–
At 31 December	1,546,064	76,801	1,011,674	42,721

The holders of ordinary shares (except treasury 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.

27. Share capital, treasury shares and other reserves (cont'd)

(a) ***Share capital (cont'd)***

Note:

Note 1 - On 17 February 2012, the Company proposed a bonus issue to shareholders on the basis of one bonus share for every five existing ordinary shares in the capital of the Company which was approved by SGX-ST on 27 February 2012. The bonus issue of 202,334,826 shares were listed and quoted on the Official List of the SGX-ST on 7 March 2012.

Note 2 - On 30 April 2012, the Company proposed a bonus issue to shareholders on the basis of one bonus share for every five existing ordinary shares in the capital of the Company which was approved by SGX-ST on 8 June 2012. The bonus issue of 248,111,612 shares were listed and quoted on the Official List of the SGX-ST on 5 July 2012.

Note 3 - On 26 June 2012, the Company issued 26,550,940 new shares at an issue price of $0.415 and on 27 November 2012, the Company issued 24,393,205 new shares at an issue price of $0.41 to eligible Shareholders who have elected to participate in the Company's scrip dividend scheme.

Note 4 - On 15 November 2012, the Company issued 33,000,000 new shares at an issue price of $0.40 per share via placement shares which was approved by SGX-ST on 9 November 2012.

(b) ***Treasury shares***

	Group and Company			
	2012		2011	
	No. of shares ‘000	$'000	**No. of shares** ‘000	$'000
At 1 January	5,578	621	1,812	442
Acquired during the financial year	–	–	868	274
Distributed as staff benefit	(1,069)	(83)	(427)	(95)
Bonus shares	2,454	–	3,325	–
At 31 December	6,963	538	5,578	621

Treasury shares relate to ordinary shares of the Company that are held by the Company.

The Company acquired nil (2011: 868,000) shares in the Company through purchases on the Singapore Exchange during the financial year. The total amount paid to acquire the shares was $nil (2011: $274,000) and this is presented as a component within shareholders' equity.

27. Share capital, treasury shares and other reserves (cont'd)

(c) *Other reserves*

	Group 2012 $'000	Group 2011 $'000
Gain on reissuance of treasury shares	500	123
Premium on dilution of interests in subsidiary	3,919	–
	4,419	123

Gain on reissuance of treasury shares

This represents the gain arising from purchase, sale, issue or cancellation of treasury shares. No dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made in respect of this reserve.

Premium on dilution of interests in subsidiary

This represents the difference between the consideration received and the carrying value of non-controlling interests adjusted upon dilution of interests in subsidiary.

28. Dividends

	Group $'000
Dividends on ordinary share declared and payable/paid during the year:	
Financial year ended 31 December 2012	
- Final exempt (one-tier) dividend for FY2011: 1 cent per share on 1,207,315,514 shares	12,073
- Interim exempt (one-tier) dividend for FY2011: 0.15 cents on 1,006,096,288 shares*	1,509
- First Interim exempt (one-tier) dividend for FY2012: 0.75 cents per share on 1,481,708,346 shares	11,111
- Second Interim exempt (one-tier) dividend for FY2012: 0.75 cents per share on 1,539,101,511 shares	11,543
	36,236
Financial year ended 31 December 2011	
- Final exempt (one-tier) dividend for FY2010: 0.5 cents per share on 503,048,144 shares	2,515
- Interim exempt (one-tier) dividend for FY2011: 0.15 cents on 503,048,144 shares	755
	3,270

28. Dividends (cont'd)

	Group	
	2012	**2011**
	$'000	$'000
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at AGM:		
- Final exempt (one-tier) dividend for FY2012: 1.8 cents per share on 1,573,245,879 shares	28,318	–
- Final exempt (one-tier) dividend for FY2011: 1 cent per share on 1,207,315,514 shares	–	12,073

** the interim exempt (one-tier) dividend for 2011 was declared on 31 January 2012. The book closure date for the 2011 interim exempt (one-tier) dividend was on 17 February 2012.*

29. Related party transactions

An entity or individual is considered a related party of the Group for the purposes of the financial statements if: i) it possesses the ability (directly or indirectly) to control or exercise significant influence over the operating and financial decisions of the Group or vice versa; or ii) it is subject to common control or common significant influence.

(a) ***Sale and purchase of goods and services***

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

	Group	
	2012	**2011**
	$'000	$'000
Construction expenses paid to associate	11,342	9,914
Showflat expenses paid to associate	–	6
Professional fees paid to related company	–	2,643
Sales of properties to directors	6,304	–
Sales of properties to a director related company	9,774	–
Interest payable to an affiliated company	57	56
Interest receivable from an affiliated company	44	54
Rental paid to a director related company	364	184

Interest payable to an affiliated company

Under a shareholders Agreement which is for the period from 1 January 2011 to 31 December 2013, the Group is liable to pay interest computed based on the aggregate of the US Federal Rate and a fixed rate of 5.25% per annum on the amount of investment in the subsidiary by an affiliated company.

For the purpose of the interest computation, the investment amount by the affiliated company is offset by a loan from the Group to the affiliated company. The arrangement will lapse on 31 December 2013.

29. Related party transactions (cont'd)

Interest receivable from an affiliated company

From 18 December 2008, the Group extended a loan to an affiliated company. Under the terms of the loan agreement, the affiliated company is liable to pay interest computed based on the aggregate of the US Federal Rate and a fixed rate of 5.25% per annum on the loan amount extended by the Group.

