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

The attached document has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of First Sponsor Group Limited (the “**Issuer**”), DBS Bank Ltd., Oversea-Chinese Banking Corporation Limited or any person who controls any of them nor any of their respective directors, officers, employees, representatives or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version.

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

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

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

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

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珍惜土地 用心铸造

FIRST SPONSOR GROUP LIMITED

(Incorporated in the Cayman Islands on 24 September 2007)
(Company Registration No. AT-195714)

S\$1,000,000,000

**Multicurrency Debt Issuance Programme
(the “Programme”)**

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

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

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

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

- (1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- (2) where no consideration is or will be given for the transfer;
- (3) where the transfer is by operation of law;
- (4) as specified in Section 276(7) of the SFA; or
- (5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

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

Arrangers



TABLE OF CONTENTS

	PAGE
NOTICE	1
FORWARD-LOOKING STATEMENTS	4
DEFINITIONS	5
GLOSSARY OF ENTITIES, PROPERTIES AND TECHNICAL TERMS	10
CORPORATE INFORMATION	13
SUMMARY OF THE PROGRAMME	15
TERMS AND CONDITIONS OF THE NOTES	31
TERMS AND CONDITIONS OF THE PERPETUAL SECURITIES	58
THE ISSUER	85
BOARD OF DIRECTORS, KEY EXECUTIVES AND LEGAL REPRESENTATIVES	136
SUMMARY OF RELEVANT PRC LAWS AND REGULATIONS	140
SELECTED CONSOLIDATED FINANCIAL INFORMATION	182
RISK FACTORS	192
PURPOSE OF THE PROGRAMME AND USE OF PROCEEDS	232
CLEARING AND SETTLEMENT	233
TAXATION	235
SUBSCRIPTION, PURCHASE AND DISTRIBUTION	240
APPENDICES	
I: GENERAL AND OTHER INFORMATION	243
II: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF FIRST SPONSOR GROUP LIMITED AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013	244
III: AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF FIRST SPONSOR GROUP LIMITED AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014	327
IV: UNAUDITED FINANCIAL STATEMENTS OF FIRST SPONSOR GROUP LIMITED AND ITS SUBSIDIARIES FOR THE FIRST QUARTER ENDED 31 MARCH 2015	406

NOTICE

DBS Bank Ltd. and Oversea-Chinese Banking Corporation Limited (each an “**Arranger**” and together, the “**Arrangers**”) have been authorised by the Issuer to arrange the Programme described herein. Under the Programme, the Issuer may, subject to compliance with all relevant laws, regulations and directives, from time to time issue Securities denominated in Singapore dollars and/or any other currencies.

This Information Memorandum contains information with regard to the Issuer, its subsidiaries, its associated companies (if any), its joint venture companies (if any) and the Securities. The Issuer confirms, having made all reasonable enquiries, that to the best of its knowledge and belief, the facts stated and the opinions expressed in this Information Memorandum are fair and accurate in all material respects as at the date of this Information Memorandum and that there are no material facts the omission of which would make any statement in this Information Memorandum misleading.

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

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

The maximum aggregate principal amount of the Securities to be issued, when added to the aggregate principal amount of all Securities outstanding (as defined in the Trust Deed referred to herein) shall be S\$1,000,000,000 (or its equivalent in any other currencies) or such increased amount in accordance with the terms of the Programme Agreement (as defined herein).

No person has been authorised to give any information or to make any representation other than those contained in this Information Memorandum and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Arrangers or any of the Dealers. Save as expressly stated in this Information Memorandum, nothing contained herein is, or may be relied upon as, a

promise or representation as to the future performance or policies of the Issuer or any of its subsidiaries, associated companies (if any) or joint venture 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 Arrangers or any of the Dealers to subscribe for or purchase, the Securities in any jurisdiction or under any circumstances in which such offer, solicitation or invitation is unlawful, or not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. The distribution and publication of this Information Memorandum or any part hereof or any such other document or information and the offer of the Securities in certain jurisdictions may be restricted by law. Persons who distribute or publish this Information Memorandum or any part hereof or any such other document or information or into whose possession this Information Memorandum or any part hereof or any such other document or information comes are required to inform themselves about and to observe any such restrictions and all applicable laws, orders, rules and regulations.

The Securities have not been, and will not be, registered under the Securities Act (as defined herein) and include Securities in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, the Securities may not be offered, sold or delivered within the United States or to U.S. persons.

Neither this Information Memorandum nor any other document or information (or any part hereof or 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 Arrangers or any of the Dealers to subscribe for or purchase, any of the Securities.

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

Neither the delivery of this Information Memorandum (or any part hereof) nor the issue, offering, purchase or sale of the Securities shall, under any circumstances, constitute a representation, or give rise to any implication, that there has been no change in the prospects, results of operations or general affairs of the Issuer or any of its subsidiaries, associated companies (if any) or joint venture 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 Arrangers and the Dealers have not separately verified the information contained in this Information Memorandum. None of the Arrangers, 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 Securities or the subscription for, purchase or acquisition thereof, or the creditworthiness or financial condition or otherwise of the Issuer or its subsidiaries, associated companies (if any) or joint venture companies (if any). Further, neither the Arrangers nor any of the Dealers make any representation or warranty as to the Issuer, its subsidiaries, associated companies (if any) or joint venture 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 hereof or thereof) delivered or supplied under or in relation to the Programme or the issue of the Securities is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Arrangers or any of the Dealers that any recipient of this Information Memorandum or such other document or information (or such part hereof or thereof) should subscribe for or purchase any of the Securities. A prospective purchaser shall make its own assessment of the foregoing and other relevant matters including the financial condition and affairs and the creditworthiness of the Issuer and its subsidiaries, associated companies (if any) and joint venture 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, associated companies (if any) and joint venture companies (if any). Accordingly, notwithstanding anything herein, none of the Arrangers, any of the Dealers or any of their respective officers, employees or agents shall be held responsible for any loss or damage suffered or incurred by the recipients of this Information Memorandum or such other document or information (or such part hereof or 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 hereof or thereof) and the same shall not constitute a ground for rescission of any purchase or acquisition of any of the Securities by a recipient of this Information Memorandum or such other document or information (or such part hereof or thereof).

To the fullest extent permitted by law, neither the Arrangers nor any of the Dealers accept any responsibility for the contents of this Information Memorandum or for any other statement, made or purported to be made by the Arrangers or any of the Dealers or on its behalf in connection with the Issuer, the Group (as defined herein), the Programme or the issue and offering of the Securities. The Arrangers and each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Information Memorandum or any such statement.

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

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

Any discrepancies 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 Securities set out under the section "Subscription, Purchase and Distribution" on pages 240 to 242 of this Information Memorandum.

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

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

FORWARD-LOOKING STATEMENTS

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

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

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

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 Arrangers and the Dealers do not represent or warrant that the actual future results, performance or achievements of the Issuer or the Group will be as discussed in those statements.