(b) ***Compensation of key management personnel***

	Group	
	2012	**2011**
	$'000	$'000
Short-term employee benefits	10,294	7,331
Central Provident Fund contributions	104	97
Share-based payments	173	64
Total compensation paid to key management personnel	10,571	7,492
Comprise amounts paid to:		
Directors of the Company	5,035	3,624
Directors of the subsidiaries	4,419	2,902
Other key management personnel	1,117	966
	10,571	7,492

30. Commitments

(a) ***Capital commitments***

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group	
	2012	**2011**
	$'000	$'000
Capital commitments in respect of land acquired for development	55,350	–
Capital commitments in respect of property development expenditure	53,882	5,367
	109,232	5,367

30. Commitments (cont'd)

(b) ***Operating lease commitments- As lessor***

The Group has entered into commercial property leases on its leasehold building and standing property at the development site acquired for development properties. The non-cancellable leases on its standing property have remaining lease terms of between one to four years. All leases include a clause to enable upward revision of the rental charge on an annual basis on prevailing market conditions.

Future minimum rental receivables under non-cancellable operating leases at the end of the reporting period are as follows:

	$'000
Not later than one year	7,365
Later than one year but not later than five years	6,296
	13,661

(c) ***Operating lease commitments- As lessee***

As at 31 December 2012, the Group and the Company had lease commitments in respect of office and retail outlet premises. Certain of the leases contain escalation clauses and provide for contingent rentals based on a percentage of sales derived. 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 amounted to $43,399,000 (2011: $41,014,000).

Future minimum rental payable under non-cancellable operating leases as at 31 December is as follows:

	Group	
	2012	**2011**
	$'000	$'000
Not later than one year	30,080	29,880
Later than one year but not later than five years	27,595	19,581
	57,675	49,461

(d) ***Finance lease commitments***

The Group has finance leases for certain items of plant and equipment and furniture and fixtures (Note 10). The effective interest rate on the leases was 5.99% (2011: 4.67%) per annum. These leases have terms of renewal but no purchase options and escalation clauses. There are no restrictions placed upon the Group by entering into these leases. Renewals are at the option of the specific entity that holds the lease.

30. Commitments (cont'd)

(d) ***Finance lease commitments (cont'd)***

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Minimum lease payments 2012 $'000	**Present value of payments 2012** $'000	**Minimum lease payments 2011** $'000	**Present value of payments 2011** $'000
Not later than one year	50	46	1,614	1,539
Later than one year but not later than five years	9	10	413	398
Total minimum lease payments	59	56	2,027	1,937
Less: Amounts representing finance charges	(3)	–	(90)	–
Present value of minimum lease payments	56	56	1,937	1,937

31. Contingencies

Guarantees

The Group has provided the following guarantees at the end of the reporting period:

- It has guaranteed its interest in its share of the bank loans of joint ventures amounting to $232,950,000 (2011: nil).

- It has guaranteed part of the loans and borrowings of the associates to a maximum amount of $75,520,000 (2011: nil), which it is severally liable for in the event of default by the associates.

The Company has provided corporate guarantees to banks for an aggregate of $448,589,000 (2011: $300,847,000) in respect of bank borrowings drawndown by certain subsidiaries (Note 23).

32. Segmental information

Business segments

The segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services offered. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Group is organised into three main operating business segments, namely:

(a) Manufacture and sale of jewellery;
(b) Property development business; and
(c) Financial services business

Other operations include rental of properties and provision of other support services.

Allocation basis and transfer pricing

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly tax liabilities, corporate assets, liabilities and expenses.

Transfer prices between business segments are set on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

Capital expenditure comprises additions to property, plant and equipment.

As the business activities of the Group are mainly conducted in Singapore, group reporting format by geographical segment is not presented.

32. Segmental information (cont'd)

	Jewellery $'000	Property development $'000	Financial Services $'000	Others $'000	Elimination $'000	Group $'000	Note
2012							
Revenue	162,925	196,210	92,806	–	–	451,941	
Intersegment revenue	402	–	7,739	359	(8,500)	–	A
Results							
Segment result	3,640	73,713	7,834	40,868	(40,881)	85,174	
Unallocated expenses	–	–	–	–	–	(148)	
Interest income	88	118	–	1,020	(1,064)	162	
Finance costs	(953)	(854)	(2,897)	(2,506)	1,064	(6,146)	
Profit before tax from operations	2,775	72,977	4,937	39,382		79,042	
Segment assets	130,388	521,017	196,542	286,604	(174,086)	960,465	B
Unallocated assets						1,394	
Total assets						961,859	
Segment liabilities	88,335	403,682	131,250	181,829	(97,802)	707,294	C
Unallocated liabilities						22,862	
Total liabilities						730,156	
Capital expenditure	962	46	1,405	185	–	2,598	
Depreciation and amortisation	4,031	111	1,452	351	50	5,995	
Other significant non-cash expenses	203	–	145	–	–	348	D

32. Segmental information (cont'd)

	Jewellery $'000	Property development $'000	Financial Services $'000	Others $'000	Elimination $'000	Group $'000	Note
2011							
Revenue	158,462	177,462	84,400	–	–	420,324	
Intersegment revenue	548	–	3,372	288	(4,208)	–	A
Results							
Segment result	4,650	49,956	5,346	5,212	(4,368)	60,796	
Unallocated expenses	–	–	–	–		(148)	
Interest income	107	–	–	–	(53)	54	
Finance costs	(779)	(733)	(1,816)	(199)	53	(3,474)	
Profit before tax from operations	3,978	49,223	3,530	5,013		57,228	
Segment assets	118,615	323,251	162,959	112,588	(151,179)	566,234	B
Unallocated assets						3,278	
Total assets						569,512	
Segment liabilities	78,372	232,795	117,469	45,421	(74,944)	399,113	C
Unallocated liabilities						14,592	
Total liabilities						413,705	
Capital expenditure	3,394	46	1,666	185	–	5,291	
Depreciation and amortisation	4,756	94	1,035	347	115	6,347	
Other significant non-cash expenses	955	240	–	–	–	1,195	D

32. Segmental information (cont'd)

Notes

A Inter-segment revenues are eliminated on consolidation.

B The following items are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position.

	2012	2011
	$'000	$'000
Inter-segment assets	174,086	(151,179)

C The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position.