Neither the delivery of this Information Memorandum nor the issue of any Securities by the Issuer shall under any circumstances constitute a continuing representation or create any suggestion or implication that there has been no change in the 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 Arrangers and the Dealers disclaim any responsibility, and undertake no obligation, to update or revise any forward-looking statements contained herein to reflect any changes in the expectations with respect thereto after the date of this Information Memorandum or to reflect any change in events, conditions or circumstances on which any such statements are based.

DEFINITIONS

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

- “Agency Agreement”** : The principal Agency Agreement dated 15 May 2015 between (1) the Issuer, as issuer, (2) the Issuing and Paying Agent, as issuing and paying agent, (3) the Agent Bank, as agent bank, (4) the Transfer Agent, as transfer agent, (5) the Registrar, as registrar, and (6) the Trustee, as trustee, as amended, varied or supplemented from time to time and, where applicable, includes any further agency agreement(s) between the Issuer and any other issuing and paying agent, agent bank, registrar and transfer agent made pursuant to Clause 2.5 of the Programme Agreement, substantially in the form set out in Appendix 6 of the Programme Agreement, as amended, varied or supplemented from time to time.
- “Agent Bank”** : DBS Bank Ltd.
- “Arrangers”** : DBS Bank Ltd. and Oversea-Chinese Banking Corporation Limited.
- “Bearer Securities”** : Securities in bearer form.
- “Board”** : Board of Directors of the Issuer.
- “business day”** : In respect of each Security, (i) a day (other than a Saturday or Sunday) on which Euroclear, Clearstream, Luxembourg and the CDP, as applicable, are operating, (ii) a day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for general business in the country of the Relevant Issuing and Paying Agent’s specified office and (iii) (if a payment is to be made on that day) (1) (in the case of Securities denominated in Singapore dollars) a day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for general business in Singapore, (2) (in the case of Securities denominated in Euros) a day on which the TARGET System is open for settlement in Euros and (3) (in the case of Securities denominated in a currency other than Singapore dollars and Euros) a day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for general business in the principal financial centre for that currency.
- “CDP”** : The Central Depository (Pte) Limited.
- “Certificate”** : A registered certificate representing one or more Registered Securities of the same Series and, save as provided in the terms and conditions of the Notes or the terms and conditions of the Perpetual Securities, comprising the entire holding by a holder of Registered Securities of that Series.
- “Common Depository”** : In relation to a Series of the Securities, a depository common to Euroclear and Clearstream, Luxembourg.
- “Companies Act”** : The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time.

“Conditions”	:	<ul style="list-style-type: none"> (i) in relation to the Notes of any Series, the terms and conditions applicable thereto, which shall be substantially in the form set out in Part III of Schedule 1 to the Trust Deed, as modified, with respect to any Notes represented by a Global Security or a Global Certificate, by the provisions of such Global Security or, as the case may be, Global Certificate, shall incorporate any additional provisions forming part of such terms and conditions set out in the Pricing Supplement(s) relating to the Notes of such Series and shall be endorsed on the Definitive Securities or, as the case may be, Certificates, subject to amendment and completion as referred to in the first paragraph appearing after the heading “Terms and Conditions of the Notes” as set out in Part III of Schedule 1 to the Trust Deed, and any reference to a particularly numbered Condition shall be construed accordingly; and (ii) in relation to the Perpetual Securities of any Series, the terms and conditions applicable thereto, which shall be substantially in the form set out in Part III of Schedule 5 to the Trust Deed, as modified, with respect to any Perpetual Securities represented by a Global Security or a Global Certificate, by the provisions of such Global Security or, as the case may be, Global Certificate, shall incorporate any additional provisions forming part of such terms and conditions set out in the Pricing Supplement(s) relating to the Perpetual Securities of such Series and shall be endorsed on the Definitive Securities or, as the case may be, Certificates, subject to amendment and completion as referred to in the first paragraph appearing after the heading “Terms and Conditions of the Perpetual Securities” as set out in Part III of Schedule 5 to the Trust Deed, and any reference to a particularly numbered Condition shall be construed accordingly.
“Couponholders”	:	The holders of the Coupons.
“Coupons”	:	The bearer coupons appertaining to an interest or distribution bearing Bearer Security.
“Dealers”	:	Persons appointed as dealers under the Programme.
“Definitive Security”	:	A definitive Bearer Security having, where appropriate, Coupons and/or a Talon attached on issue.
“Directors”	:	The directors (including alternate directors, if any) of the Issuer as at the date of this Information Memorandum.
“EUR” and “Euro”	:	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.
“FY”	:	Financial year ended or ending 31 December.

“Global Certificate”	:	A Certificate representing Registered Securities of one or more Tranches of the same Series that are registered in the name of, or in the name of a nominee of, (i) CDP, (ii) Common Depositary and/or (iii) any other clearing system.
“Global Security”	:	A global Security representing Bearer Securities of one or more Tranches of the same Series, being a Temporary Global Security and/or, as the context may require, a Permanent Global Security, in each case without Coupons or a Talon.
“Group”	:	The Issuer and its subsidiaries.
“IFRS”	:	International Financial Reporting Standards as issued by the International Accounting Standards Board and as amended from time to time.
“IRAS”	:	Inland Revenue Authority of Singapore.
“Issuer”	:	First Sponsor Group 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”	:	8 May 2015.
“MAS”	:	The Monetary Authority of Singapore.
“Noteholders”	:	The holders of the Notes.
“Notes”	:	The notes issued or to be issued by the Issuer under the Programme.
“Permanent Global Security”	:	A Global Security representing Bearer Securities of one or more Tranches of the same Series, either on issue or upon exchange of interests in a Temporary Global Security.
“Perpetual Securities”	:	The perpetual securities issued or to be issued by the Issuer under the Programme.
“Perpetual Securityholders”	:	The holders of the Perpetual Securities.
“Pricing Supplement”	:	In relation to a Tranche or Series, a pricing supplement, to be read in conjunction with this Information Memorandum, specifying the relevant issue details in relation to such Tranche or, as the case may be, Series.
“Programme”	:	The S\$1,000,000,000 Multicurrency Debt Issuance Programme of the Issuer.
“Programme Agreement”	:	The Programme Agreement dated 15 May 2015 made between (1) the Issuer, as issuer, (2) the Arrangers, as arrangers, and (3) DBS Bank Ltd. and Oversea-Chinese Banking Corporation Limited, as dealers, as amended, varied or supplemented from time to time.