Inter-segment liabilities	97,802	74,944

D Other non-cash expenses consist of property, plant and equipment written off, stock obsolescence and allowance for foreseeable loss on development properties as presented in the respective notes to the financial statements.

Property, plant and equipment written off	309	958
Write down of inventories	42	11
Reversal of provision for inventory obsolescence	(3)	–
Allowance for foreseeable loss on development properties	–	240
	348	1,195

33. 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 liquidity risk, interest rate risk, foreign currency risk and credit risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Chief Finance 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 use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

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 exposure to these financial risks or the manner in which it manages and measures the risks.

33. Financial risk management objectives and policies (cont'd)

(a) *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 for its business other than the property development business. As for the property development business there is no liquidity risk as loans and borrowings are repayable upon TOP whereupon receipts exceed the repayment of loans and borrowings. 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 95% (2011: 95%) of loans and borrowings should mature in the next one year period, and to maintain sufficient liquid financial assets and stand-by credit facilities.

At the end of the reporting period excluding the property development business, approximately 38% (2011: 97%) of the Group's loans and borrowings will mature in less than one year based on the carrying amount reflected in the financial statements.

Analysis of financial instruments by remaining contractual maturities

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 repayment obligations.

2012	**1 year or less** $'000	**1 to 5 years** $'000	**Total** $'000
Group			
Financial assets:			
Trade and other receivables	182,609	4,835	187,444
Cash and bank balances	46,781	–	46,781
Due from an affiliated company (non-trade)	3,431	–	3,431
Due from an associate (non-trade)	18,942	–	18,942
Total undiscounted financial assets	251,763	4,835	256,598
Financial liabilities:			
Trade and other payables	74,347	2,300	76,647
Interest-bearing loans and borrowings	191,428	287,773	479,201
Bank overdrafts	26	–	26
Term notes	–	157,175	157,175
Due to an affiliated company (non-trade)	1,310	–	1,310
Total undiscounted financial liabilities	267,111	447,248	714,359
Total net undiscounted financial liabilities	(15,348)	(442,413)	(457,761)

33. Financial risk management objectives and policies (cont'd)

2011	1 year or less $'000	1 to 5 years $'000	Total $'000
Group			
Financial assets:			
Trade and other receivables	135,616	3,891	139,507
Cash and bank balances	28,163	–	28,163
Due from an affiliated company (non-trade)	3,478	–	3,478
Due from an associate (non-trade)	13,600	–	13,600
Derivative financial instruments	60	–	60
Total undiscounted financial assets	180,917	3,891	184,808
Financial liabilities:			
Trade and other payables	52,478	6,800	59,278
Interest-bearing loans and borrowings	172,086	138,853	310,939
Bank overdrafts	16,902	–	16,902
Due to ultimate holding company (non-trade)	2,500	–	2,500
Due to an affiliated company (non-trade)	1,310	–	1,310
Total undiscounted financial liabilities	245,276	145,653	390,929
Total net undiscounted financial liabilities	(64,359)	(141,762)	(206,121)

2012	1 year or less $'000	1 to 5 years $'000	Total $'000
Company			
Financial assets:			
Trade and other receivables	23	40	63
Due from subsidiaries (non-trade)	194,551	–	194,551
Cash and bank balances	3,534	–	3,534
Total undiscounted financial assets	198,108	40	198,148
Financial liabilities:			
Trade and other payables	10,788	–	10,788
Interest-bearing loans and borrowings	731	–	731
Due to subsidiaries (non-trade)	79	–	79
Term notes	–	157,175	157,175
Total undiscounted financial liabilities	11,598	157,175	168,773
Total net undiscounted financial assets/ (liabilities)	186,510	(157,135)	29,375

33. Financial risk management objectives and policies (cont'd)

	1 year or less $'000	1 to 5 years $'000	Total $'000
2011			
Company			
Financial assets:			
Trade and other receivables	96	4	100
Due from subsidiaries (non-trade)	29,783	–	29,783
Cash and bank balances	93	–	93
Total undiscounted financial assets	29,972	4	29,976
Financial liabilities:			
Trade and other payables	5,179	–	5,179
Interest-bearing loans and borrowings	1,318	719	2,037
Due to subsidiaries (non-trade)	30,859	–	30,859
Due to ultimate holding company (non-trade)	2,500	–	2,500
Total undiscounted financial liabilities	39,856	719	40,575
Total net undiscounted financial liabilities	(9,884)	(715)	(10,599)

(b) ***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. Other than the fixed rate loans and borrowings, the Group's loans and borrowings are at floating rates which are contractually repriced at intervals of less than 6 months from the end of the reporting period.

The Group's policy is to manage interest cost by using a mix of fixed and floating rate debts. At the end of the reporting period, approximately 3.65% (2011: 2%) of the Group's borrowings are at a fixed rate of interest.

Sensitivity analysis for interest rate risk

For the jewellery retail business, at the end of the reporting period, if SGD interest rates had been 50 (2011: 50) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been $147,000 (2011: $149,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

33. Financial risk management objectives and policies (cont'd)

(b) ***Interest rate risk (cont'd)***

For the property development business, at the end of the reporting period, if SGD interest rates had been 100 (2011: 100) basis points lower/higher with all other variables held constant, the Group's profit net of tax and development properties would have been $587,000 (2011: $332,000) higher/lower and $2,865,000 (2011: $1,623,000) lower/higher respectively, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

For the financial services business, at the end of the reporting period, if SGD interest rates had been 50 (2011: 50) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been $396,000 (2011: $450,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

(c) ***Foreign currency risk***

The jewellery business has transactional currency exposures arising from purchases that are denominated in a currency other than the functional currency of the Group. The foreign currencies in which these transactions are denominated are mainly US Dollars (USD), Hong Kong Dollar (HKD) and Euro (EUR). Approximately 48% (2011: 50%) of the jewellery business purchases are denominated in foreign currencies. The Group's trade payable balances at the end of the reporting period have similar exposures.

The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

The Group requires operating entities with major foreign currency purchases to use forward currency contracts to eliminate the currency exposures for which payment is anticipated more than two months after the Group has entered into a firm commitment for a purchase. The forward currency contracts must be in the same currency as the hedged item. It is the Group's policy not to enter into forward contracts until a firm commitment is in place.

During the financial year ended, the Group had hedged 7% (2011: 22%) of its foreign currency purchases. There was no outstanding forward currency contract as at 31 December 2012.

33. Financial risk management objectives and policies (cont'd)

(c) *Foreign currency risk (cont'd)*

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD, HKD and EUR exchange rates (against SGD), with all other variables held constant, of the Group's profit net of tax and equity.

		2012 **Profit net of tax** $'000 lower/higher	**2011** **Profit net of tax** $'000 lower/higher
USD	- strengthened/weakened 5% (2011: 5%)	1,851	1,554
HKD	- strengthened/weakened 5% (2011: 5%)	613	603
EUR	- strengthened/weakened 5% (2011: 5%)	113	32

(d) *Credit risk*

Credit risk is the risk of loss that may arise on 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 and cash and cash equivalents. No other financial asset carries a significant exposure to credit risk.

Trade and other receivables are neither past due nor impaired. Cash and cash equivalents are placed with reputable financial institutions or companies with high credit ratings and no history of default. They are neither past due nor impaired.

Excessive risk concentration

Concentration arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group focuses on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. As at 31 December 2012, there was no significant concentration of credit risk.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 18.

<u>Financial assets that neither past due nor impaired</u>

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and bank balances are placed with reputable financial institutions with high credit rating and no history of default.

<u>Financial assets that are either past due or impaired</u>

Information regarding financial assets that are either past due or impaired is disclosed in Note 18 (Trade and other receivables).

34. Fair value of financial instruments

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in a forced or liquidation sale.

Financial instruments whose carrying amount approximate fair value

Cash and bank balances, current trade and other receivables, current trade and other payables and current bank loans wherein, the carrying amounts of these financial instruments are based on their notional amounts, reasonably approximate their fair values because these are mostly short-term in nature or that they are floating rate instruments that are repriced to market interest rates on or near the statements of financial position date.

The carrying amounts of term loans approximate fair values as these instruments bear interest at variable market rates.

Financial instruments carried at other than 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 a reasonable approximation of fair value are as follows:

	Group			
	Carrying amount		**Fair value**	
	2012	**2011**	**2012**	**2011**
	$'000	$'000	$'000	$'000
Financial assets:				
Non-current				
Investment securities	33	23	–	–
Other receivables	4,835	3,891	4,861	3,742
Financial liabilities:				
Non-current				
Obligation under finance leases	10	398	11	413
Other payables	2,300	6,800	2,292	6,746
Term notes	150,000	–	150,532	–

	Company			
	Carrying amount		**Fair value**	
	2012	**2011**	**2012**	**2011**
	$'000	$'000	$'000	$'000
Financial assets:				
Non-current				
Other receivables	40	4	40	4

34. Fair value of financial instruments (cont'd)

Determining of fair values

Unquoted equity instruments

Fair value information has not been disclosed for the Group's investments in unquoted equity instruments that are carried at cost because fair value cannot be measured reliably. The investee company is not quoted on any market and does 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.

Other financial assets and financial liabilities

The fair values as disclosed in the table above are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the end of the reporting period.

35. 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 2012 and 31 December 2011.

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, other liabilities, less cash and cash equivalents. The Group's policy is to keep the gearing ratio between 60% to 67%. The gearing ratios for the jewellery segment, property development segment and financial services segment are 42% (2011: 57%), 81% (2011: 67%) and 54% (2011: 73%) respectively. Due to the nature of the business, the property development segment will generally have a higher gearing ratio than the jewellery segment. The table below shows the capital and net debt for the Group.

		Group	
	Note	2012	2011
		$'000	$'000
Bank overdrafts	21	26	16,097
Loans and borrowings	23	455,538	305,554
Term notes	24	150,000	–
Trade and other payables	22	100,420	73,652
Less: Cash and bank balances	21	(46,781)	(28,163)
Net debt		659,203	367,140
Equity attributable to owners of the parent		203,346	146,263
Capital and net debt		862,549	513,403
Gearing ratio		76%	72%

36. Events occurring after the reporting period

Rights Issues

On 19 December 2012, the Company announced that its Board of Directors proposed renounceable non-under written rights issue of 62,651,303 new shares in the capital of the Company at an issue price of $0.38 for each rights share with total proceeds of $23.3 million (net of estimated transaction expenses) and on the basis of one rights share for every twenty five existing ordinary shares in the capital of the Company held by shareholders of the Company. The Singapore Exchange Securities Trading Limited ("SGX-ST") had on 22 January 2013 granted its in-principle approval for the proposed renounceable non-underwritten rights issue and the listing and quotation of the rights issue. The book closure date for rights issue was on 28 February 2013. The last date for acceptance of and payment of Rights Shares is 19 March 2013. The issuance of shares for the rights issue is expected to be completed on 28 March 2013.

37. Authorisation of financial statements

The financial statements for the year ended 31 December 2012 were authorised for issue in accordance with a directors' resolution dated 26 March 2013.

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL PERIOD ENDED 31 MARCH 2013

The information in this Appendix IV has been reproduced from the Issuer's announcement dated 8 May 2013 and has not been specifically prepared for inclusion in this Information Memorandum.