“Registered Securities”	:	Securities in registered form.
“Registrar”	:	DBS Bank Ltd.
“Relevant Issuing and Paying Agent”	:	In relation to Securities comprising a Series, the person acting as the issuing and paying agent under the relevant Agency Agreement relating to such Securities or such other or further institutions at such offices as may from time to time be appointed by the Issuer as issuing and paying agent for such Securities and whose appointment shall be approved in advance in writing by the Trustee and notified to the Securityholders in accordance with Condition 16 of the Notes or, as the case may be, Condition 14 of the Perpetual Securities.
“RMB”	:	The lawful currency of the People’s Republic of China.
“Securities”	:	The Notes and the Perpetual Securities.
“Securities Act”	:	Securities Act of 1933 of the United States, as amended or modified from time to time.
“Securityholders”	:	The Noteholders and the Perpetual Securityholders.
“Senior Perpetual Securities”	:	Perpetual Securities which are expressed to rank as senior obligations of the Issuer.
“Series”	:	(1) (in relation to Securities other than variable rate notes) a Tranche, together with any further Tranche or Tranches, which are (a) expressed to be consolidated and forming a single series and (b) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of (in the case of Notes other than variable rate notes) interest or (in the case of Perpetual Securities) distribution 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.
“Singapore dollars”	:	The lawful currency of Singapore.
“S\$” and “cents”	:	Singapore dollars and cents respectively.
“Subordinated Perpetual Securities”	:	Perpetual Securities which are expressed to rank as subordinated obligations of the Issuer.
“Talons”	:	Talons for further Coupons.
“Temporary Global Security”	:	A Global Security representing Bearer Securities of one or more Tranches of the same Series on issue.

“Tranche”	:	Securities which are identical in all respects (including as to listing).
“Transfer Agent”	:	DBS Bank Ltd.
“Trust Deed”	:	The Trust Deed dated 15 May 2015 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\$”	:	United States dollars.
“%”	:	Per cent.

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

GLOSSARY OF ENTITIES, PROPERTIES AND TECHNICAL TERMS

This glossary contains an explanation of certain terms used in this Information Memorandum in connection with the business of the Group. The terms and their assigned meanings may not correspond to standard industry or common meanings, as the case may be, or usage of these terms.

Corporations, Agencies and Entities

“CBRC”	:	The Banking Regulatory Commission of the PRC (中国银监会).
“CSRC”	:	The Securities Regulatory Commission of the PRC (中国证券监督管理委员会).
“FSCL”	:	First Sponsor Capital Limited.
“FSML”	:	First Sponsor Management Limited.
“MCH(HK)”	:	Millennium & Copthorne Hotels (Hong Kong) Limited.
“MCIL”	:	Millennium & Copthorne International Limited.
“M&C Group”	:	M&C UK and its subsidiaries (including M&C NZ).
“M&C NZ”	:	Millennium & Copthorne Hotels New Zealand Limited.
“M&C UK”	:	Millennium & Copthorne Hotels plc.
“MLR”	:	The Ministry of Land and Resources of the PRC (中华人民共和国国土资源部).
“MOC”	:	Ministry of Construction of the PRC (中国建设部).
“MOF”	:	Ministry of Finance of the PRC (中国财政部).
“MOFCOM”	:	Ministry of Commerce of the PRC (中国商务部).
“MOHURD”	:	Ministry of Housing and Urban-Rural Development of the PRC (中华人民共和国住房和城乡建设部).
“MOS”	:	Ministry of Supervision of the PRC (中国监察部).
“NDRC”	:	National Development and Reform Commission of the PRC (中国国家发展和改革委员会).
“PBOC”	:	People’s Bank of China (中国人民银行).
“SAFE”	:	State Administration For Foreign Exchange of the PRC (中国国家外汇管理局).
“SAIC”	:	State Administration for Industry and Commerce of the PRC (国家工商行政管理总局).
“SAT”	:	State Administration of Taxation of the PRC (中国国家税务总局).
“SBS”	:	State Bureau of Statistics of the PRC (中国国家统计局).

“SLAB”	:	State Land Administration Bureau of the PRC (中国国家土地管理局).
“SSCIP”	:	Singapore-Sichuan Hi-Tech Innovation Park.
“SSCIP Platform Company”	:	Sino-Singapore Chengdu Innovation Park Development Co., Ltd., the joint venture platform company set up by a consortium comprising Sembcorp Development Ltd. and Singbridge Holdings Pte. Ltd. (which is wholly-owned by Temasek Holdings (Private) Limited), and the Sichuan government, and which will be responsible for the master planning, infrastructure, construction and marketing of SSCIP.
“STB”	:	State Taxation Bureau of the PRC (中国国家税务总局).
“Tai Tak”	:	Tai Tak Estates Sendirian Berhad.
<i>Properties</i>		
“Chengdu Cityspring”	:	Chengdu Cityspring (成都城市春天), a mixed-use property development comprising residential and commercial buildings (including M Hotel Chengdu), located in Gaoxin District, Chengdu, Sichuan province.
“Chengdu Wenjiang Factory”	:	The factory, which is being operated by an independent third party for the manufacture of candy, situated on the Chengdu Wenjiang Factory Land.
“Chengdu Wenjiang Factory Land”	:	The land site occupying an aggregate area of 100,122 sq m held by the Group's subsidiary, Chengdu Ming Ming, located in Wenjiang District, Chengdu, Sichuan province, part of which has been rezoned for mixed-use development. The Group had on 25 March 2014 entered into a relinquishment agreement (国有土地使用权收购合同) with the Chengdu Wenjiang Land Reserve Centre (成都市温江区土地储备中心), which is a public institution under the Chengdu Wenjiang government, agreeing to relinquish, among others, the Group's interest in this land site and the Chengdu Wenjiang Factory.
“Dongguan City Projects”	:	The Star of East River Project and a proposed development on another plot of land with a site area of 120,000 sq m in Dongguan, Guangdong province.
“Dongguan Zhongtang Project”	:	Zhongtang Riverfront New City (中堂滨江新城), a proposed mixed-use property development, located in Zhongtang Town, Dongguan, Guangdong province.
“Fogang Cityspring”	:	Fogang Cityspring (佛冈城市春天), a mixed-use development comprising residential buildings and two commercial buildings, located in Fogang County, Qingyuan, Guangdong province.
“Humen International Cloth Centre”	:	Humen International Cloth Centre (虎门国际布料交易中心), a wholesale clothing market located in Humen Town, Dongguan, Guangdong province.