ASPIAL
Corporation Ltd

Company Registration No: 197001030G
(Incorporated in Singapore)

Unaudited First Quarter Financial Statements For The Financial Period Ended 31 March 2013

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1. Consolidated Statement of Comprehensive Income

	Group		Change
	1Q 2013 S$'000	1Q 2012 S$'000	%
Revenue	**94,382**	**88,789**	**6%**
Materials and subcontract costs	(57,573)	(51,356)	**12%**
Employee benefits	(11,564)	(10,133)	**14%**
Depreciation and amortisation	(1,346)	(1,506)	**-11%**
Finance cost	(2,463)	(1,058)	**133%**
Other operating expenses	(17,573)	(18,049)	**-3%**
Operating profit	**3,863**	**6,687**	**-42%**
Interest income from bank balances and affiliated company	19	13	**46%**
Rental income	2,125	96	**>300%**
Other income	331	585	**-43%**
Share of results of associate company	8,152	2,310	**253%**
Profit before tax from continuing operation	**14,490**	**9,691**	**50%**
Taxation	(2,221)	(1,337)	**66%**
Profit for the period	**12,269**	**8,354**	**47%**
<u>Profit attributable to:</u>			
Owners of the parent	10,694	8,057	**33%**
Non-controlling interests	1,575	297	**>300%**
	12,269	**8,354**	**47%**
Profit for the period	**12,269**	**8,354**	**47%**
Other comprehensive income for the period net of tax	-	-	
Total comprehensive income for the period	**12,269**	**8,354**	**47%**
<u>Total comprehensive income attributable to:</u>			
Owners of the parent	10,694	8,057	**33%**
Non-controlling interests	1,575	297	**>300%**
	12,269	**8,354**	**47%**
Earnings per ordinary shares (cents)			
-Basic	**0.66**	**0.55**	**19%**
-Diluted	**0.66**	**0.55**	**19%**

Other information :-

	Group		Change
	1Q 2013 S$'000	1Q 2012 S$'000	%
Amortisation of intangible assets and prepaid rent	223	233	-4%
Depreciation of property, plant and equipment	1,122	1,273	-12%
Fair value loss/(gain) on forward contracts	-	105	n.m
Foreign currency exchange gain	(42)	(477)	-91%
Manufacturing and melting loss	302	238	27%
Property, plant and equipment written off	20	8	145%
Interest income	(19)	(13)	46%
Rental income	(2,125)	(96)	>300%

n.m - Not meaningful

1. Consolidated Statement of Comprehensive Income (Con't)

NOTES:

1a. - Depreciation of assets in retail outlets is computed on a straight-line basis over 3 to 5 years.
1b. - The Group recognises all inventory, including trade-in stock and sales return stock at their cost values. For finished stocks aged 2 years and above, partial provisions for stock obsolescence were made to take into consideration labour costs for designing and rework.
1c. - The increase in materials and subcontract costs was due to higher revenues for all businesses.
1d. - Employee benefits expense increased mainly due to the increase in number of employees for the financial service business and higher provision of directors' profit sharing for the property business subsidiaries' directors due to higher profit for the property business.
1e. - Lower depreciation charges was due to reduction in number of stores for the jewellery business.
1f. - Finance cost increased mainly due to increased borrowings and the issuance of the $150 million multicurrency medium term notes.
1g. - Other operating expenses was mainly due to the maintenance costs for Keypoint, a commercial building acquired by the Group in 2012 which is intended to be re-developed into a mixed commercial and residential project.
1h. - The higher rental income was due to rental income derived from Keypoint and leasehold properties.
1i. - The decrease in other income was due to lower foreign currency exchange gain.
1j. - Fair value loss was mainly due to unfavourable exchange rate of Singapore dollar against United States dollar.

2. Statements of Financial Position

	Group		Company	
	31-Mar-13 S$'000	31-Dec-12 S$'000	31-Mar-13 S$'000	31-Dec-12 S$'000
NON-CURRENT ASSETS				
Property, plant and equipment	17,487	17,408	390	451
Intangible assets	8,878	9,006	35	35
Investments in subsidiaries	-	-	77,601	77,601
Investments in joint venture	25	25	25	25
Investment in associates	32,057	23,905	-	-
Investment securities	33	33	-	-
Other receivables	5,280	4,835	40	40
Prepaid rent	428	523	-	-
Deferred tax assets	1,620	1,359	16	12
	65,808	**57,094**	**78,107**	**78,164**
CURRENT ASSETS				
Inventories	108,018	109,740	-	-
Development properties	590,418	534,413	-	-
Properties held for sales	-	6,382	-	-
Trade and other receivables	182,643	182,609	429	23
Prepaid rent	379	379	-	-
Prepayment	3,058	2,088	1,221	1,341
Due from subsidiaries (non-trade)	-	-	188,368	194,551
Due from an affiliated company (non-trade)	3,431	3,431	-	-
Due from an associate company (non-trade)	23,160	18,942	-	-
Cash and bank balances	61,822	46,781	22,164	3,534
	972,929	**904,765**	**212,182**	**199,449**
TOTAL ASSETS	**1,038,737**	**961,859**	**290,289**	**277,613**
CURRENT LIABILITIES				
Trade and other payables	63,731	98,120	1,866	22,331
Due to subsidiaries (non-trade)	-	-	79	79
Due to an affiliated company (non-trade)	1,310	1,310	-	-
Bank overdrafts	-	26	-	-
Provision for taxation	15,220	14,627	142	130
Interest-bearing loans and borrowings	197,330	188,493	395	708
	277,591	**302,576**	**2,482**	**23,248**
Net current assets	**695,338**	**602,189**	**209,700**	**176,201**
NON-CURRENT LIABILITIES				
Interest bearing loans and borrowings	320,969	267,045	-	-
Term notes	150,000	150,000	150,000	150,000
Other payables	2,300	2,300	-	-
Deferred tax liabilities	9,509	8,235	-	-
	482,778	**427,580**	**150,000**	**150,000**
TOTAL LIABILITIES	**760,369**	**730,156**	**152,482**	**173,248**
Net assets	**278,368**	**231,703**	**137,807**	**104,365**
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENTS				
Share capital	111,197	76,801	111,197	76,801
Treasury shares	(538)	(538)	(538)	(538)
Other reserves	4,419	4,419	500	500
Revenue reserves	133,356	122,664	26,648	27,602
	248,434	**203,346**	**137,807**	**104,365**
Non-controlling interests	29,934	28,357	-	-
Total equity	**278,368**	**231,703**	**137,807**	**104,365**
Net asset value per ordinary share (in cents)	**15.25**	**13.21**	**8.46**	**6.78**

2. Statement of Financial Position As At 31 March 2013 (Con't)

2a. - Review of Financial Position

Group shareholders' funds increased from $231.7 million as at 31 December 2012 to $278.4 million as at 31 March 2013. The increase was attributable to Rights Issue and profit for the period.