“Lianzhou Cityspring”	:	Lianzhou Cityspring (连州城市春天), a primarily residential property development comprising villas and residential buildings and a plot of undeveloped residential land, located in Lianzhou County, Qingyuan, Guangdong province.
“M Hotel Chengdu”	:	M Hotel Chengdu (成都M酒店), the hotel component of Chengdu Cityspring which operates as a four-star hotel, located in Gaoxin District, Chengdu, Sichuan province.
“Millennium Waterfront”	:	Millennium Waterfront (千禧河畔国际社区), a mixed-use property development comprising residential buildings with ancillary commercial units, commercial buildings and the Millennium Waterfront Chengdu Hotel, located in Wenjiang District, Chengdu, Sichuan province.
“Millennium Waterfront Chengdu : Hotel”	:	The hotel component of Millennium Waterfront which is proposed to operate as a five-star hotel with an adjoining convention centre, located in Wenjiang District, Chengdu, Sichuan province.
“SSCIP Project”	:	Proposed acquisition of two adjacent plots of mixed-use development land within SSCIP.
“Star of East River Project”	:	The Star of East River Project (东江之星) is a proposed mixed-use residential and commercial development comprising primarily offices, a retail mall and residential units with ancillary retail units in Dongguan city, located in Dongguan, Guangdong province.
“Wenjiang Lake Project”	:	Wenjiang Lake Project, a proposed development located at Yongquan Street, Wenjiang District, Chengdu, Sichuan province, which is expected to comprise primarily residential units.

Technical Terms

“GFA”	:	Gross floor area.
“km”	:	Kilometre.
“pre-sale”	:	Sale of properties under construction prior to the receipt of the construction completion and examination certificate.
“SOHO”	:	Small-office-home-office.
“sq m”	:	Square metre.
““tier-one”, “tier-two” and “tier-three” cities”	:	For the purposes of this Information Memorandum, “tier-one” cities include core cities in the PRC such as Beijing and Shanghai, “tier-two” cities include growth cities such as Chengdu and Dongguan; and “tier-three” cities include emerging cities such as Fuzhou and Kunming.

CORPORATE INFORMATION

Board of Directors	:	Mr Ho Han Leong Calvin Mr Ho Han Khoon (Alternate Director to Mr Ho Han Leong Calvin) Mr Lee Tse Sang Aloysius Mr Neo Teck Pheng Ms Ting Ping Ee, Joan Maria Mr Yee Chia Hsing Mr Hwang Han-Lung Basil
Company Secretary	:	Ms Low Mei Wan
Registered Office	:	190 Elgin Avenue George Town KY1-9005 Grand Cayman Cayman Islands
Business Office	:	63 Market Street #06-03, Bank of Singapore Centre Singapore 048942
Auditors to the Issuer	:	KPMG LLP 16 Raffles Quay #22-00 Hong Leong Building Singapore 048581
Arrangers of the Programme	:	DBS Bank Ltd. 12 Marina Boulevard, Level 42 Marina Bay Financial Centre Tower 3 Singapore 018982 Oversea-Chinese Banking Corporation Limited 63 Chulia Street #03-05 OCBC Centre East Singapore 049514
Legal Advisers to the Arrangers as to Singapore law	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Legal Advisers to the Arrangers as to Cayman Islands law	:	Conyers Dill & Pearman Pte. Ltd. 9 Battery Road #20-01 Straits Trading Building Singapore 049910
Legal Advisers to the Issuer	:	WongPartnership LLP 12 Marina Boulevard Level 28 Marina Bay Financial Centre Tower 3 Singapore 018982
Legal Advisers to the Trustee, the Issuing and Paying Agent, the Agent Bank, the Registrar and the Transfer Agent	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989

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

: DBS Bank Ltd.
10 Toh Guan Road
#04-11 (Level 4B)
DBS Asia Gateway
Singapore 608838

Trustee for the Securityholders

: DBS Trustee Limited
12 Marina Boulevard, Level 44
Marina Bay Financial Centre Tower 3
Singapore 018982

SUMMARY OF THE PROGRAMME

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

Issuer	:	First Sponsor Group Limited.
Arrangers	:	DBS Bank Ltd. and Oversea-Chinese Banking Corporation Limited.
Dealers	:	DBS Bank Ltd. and Oversea-Chinese Banking Corporation Limited 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, Agent Bank, Registrar and Transfer Agent	:	DBS Bank Ltd.
Relevant Issuing and Paying Agent, Agent Bank, Registrar and Transfer Agent	:	In relation to Securities comprising a Series, the person acting as the issuing and paying agent, agent bank, transfer agent and registrar under the relevant Agency Agreement relating to such Securities or such other or further institutions at such offices as may from time to time be appointed by the Issuer as issuing and paying agent, agent bank, registrar and transfer agent for such Securities and whose appointment shall be approved in advance in writing by the Trustee and notified to the Securityholders in accordance with Condition 16 of the Notes or, as the case may be, Condition 14 of the Perpetual Securities.
Description	:	Multicurrency Debt Issuance Programme.
Programme Size	:	The maximum aggregate principal amount of the Securities outstanding at any time shall be S\$1,000,000,000 (or its equivalent in other currencies) or such increased amount in accordance with the terms of the Programme Agreement.
Use of Proceeds	:	The net proceeds arising from the issue of Securities under the Programme will be used for general corporate purposes, including refinancing of borrowings, and financing investments and general working capital of the Group and/or such other purposes as may be specified in the relevant Pricing Supplement.
Non-disposal Undertaking	:	The Issuer has covenanted with the Trustee in the Trust Deed that so long as any of the Securities remains outstanding, it will not, and shall procure that none of its subsidiaries shall sell, transfer or otherwise dispose of all or substantially all of its assets if such sale, transfer or disposal materially and adversely affects or will materially and adversely affect the financial condition of the Group.

NOTES

- Currency : Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in Singapore dollars or any other currency agreed between the Issuer and the relevant Dealer(s).
- Method of Issue : Notes may be issued from time to time under the Programme on a syndicated or non-syndicated basis. Each Series may be issued in one or more Tranches, on the same or different issue dates. The specific terms of each Series or Tranche will be specified in the relevant Pricing Supplement.
- Issue Price : Notes may be issued at par or at a discount, or premium, to par.
- Maturities : Subject to compliance with all relevant laws, regulations and directives, Notes may have maturities of such tenor as may be agreed between the Issuer and the relevant Dealer(s).
- Mandatory Redemption : Unless previously redeemed or purchased and cancelled, each Note will be redeemed at its redemption amount on the maturity date shown on its face.
- Interest Basis : Notes may bear interest at fixed, floating, variable or hybrid rates or such other rates as may be agreed between the Issuer and the relevant Dealer(s) or may not bear interest.
- Fixed Rate Notes : Fixed Rate Notes will bear a fixed rate of interest which will be payable in arrear on specified dates and at maturity.
- Floating Rate Notes : Floating Rate Notes which are denominated in Singapore dollars will bear interest to be determined separately for each Series by reference to S\$ SIBOR or S\$ SWAP RATE (or in any other case such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin. Interest periods in relation to the Floating Rate Notes will be agreed between the Issuer and the relevant Dealer(s) prior to their issue.
- Floating Rate Notes which are denominated in other currencies will bear interest to be determined separately for each Series by reference to such other benchmark as may be agreed between the Issuer and the relevant Dealer(s).
- Variable Rate Notes : Variable Rate Notes will bear interest at a variable rate determined in accordance with the terms and conditions of the Notes. Interest periods in relation to the Variable Rate Notes will be agreed between the Issuer and the relevant Dealer(s) prior to their issue.
- Hybrid Notes : Hybrid Notes will bear interest, during the fixed rate period to be agreed between the Issuer and the relevant Dealer(s), at a fixed rate of interest which will be payable in arrear on specified dates and, during the floating rate period to be agreed between the Issuer and the relevant Dealer(s), at the rate of interest to be determined by reference to S\$ SIBOR or S\$ SWAP RATE (or such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin (provided that if the Hybrid Notes are denominated in a currency

other than Singapore dollars, such Hybrid Notes will bear interest to be determined separately by reference to such benchmark as may be agreed between the Issuer and the relevant Dealer(s)), in each case payable at the end of each interest period to be agreed between the Issuer and the relevant Dealer(s).

Zero Coupon Notes : Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest other than in the case of late payment.

Form and Denomination of Notes : The Notes will be issued in bearer form or registered form and in such denominations as may be agreed between the Issuer and the relevant Dealer(s). Each Tranche or Series of bearer Notes may initially be represented by a Temporary Global Security or a Permanent Global Security. Each Temporary Global Security may be deposited on the relevant issue date with CDP, Common Depository and/or any other agreed clearing system and will be exchangeable, upon request as described therein, either for a Permanent Global Security or definitive Notes (as indicated in the applicable Pricing Supplement). Each Permanent Global Security may be exchanged, unless otherwise specified in the applicable Pricing Supplement, upon request as described therein, in whole (but not in part) for definitive Notes upon the terms therein. Each Tranche or Series of registered Notes will initially be represented by a Global Certificate. Each Global Certificate may be registered in the name of, or in the name of a nominee of, CDP, Common Depository and/or any other agreed clearing system. Each Global Certificate may be exchanged, upon request as described therein, in whole (but not in part) for Certificates upon the terms therein. Save as provided in the terms and conditions of the Notes, a Certificate shall be issued in respect of each Noteholder's entire holding of registered Notes of one Series. For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that the Global Security is exchanged for definitive Notes or, as the case may be, the Global Certificate is exchanged for definitive Certificates, the Issuer will appoint and maintain a Relevant Issuing and Paying Agent in Singapore, where the Notes may be presented or surrendered for payment or redemption. In addition, for so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that the Global Security is exchanged for definitive Notes or, as the case may be, the Global Certificate is exchanged for definitive Certificates, an announcement of such exchange shall be made by the Issuer through the SGX-ST and such announcement shall include all material information with respect to the delivery of the definitive Notes or, as the case may be, the definitive Certificates, including details of the Relevant Issuing and Paying Agent in Singapore. The Notes will, if traded on the SGX-ST, have a minimum board lot size of S\$200,000 (or its equivalent in other currencies) for so long as the Notes are listed on the SGX-ST.

Custody of the Notes : Notes which are to be listed on the SGX-ST may be cleared through CDP, Euroclear and/or Clearstream, Luxembourg. Notes which are to be cleared through CDP are required to be kept with CDP as authorised depository. Notes which are to be cleared through Euroclear and/or Clearstream, Luxembourg are required to be kept with a common depository on behalf of Euroclear and/or Clearstream, Luxembourg.

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

Redemption upon Change of Control Event : If so provided on the face of the Notes and the relevant Pricing Supplement, if, for any reason, a Change of Control Event occurs, the Issuer will within seven days of such occurrence give notice to the Noteholders of the occurrence of such event (the “**Notice**”) and shall, at the option of the holder of any Note, redeem such Note at its Redemption Amount, together with interest accrued to the date fixed for redemption, on the date falling 30 days from the date of the Notice (or if such date is not a business day, on the next day which is a business day). To exercise such option, the holder must deposit (in the case of Bearer Notes) such Note(s) (together with all unmatured Coupons and unexchanged Talons) with the Issuing and Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any other Transfer Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent, the Registrar, any other Transfer Agent or the Issuer (as applicable), no later than 15 days from the date of the Notice. Any Note so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

For the purposes of the above, a “**Change of Control Event**” occurs when any person or persons acting together (other than an Existing Substantial Shareholder) acquires Control of the Issuer; “**Control**” means the acquisition or control of more than 50.1 per cent. of the voting rights of the issued share capital of the Issuer; and “**Existing Substantial Shareholder**” means any person who has a substantial shareholding (such term having the meaning ascribed to it in the SFA) in the Issuer as at the date of the Trust Deed and, after the date of the Trust Deed, the reference to “any person” shall also include the subsidiaries of such person.

Redemption for Taxation Reasons : If so provided on the face of the Note and the relevant Pricing Supplement, 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 thereon, at any time on giving not less than 30 nor more than 60 days’ notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount or (in the case of Zero Coupon Notes) Early Redemption Amount (as defined in Condition 6(i) of the Notes) (together with interest (if any) accrued to (but excluding) the date fixed for redemption), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 of the Notes, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is

made public on or after the Issue Date or any other date specified in the Pricing Supplement, and (ii) such obligations cannot be avoided by the Issuer taking reasonable measures available to it (which shall not require the Issuer to incur unreasonable costs), 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.

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 in the case of Minimal:
Outstanding Amount : If so provided on the face of the Note and the relevant Pricing Supplement, 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 on the face of the Note and the relevant Pricing Supplement, 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 together with interest accrued to (but excluding) the date fixed for redemption if, immediately before giving such notice, the aggregate principal amount of the Notes outstanding is less than 10 per cent. of the aggregate principal amount originally issued.

Negative Pledge : The Issuer has covenanted with the Trustee in the Trust Deed that, so long as any of the Notes remains outstanding, the Issuer shall not, without the prior written consent of the Trustee (such consent not to be unreasonably conditioned or withheld), create or permit to be created any security in respect of any of the assets and properties directly owned by the Issuer as at the date of the Trust Deed or factor any of its accounts receivables, in each case, except for:

- (a) any security on any such assets and properties existing as at the date of the Trust Deed (the “**Existing Assets**”) which has been disclosed to the Trustee in writing on or prior to the date of the Trust Deed and if such security is discharged, any further security created over, or in respect of the rights, title and interest relating to, the Existing Assets within six months of such discharge;
- (b) liens or rights of set-off arising solely by operation of law in the ordinary course of day-to-day operations and not in connection with the borrowing or raising of money or credit, or charges arising by operation of any applicable property legislation in Singapore (but any such charge or lien must be discharged within 14 days after it arises);
- (c) any security arising on rental deposits in connection with the occupation of leasehold premises in the ordinary course of business;