The Group's total assets of $1,038.7 million as at 31 March 2013 was $76.9 million higher than financial year ended 2012 mainly due to the increase in development properties, investment in associates, amount due from an associate company and cash and bank balances. The higher development properties was mainly due to purchase of land. The increase in investments in associates was due to increase in share of profit of associates companies. The increase in amount due from an associate company was due to advances to an associate company. The increase in cash and bank balances was due to receipts from development property projects which had obtained Temporary Occupation Permit (TOP) and the progress billings for property development projects under construction.

The Group's total liabilities of $760.4 million as at 31 March 2013 was $30.2 million higher than in 2012 due to the increase in provision for taxation, interest bearing loans and borrowings and deferred tax liabilities. The increase was partially offset by decrease in trade and other payables.

3. Consolidated Statement of Cash Flows

	1Q 2013 S$'000	1Q 2012 S$'000
OPERATING ACTIVITIES		
Profit before taxation	14,490	9,691
Adjustments for:		
Property, plant and equipment written off	20	8
Depreciation of property, plant and equipment	1,122	1,273
Fair value loss/(gain) on forward contracts	-	105
Interest expense	2,463	1,058
Interest income	(19)	(13)
Amortisation of prepaid rent	95	105
Amortisation of intangible assets	128	128
Share of results of associate	(8,152)	(2,310)
Operating profit before working capital changes	**10,147**	**10,045**
(Increase)/decrease in:		
Inventories	1,722	839
Development properties	(56,005)	43,579
Properties held for sale	6,382	(3,563)
Trade and other receivables	(479)	(39,511)
Prepayments	(970)	(707)
Increase in:		
Trade and other payables	(34,389)	(1,539)
Cash (used in)/ generated from operations	**(73,592)**	**9,143**
Interest paid	(2,463)	(1,058)
Income taxes paid	(615)	(87)
Net cash (used in)/ generated from operating activities	**(76,670)**	**7,998**
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	(1,221)	(816)
Increase in prepaid rent	-	(850)
Interest received	19	13
Net cash used in investing activities	**(1,202)**	**(1,653)**
FINANCING ACTIVITIES		
Dividend paid to shareholders of the Company	-	(1,509)
Proceeds from issuance of shares by the Company, net of expenses in relation to a rights issue	23,795	-
Proceeds from issuance of shares by the Company, net of expenses in relation to a scrip dividend	10,601	-
Proceeds from issue of shares by subsidiary to a non-controlling interest	-	200
Proceeds from term loans	54,995	16,405
Repayment of term loans	(12,063)	(28,990)
Proceeds from short term bank borrowings, net	19,843	16,320
Repayment of finance lease obligations	(14)	(407)
Due from an affiliated company (non-trade)	-	(3,262)
Due from an associate company (non-trade)	(4,218)	-
Due to ultimate holding company (non-trade)	-	800
Net cash generated from/(used in) financing activities	**92,939**	**(443)**
Net increase in cash and cash equivalents	15,067	5,902
Cash and cash equivalents at beginning of period	46,755	12,066
Cash and cash equivalents at end of period	**61,822**	**17,968**

3. Consolidated Statement of Cash Flows (Con't)

Cash and cash equivalents

Cash and cash equivalents included in the consolidated cash flow statements comprise the following amounts:-

	1Q 2013 S$'000	1Q 2012 S$'000
Amounts held under the "Project Account (Amendment) Rules - 1997" withdrawals of which are restricted to payments for expenditure incurred on projects	26,426	23,502
Cash at bank	35,396	10,474
Bank overdrafts	-	(16,008)
Cash and cash equivalents	**61,822**	**17,968**

3a. - Cashflow Analysis

Net cash used in operating activities for the period was $76.7 million compared to net cash generated from operating activities of $8.0 million for the corresponding quarter in the previous year. This was due to the decrease in trade and other payables and increase in development properties, partially offset by decrease in properties held for sales and inventories.

Net cash used in investing activities of $1.2 million in 1Q 2013 was due to renovation of stores for both jewellery business and financial service business.

Net cash generated from financing activities was $92.9 million compared to net cash used of $0.3 million in 1Q 2012. This was mainly due to the proceeds from the Rights Issue in March 2013 and term loans for property business. The decrease in term loans was due to repayment of loans for jewellery business and property business. The increase in short term bank borrowings was due to increase in loan drawdown from the banks for the financial service business.

As a result, free cash flow increased to $61.8 million as at 31 March 2013 from $17.9 million as at 31 March 2012.