- (d) any security over shares or other securities held in any clearing system or listed on any exchange which arise as a result of such shares and/or securities being so held in such clearing system or listed on such exchange as a result of the rules and regulations of such clearing system or exchange and where such security is in favour of such clearing system or exchange; and
 - (e) any other security which has been approved by the Noteholders by way of an extraordinary resolution.
- Financial Covenants : The Issuer has further covenanted with the Trustee in the Trust Deed that, so long as any of the Notes or Coupons remains outstanding, it will ensure that:
- (a) the Consolidated Total Equity shall not at any time be less than S\$620,000,000; and
 - (b) the ratio of Consolidated Net Debt to Consolidated Total Equity shall not at any time be more than 0.7:1.
- Terms used in this paragraph have the meaning ascribed to them in the Conditions of the Notes.
- Events of Default : See Condition 10 of the Notes.
- Taxation : All payments in respect of the Notes and the Coupons by the Issuer shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such deduction or withholding is required by law. In such event, the Issuer shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, save for certain exceptions. For further details, please see the section on "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.
- Selling Restrictions : For a description of certain restrictions on offers, sales and deliveries of Notes and the distribution of offering material relating to the Notes, see the section on "Subscription, Purchase and Distribution" below. Further restrictions may apply in connection with any particular Series or Tranche of Notes.
- Governing Law : The Programme and any Notes issued under the Programme will be governed by, and construed in accordance with, the laws of Singapore.

PERPETUAL SECURITIES

- Currency : Subject to compliance with all relevant laws, regulations and directives, Perpetual Securities may be issued in Singapore dollars or any other currency agreed between the Issuer and the relevant Dealer(s).
- Method of Issue : Perpetual Securities may be issued from time to time under the Programme on a syndicated or non-syndicated basis. Each Series may be issued in one or more Tranches, on the same or different issue dates. The specific terms of each Series or Tranche will be specified in the relevant Pricing Supplement.
- Issue Price : Perpetual Securities may be issued at par or at a discount, or premium, to par.
- No Fixed Maturity : The Perpetual Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall only have the right (but not the obligation) to redeem or purchase them in accordance with the provisions of the terms and conditions of the Perpetual Securities.
- Distribution Basis : Perpetual Securities may confer a right to receive distribution at fixed or floating rates.
- Fixed Rate Perpetual Securities : Fixed Rate Perpetual Securities will confer a right to receive distribution at a fixed rate which will be payable in arrear on specified dates. If so provided on the face of the Fixed Rate Perpetual Securities, the distribution rate may be reset on such dates and bases as may be set out in the applicable Pricing Supplement.
- Floating Rate Perpetual Securities : Floating Rate Perpetual Securities which are denominated in Singapore dollars will confer a right to receive distribution at a rate to be determined separately for each Series by reference to S\$ SIBOR or S\$ SWAP Rate (or in any other case such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin. Distribution periods in relation to the Floating Rate Perpetual Securities will be agreed between the Issuer and the relevant Dealer(s) prior to their issue.
- Floating Rate Perpetual Securities which are denominated in other currencies will confer a right to receive distribution at a rate to be determined separately for each Series by reference to such other benchmark as may be agreed between the Issuer and the relevant Dealer(s).
- Floating Rate Perpetual Securities : Floating Rate Perpetual Securities which are denominated in Singapore dollars will confer a right to receive distribution at a rate to be determined separately for each Series by reference to S\$ SIBOR or S\$ SWAP Rate (or in any other case such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin. Distribution periods in relation to the Floating Rate Perpetual Securities will be agreed between the Issuer and the relevant Dealer(s) prior to their issue.

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

Distribution Discretion : If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Issuer may, at its sole discretion, elect not to pay a distribution (or to pay only part of a distribution) which is scheduled to be paid on a Distribution Payment Date (as defined in the terms and conditions of the Perpetual Securities) by giving notice to the Trustee and the Relevant Issuing and Paying Agent and the Perpetual Securityholders (in accordance with Condition 14 of the Perpetual Securities) not more than 15 nor less than five business days (or such other notice period as may be specified on the face of the Perpetual Security and the relevant Pricing Supplement) prior to a scheduled Distribution Payment Date.

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

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

in each case, other than (i) in connection with any employee benefit plan or similar arrangements with or for the benefit of the employees, directors or consultants of the Group or (ii) as a result of the exchange or conversion of the Issuer's Parity Obligations for the Issuer's Junior Obligations, and/or as otherwise specified in the applicable Pricing Supplement.

Non-Cumulative Deferral and Cumulative Deferral : If Non-Cumulative Deferral is so provided on the face of the Perpetual Security and the relevant Pricing Supplement, any distribution deferred pursuant to Condition 4(IV) of the Perpetual Securities is non-cumulative and will not accrue interest. The Issuer is not under any obligation to pay that or any other distributions that have not been paid in whole or in part. The Issuer may, at its sole discretion, and at any time, elect to pay an amount up to the amount of distribution which is unpaid ("**Optional Distribution**") (in whole or in part) by complying with the notice requirements in Condition 4(IV)(e) of the Perpetual

Securities. There is no limit on the number of times or the extent of the amount with respect to which the Issuer can elect not to pay distributions pursuant to Condition 4(IV) of the Perpetual Securities. Any partial payment of outstanding Optional Distribution by the Issuer shall be shared by the holders of all outstanding Perpetual Securities and the Coupons related to them on a *pro rata* basis.

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

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

Restrictions in the case of Non-Payment :

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

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

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

in each case other than (i) in connection with any employee benefit plan or similar arrangements with or for the benefit of the employees, directors or consultants of the Group or (ii) as a result of the exchange or conversion of the Issuer's Parity Obligations for the Issuer's Junior Obligations unless and until (1) (if Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) the Issuer has satisfied in full all outstanding Arrears of Distribution, (2) (if Non-Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) a redemption of all the outstanding Perpetual Securities has occurred, the next scheduled distribution has been paid in full or an Optional Distribution equal to the amount of distribution payable with respect to the most recent Distribution Payment Date that was unpaid in full or in part, has been paid in full or (3) the Issuer is permitted to do so by an Extraordinary Resolution of the Perpetual Securityholders and/or as otherwise specified in the applicable Pricing Supplement.