4. Statements of Changes in Equity

	Attributable to owners of the parent				Non-controlling interests	Total
	Share Capital S$'000	Treasury Shares S$'000	Revenue reserves S$'000	Other reserves S$'000	S$'000	S$'000
Group						
Balance as at 1 January 2013	**76,801**	**(538)**	**122,662**	**4,419**	**28,359**	**231,703**
Total comprehensive income for the period	-	-	10,694	-	1,575	**12,269**
Issue of shares under rights issue	23,795	-	-	-		**23,795**
Ordinary shares issued under scrip dividend	10,601	-	-	-		**10,601**
Balance as at 31 March 2013	**111,197**	**(538)**	**133,356**	**4,419**	**29,934**	**278,368**
Balance as at 1 January 2012	**42,721**	**(621)**	**104,040**	**123**	**9,544**	**155,807**
Total comprehensive income for the period	-	-	8,057	-	297	**8,354**
Dividends on ordinary	-	-	(1,509)	-	-	**(1,509)**
Disposal of interest in subsidiary	-	-	-	-	(6)	**(6)**
Capital contribution to a subsidiary	-	-	-	-	200	**200**
Balance as at 31 March 2012	**42,721**	**(621)**	**110,588**	**123**	**10,035**	**162,846**
Company						
Balance as at 1 January 2013	**76,801**	**(538)**	**27,602**	**500**	**-**	**104,365**
Total comprehensive income for the period	-	-	(954)	-	-	**(954)**
Issue of shares under rights issue	23,795	-	-	-	-	**23,795**
Ordinary shares issued under scrip dividend	10,601	-	-	-	-	**10,601**
Balance as at 31 March 2013	**111,197**	**(538)**	**26,648**	**500**	**-**	**137,807**
Balance as at 1 January 2012	**42,721**	**(621)**	**24,571**	**123**	**-**	**66,794**
Total comprehensive income for the period	-	-	(8)	-	-	**(8)**
Dividends on ordinary	-	-	(1,509)	-	-	**(1,509)**
Issue of shares under rights issue	-	-	-	-	-	**-**
Balance as at 31 March 2012	**42,721**	**(621)**	**23,054**	**123**	**-**	**65,277**

5. Changes in Share Capital

No. of shares	Company 2013 '000	Company 2012 '000
Issued and fully paid share capital		
Balance at 1 January	1,546,065	1,011,674
Ordinary shasres issued under Bonus Issue	-	450,446
Ordinary shares issued under Scrip Dividend Scheme (Note 1)	27,181	50,945
Ordinary shares issued under Share Placement	-	33,000
Ordinary shares issued under Rights Issue (Note 2)	62,651	-
	1,635,897	1,546,065
Treasury shares	(6,963)	(6,963)
Balance at 31 March	**1,628,934**	**1,539,102**

Note 1 - On 23 January 2013, the Company issued 27,181,008 new shares at an issue price of $0.39 to eligible Shareholders who have elected to participate in Company's scrip dividend scheme.

Note 2 - On 27 March 2013, the Company issued 62,651,303 rights shares at $0.38 per share for valid acceptances received.

6. Changes in Treasury Shares

There were no (31 March 2012: nil) treasury shares transferred to employees under the Aspial Share Award Scheme during the financial period.

No. of shares	Company 31-Mar-13 '000	Company 31-Mar-12 '000
Balance at 1 January	6,963	5,578
Distributed as staff benefits	-	(1,069)
Bonus shares	-	2,454
Balance after bonus issue	**6,963**	**6,963**

7. Group Borrowings and Debt Securities

Amount repayable in one year or less, or on demand

As at 31-Mar-13		As at 31-Dec-12	
Secured S$'000	Unsecured S$'000	Secured S$'000	Unsecured S$'000
196,400	930	186,909	1,584

Amount repayable after one year

As at 31-Mar-13		As at 31-Dec-12	
Secured S$'000	Unsecured S$'000	Secured S$'000	Unsecured S$'000
470,969	-	267,045	-

Details of collateral

The Group's borrowings and debt securities are secured as follows:-
i) legal mortgages over subsidiaries' development properties;
ii) legal assignment of subsidiaries' interest under the Sale and Purchase agreements and tenancy agreements in respect of development properties or units;
iii) legal assignment of subsidiaries' interest in the Project Account and Rental Account;
iv) corporate guarantee by the Company;
v) fixed and floating charge on all current assets of certain subsidiaries

8. Auditor's report

The figures have not been audited nor reviewed by the auditors.

9. Accounting Policies

The Group has applied the same accounting policies and methods of computation in the first quarter annoucement for the current financial period as those of the audited financial statements for the year ended 31 December 2012, as well as all applicable Financial Reporting Standards ("FRS") which became effective for financial years beginning on or after 1 January 2013. The adoption of these new and revised FRSs has no material effect on the first quarter annoucement for the current financial period.

10. Earnings per Share

	Group	
	31-Mar-13 cents	31-Mar-12 cents
i) Basic earnings per share	0.66	0.55
ii) Diluted earnings per share	0.66	0.55
-Weighted average number of shares ('000)	1,624,041	1,455,259

11. Net Asset Value Per Share

	Group		Company	
	31-Mar-13	31-Dec-12	31-Mar-13	31-Dec-12
Net asset value per ordinary share (in cents)	15.25	13.21	8.46	6.78
Number of ordinary shares in issue (excluding treasury shares) ('000)	1,628,934	1,539,102	1,628,934	1,539,102

12. Variance from Forecast Statement

No forecast for the period ended 31 March 2013 was previously provided.

13. Review of Corporate Performance

The Group has delivered another quarter of good results in 1Q 2013.

For 1Q 2013, Group revenue rose 6.3% to a new high of $94.4 million. All businesses recorded higher revenue, with strong contributions from the Property Business and Financial Service Business.

Revenue from the Property Business grew by 10.1% from $26.8 million in 1Q 2012 to $29.5 million in 1Q 2013. The growth was primarily due to the progress recognition of sales from East Village, Cardiff Residence and 8 Bassein.

Despite the ongoing consolidation of retail stores which had resulted in a net reduction of 4 retail stores in 1Q 2013, the Jewellery Business has achieved another quarter of higher revenue in 1Q 2013. The higher revenue was mainly contributed by improved sales from the existing retail stores. Revenue increased by 1.5% from $39.6 million to $40.2 million in 1Q 2013.

The Financial Service Business delivered another quarter of solid growth in 1Q 2013. Revenue increased by 16.6% from $22.9 million in 1Q 2012 to $26.7 million in 1Q 2013, driven by its healthy pledge book and higher sales from the retail and trading of pre-owned jewellery and watches business.

Operating expense increased marginally by $0.8 million in 1Q 2013. The increase was mainly due to higher staff costs and other operating expenses. The increase in staff costs for Property Business and Financial Service Business contributed to the higher staff costs. The increase in other operating expenses was mainly due to the maintenance costs for Keypoint, a commercial building acquired by the Group in 2012 which is intended to be re-developed into a mixed commercial and residential project. The smaller network of jewellery stores resulted in a lower depreciation for the Group in 1Q 2013.

The higher revenue and share of results of associated companies lifted the Group's pre-tax profit by 49.5% to $14.5 million in 1Q 2013.

Pre-tax profit for the Property Business surged 67.9% to $13.1 million from $7.8 million in 1Q 2012, due mainly to the contributions from projects such as East Village, Cardiff Residences and Parc Rosewood.

Jewellery Business pre-tax profit increase by 0.3 million because of lower operating expenses. The decline in operating expenses such as rental and other store related expenses was mainly due to the on-going rationalization of retail network.

Pre-tax profit of $1.7 million for the Financial Service Business was marginally above that of 1Q 2012. The higher revenue and gross profit from the pawnbroking operations were offset by the higher material costs from the retail and trading of pre-owned jewellery and watches operations and higher operating expenses due to the opening of new stores. The lower gross margin from the retail and trading of gold items was mainly due to higher material costs. On the average, gold price declined by 4.7% in 1Q 2013 compared to the increase of 1.1% in 1Q 2012.

14. Business Outlook

Business Outlook

Based on advance estimates by the Ministry of Trade and Industry, the Singapore economy contracted by 0.6% in 1Q 2013 compared to 1.5% growth in the previous quarter. For the year 2013, the Singapore economy is forecast to grow between 1 to 3%. The Group is cautiously optimistic that consumer sentiments will remain positive in 2013.

Property Business

According to the real estate statistics released by URA, the prices of private residential properties increased marginally by 0.6% in 1Q 2013 as compared to 1.8% in 4Q 2012.

Despite the moderation in price growth for private residential properties, the Group expects prices to be fairly stable as long as the global and Singapore economy remain positive and interest rates remain low. The Group's recently-launched project, Urban Vista, has received strong response from the market due to its excellent location right next to the Tanah Merah MRT.

The table below provides an overview of the ongoing projects of the Group:

Project	Type	Total Units	Launch Date	Units Launched	% Sold based on unit launched	Expected TOP
Cardiff Residence	Residential	163	Q4 2011	163	100%	2H 2013
Parc Rosewood*	Residential	689	1Q 2012	689	100%	2H 2013
East Village	Retail	108	1Q 2012	100	98%	2H 2013
East Village	Residential	90	1Q 2012	90	100%	2H 2013
8 Bassein	Residential	74	2Q 2012	74	100%	2H 2014
Urban Vista*	Residential	582	1Q 2013	480	88%	1H 2015

*Parc Rosewood and Urban Vista are jointly developed with Fragrance Group Limited. Parc Rosewood is 40% owned while Urban Vista is 50% owned by a subsidiary of the Group.

The Group has commenced construction works for all the projects launched to date and will be booking revenue and profit for the units sold progressively in accordance with the stage of completion from FY2013 to FY2015.

14. Business Outlook (continue)

In the next twelve months, the Group will focus on the planning and launching of the following projects:

Project/Location/	Tenure	Proposed Development	Purchase Price	Land Area (Sq ft)	Potential GFA (Sq ft)	Group's Interest
Jalan Jurong Kechil	60-year leasehold	Residential	$74 mil	109,478	153,269	100%
Key Point	99-year leasehold	Residential & Commercial	$360 mil	78,242	391,120	50%
Tai Keng Court	Freehold	Residential & Commercial	$161 mil	103,799	145,319	40%

At current market prices, the Group expects to make ***substantial*** profits from its development projects due to the healthy margin of these projects. The Property Business is expected to continue to contribute significantly to the Group's revenue and profitability in 2013 and 2014 due to the following reasons:-

First, based on the units sold in its property projects as at the date of this announcement, the Group has locked in a total revenue of about $480 million which will be progressively recognised in accordance with the stage of construction.

Second, at current market prices, the potential sales revenue from the upcoming projects and attributable to the Group is estimated to be about $1,000 million. Based on the prices today, the Group enjoys a healthy margin from the potential sales revenue for these projects.

Jewellery Business

The Group is cautiously optimistic that consumer sentiments will remain positive in 2013 as the Singapore economy is expected to grow although at a slower rate.

The rationalization of retail store network and new gold product lines have yielded positive results in 1Q 2013. Moving forward, while strengthening its long-term competitiveness, the Group will continue its emphasis on maintaining operational efficiency.

Financial Service Business

The Group is optimistic about the prospects of the pawnbroking industry. The Group's extensive retail network, branding effort coupled with its modern and professional business approach are expected to continue to drive its growth in 2013.

The Group will continue to strengthen its leadership position in the pawnbroking industry. In April 2013, it launched an innovative service, allowing customers to renew their pawn tickets across its network in Singapore. The new service has received positive response from customers.

The Group expects to see continued growth in its pledge book value and revenue from its retail and trading of pre-owned jewellery and watches.

The Group

Barring unforeseen circumstances, the Group expects to remain profitable in 2013.

15. Interested Person Transactions

There were no (31 March 2012: nil) interested person transactions during the period under Review (excluding transactions less than $100,000 and transactions conducted under Shareholders' Mandate Persuant to Rule 920 of SGX-ST Listing Manual).

16. Dividends

(i) Any dividend declared for the current financial period reported on?

No

(ii) Any dividend declared for the preceding financial period?

No

17. Negative Confirmation By The Board

On behalf of the Board of Directors of the Company, we hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the three months ended 31 March 2013 to be false or misleading in any material respect.

On behalf of the Board of Directors,

Koh Wee Seng
CEO

Ko Lee Meng
Director

08-May-13

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