Form and Denomination of Perpetual Securities

: The Perpetual Securities will be issued in bearer form or registered form and in such denominations as may be agreed between the Issuer and the relevant Dealer(s). Each Tranche or Series of bearer Perpetual Securities may initially be represented by a Temporary Global Security or a Permanent Global Security. Each Temporary Global Security may be deposited on the relevant issue date with CDP, Common Depositary and/or any other agreed clearing system and will be exchangeable, upon request as described therein, either for a Permanent Global Security or definitive Perpetual Securities (as indicated in the applicable Pricing Supplement). Each Permanent Global Security may be exchanged, unless otherwise specified in the applicable Pricing Supplement, upon request as described therein, in whole (but not in part) for definitive Perpetual Securities upon the terms therein. Each Tranche or Series of registered Perpetual Securities will initially be represented by a Global Certificate. Each Global Certificate may be registered in the name of, or in the name of a nominee of, CDP, Common Depositary and/or any other agreed clearing system. Each Global Certificate may be exchanged, upon request as described therein, in whole (but not in part) for Certificates upon the terms therein. Save as provided in the terms and conditions of the Perpetual Securities, a Certificate shall be issued in respect of each Perpetual Securityholder's entire holding of registered Perpetual Securities of one Series. For so long as the Perpetual Securities are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that the Global Security is exchanged for definitive Perpetual Securities or, as the case may be, the Global Certificate is exchanged for definitive Certificates, the Issuer will appoint and maintain a Relevant Issuing and Paying Agent in Singapore, where the Perpetual Securities may be presented or surrendered for payment or redemption. In addition, for so long as the Perpetual

Securities are listed on the SGX-ST and the rules of the SGX-ST so require, in the event that the Global Security is exchanged for definitive Perpetual Securities or, as the case may be, the Global Certificate is exchanged for definitive Certificates, an announcement of such exchange shall be made by the Issuer through the SGX-ST and such announcement shall include all material information with respect to the delivery of the definitive Perpetual Securities or, as the case may be, the definitive Certificates, including details of the Relevant Issuing and Paying Agent in Singapore. The Perpetual Securities will, if traded on the SGX-ST, have a minimum board lot size of S\$200,000 (or its equivalent in other currencies) for so long as the Perpetual Securities are listed on the SGX-ST.

- Custody of the Perpetual Securities : Perpetual Securities which are to be listed on the SGX-ST may be cleared through CDP, Euroclear and/or Clearstream, Luxembourg. Perpetual Securities which are to be cleared through CDP are required to be kept with CDP as authorised depository. Perpetual Securities which are cleared through Euroclear and/or Clearstream, Luxembourg are required to be kept with a common depository on behalf of Euroclear and/or Clearstream, Luxembourg.
- Status of the Senior Perpetual Securities : The Senior Perpetual Securities and Coupons relating to them constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.
- Status of the Subordinated Perpetual Securities : The Subordinated Perpetual Securities and Coupons relating to them will constitute direct, unconditional, subordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with any Parity Obligations of the Issuer.
- Subordination of Subordinated Perpetual Securities : Subject to the insolvency laws of the Cayman Islands, Singapore, and other applicable laws, in the event of the winding-up of the Issuer, the rights of the Perpetual Securityholders and Couponholders to payment of principal of and distribution on the Subordinated Perpetual Securities and the Coupons relating to them are expressly subordinated and subject in right of payment to the prior payment in full of all claims of senior creditors of the Issuer but at least *pari passu* with all other subordinated obligations of the Issuer that are not expressed by their terms to rank junior to the Subordinated Perpetual Securities and/or as otherwise specified in the applicable Pricing Supplement, but always in priority to the claims of shareholders of the Issuer.
- Set-off in relation to Subordinated Perpetual Securities : Subject to applicable law, no holder of Subordinated Perpetual Securities or any Coupons relating to them may exercise, claim or plead any right of set-off, deduction, withholding or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them, and each holder of Subordinated Perpetual Securities or any Coupons relating to them shall, by virtue of his holding of any Subordinated Perpetual Securities or Coupons relating to them, be deemed to have

waived all such rights of set-off, deduction, withholding or retention against the Issuer. Notwithstanding the preceding sentence, if any of the amounts owing to any holder of Subordinated Perpetual Securities or any Coupons relating to them by the Issuer in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them is discharged by set-off, such holder of Subordinated Perpetual Securities or any Coupons relating to them shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of its winding-up or administration, the liquidator or, as appropriate, administrator of the Issuer) and, until such time as payment is made, shall hold such amount in trust for the Issuer (or the liquidator or, as appropriate, administrator of the Issuer) and accordingly any such discharge shall be deemed not to have taken place.

Redemption at the Option of the Issuer :

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

Redemption for Taxation Reasons :

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

- (a) the Issuer receives a ruling by the Comptroller of Income Tax in Singapore (or other relevant authority) which confirms that:
 - (i) the Perpetual Securities will not be regarded as "debt securities" for the purposes of Section 43N(4) of the ITA and Regulation 2 of the Income Tax Act (Qualifying Debt Securities) Regulations; or
 - (ii) the distributions (including any Arrears of Distribution and any Additional Distribution Amount) will not be regarded as interest payable by the Issuer for the purposes of the withholding tax exemption on interest for "qualifying debt securities" under the ITA; or
- (b) (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 of the Perpetual Securities, or increase the payment of such additional amounts, as a result

of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement, and

- (ii) such obligations cannot be avoided by the Issuer taking reasonable measures available to it (which shall not require the Issuer to incur unreasonable costs), provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Perpetual Securities then due.

Redemption for Accounting Reasons :

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

Redemption for Tax Deductibility :

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

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

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

- (ii) any amendment to, or change in, an official and binding interpretation of any such laws, rules or regulations by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination) which is enacted, promulgated, issued or becomes effective otherwise on or after the Issue Date; or
- (iii) any generally applicable official interpretation or pronouncement which is issued or announced on or after the Issue Date that provides for a position with respect to such laws or regulations that differs from the previously generally accepted position which is announced before the Issue Date,

the distributions (including any Arrears of Distribution and any Additional Distribution Amount) by the Issuer are no longer, or would in the Distribution Period immediately following that Distribution Payment Date no longer be, regarded as sums “payable by way of interest upon any money borrowed” for the purpose of Section 14(1)(a) of the ITA; or

- (b) the Issuer receives a ruling by the Comptroller of Income Tax in Singapore (or other relevant authority) which confirms that the distributions (including any Arrears of Distribution and any Additional Distribution Amount) will not be regarded as sums “payable by way of interest upon any money borrowed” for the purpose of Section 14(1)(a) of the ITA.

Redemption upon Change of Control Event :

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

For the purposes of the above, a "**Change of Control Event**" occurs when any person or persons acting together (other than an Existing Substantial Shareholder) acquires Control of the Issuer; "**Control**" means the acquisition or control of more than 50.1 per cent. of the voting rights of the issued share capital of the Issuer; and "**Existing Substantial Shareholder**" means any person who has a substantial shareholding (such term having the meaning ascribed to it in the SFA) in the Issuer as at the date of the Trust Deed and, after the date of the Trust Deed, the reference to “any person” shall also include the subsidiaries of such person.

Redemption in the case of Minimal: Outstanding Amount	:	If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption) if, immediately before giving such notice, the aggregate principal amount of the Perpetual Securities outstanding is less than 10 per cent. of the aggregate principal amount originally issued.
Limited right to institute proceedings in relation to Perpetual Securities	:	The right to institute proceedings for winding-up is limited to circumstances where payment has become due. In the case of any distribution, such distribution will not be due if the Issuer has elected not to pay that distribution in accordance with Condition 4(IV) of the Perpetual Securities.
Proceedings for Winding-Up	:	If (i) a final and effective order is made or an effective resolution is passed for the bankruptcy, winding-up, liquidation, receivership or similar proceedings of the Issuer or (ii) the Issuer fails to make payment in respect of the Perpetual Securities when due and such failure continues for a period of seven business days (together, the " Enforcement Events "), the Issuer shall be deemed to be in default under the Trust Deed and the Perpetual Securities and the Trustee may, subject to the provisions of Condition 9(d) of the Perpetual Securities, institute proceedings for the winding-up of the Issuer and/or prove in the winding-up of the Issuer and/or claim in the liquidation of the Issuer for such payment.
Taxation	:	All payments in respect of the Perpetual Securities and the Coupons by the Issuer shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such deduction or withholding is required by law. In such event, the Issuer shall pay such additional amounts as will result in the receipt by the Perpetual Securityholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, save for certain exceptions. For further details, please see the section on "Taxation" herein.
Listing	:	Each Series of the Perpetual Securities may, if so agreed between the Issuer and the relevant Dealer(s), be listed on the SGX-ST or any stock exchange(s) as may be agreed between the Issuer and the relevant Dealer(s), subject to all necessary approvals having been obtained.
Selling Restrictions	:	For a description of certain restrictions on offers, sales and deliveries of Perpetual Securities and the distribution of offering material relating to the Perpetual Securities, see the section on "Subscription, Purchase and Distribution" herein. Further restrictions may apply in connection with any particular Series or Tranche of Perpetual Securities.

Governing Law

: The Programme and any Perpetual Securities issued under the Programme will be governed by, and construed in accordance with, the laws of Singapore, save that Conditions 3(b)(i) to 3(b)(iii) of the Perpetual Securities and Clause 8.3 of the Trust Deed are governed by, and shall be construed in accordance with, the laws of the Cayman Islands.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, will be endorsed on the Notes in definitive form issued in exchange for the Global Security(ies) or the Global Certificate(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Notes. Unless otherwise stated, all capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. 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, restated or supplemented from time to time, the “**Trust Deed**”) dated 15 May 2015 made between (1) First Sponsor Group Limited (the “**Issuer**”) and (2) DBS Trustee Limited (the “**Trustee**”, which expression shall wherever the context so admits include such company and all other persons for the time being the trustee or trustees of the Trust Deed), as trustee for the Noteholders (as defined below), and (where applicable) the Notes are issued with the benefit of a deed of covenant (as amended, varied or supplemented from time to time, the “**Deed of Covenant**”) dated 15 May 2015 relating to the Notes executed by the Issuer. These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Coupons and Talons referred to below. The Issuer has entered into a principal Agency Agreement (as amended, restated or supplemented from time to time, the “**Agency Agreement**”) dated 15 May 2015 made between (1) the Issuer, (2) DBS Bank Ltd., as issuing and paying agent (in such capacity, the “**Issuing and Paying Agent**” and, together with any other paying agents that may be appointed, the “**Paying Agents**”), (3) DBS Bank Ltd., as agent bank (in such capacity, the “**Agent Bank**”), (4) DBS Bank Ltd. as transfer agent (and, together with any other transfer agents that may be appointed, the “**Transfer Agents**”), (5) DBS Bank Ltd., as registrar (in such capacity, the “**Registrar**”), and (6) the Trustee, as trustee and (if so provided hereon) a Further Agency Agreement (the “**Further Agency Agreement**”) made between the Issuer and the entity specified hereon as issuing and paying agent, registrar, transfer agent and/or agent bank of the Notes. The Noteholders and the holders (the “**Couponholders**”) of the coupons (the “**Coupons**”) appertaining to the interest-bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the “**Talons**”) are bound by and are deemed to have notice of all of the provisions of the Trust Deed, the Agency Agreement and the Deed of Covenant.

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

1. Form, Denomination and Title

(a) Form and Denomination

- (i) The Notes of the Series of which this Note forms part (in these Conditions, the “**Notes**”) are issued in bearer form (“**Bearer Notes**”) or in registered form (“**Registered Notes**”) in each case in the Denomination Amount shown hereon.
- (ii) This Note is a Fixed Rate Note, a Floating Rate Note, a Variable Rate Note, a Hybrid Note or a Zero Coupon Note (depending upon the Interest Basis shown on its face).
- (iii) Bearer Notes are serially numbered and issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Notes that do not bear interest in which case references to interest (other than in relation to default interest referred to in Condition 7(h)) in these Conditions are not applicable.

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

(b) Title

- (i) Title to the Bearer Notes and the Coupons and Talons appertaining thereto shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”).
- (ii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note, Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Note, Coupon or Talon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Note, Coupon or Talon shall be overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous theft or loss thereof made by anyone, and no person shall be liable for so treating the holder.
- (iii) For so long as any of the Notes is represented by a Global Security (as defined below) or, as the case may be, a Global Certificate (as defined below), and such Global Security or Global Certificate is held by a common depository for Euroclear Bank S.A/N.V (“**Euroclear**”) and/or Clearstream Banking, *société anonyme* (“**Clearstream, Luxembourg**”) and/or The Central Depository (Pte) Limited (the “**Depository**”), each person who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg and/or the Depository as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg and/or the Depository as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Issuing and Paying Agent, the other Paying Agents, the Agent Bank, the Registrar, the other Transfer Agents, 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, premium, interest, distribution, redemption, purchase and/or any other amounts in respect of the Notes, for which purpose the bearer of the Global Security or, as the case may be, the person whose name is shown on the Register shall be treated by the Issuer, the Issuing and Paying Agent, the other Paying Agents, the Agent Bank, the Registrar, the other Transfer Agents, all other agents of the Issuer and the Trustee as the holder of such Notes in accordance with and subject to the terms of the Global Security or, as the case may be, the Global Certificate (and the expressions “**Noteholder**” and “**holder of Notes**” and related expressions shall be construed accordingly). Notes which are represented by the Global Security or, as the case may be, the Global Certificate will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg and/or the Depository.
- (iv) In these Conditions, “**Global Security**” means the relevant Temporary Global Security representing each Series or the relevant Permanent Global Security representing each Series, “**Global Certificate**” means the relevant Global Certificate representing each Series that is registered in the name of, or in the name of a nominee of, (1) a common depository for Euroclear and/or Clearstream, Luxembourg, (2) the Depository and/or (3) any other clearing system, “**Noteholder**” means the bearer of any Bearer Note or the person in whose name a Registered Note is registered (as the case may be) and “**holder**” (in relation to a Note, Coupon or Talon) means the bearer of any Bearer Note, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be), “**Series**” means (A) (in relation to Notes other than Variable Rate Notes) a Tranche, together with any further Tranche or Tranches, which are (aa) expressed to be consolidated and forming a single series and (bb) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of interest and (B) (in relation to Variable Rate Notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest and “**Tranche**” means Notes which are identical in all respects (including as to listing).

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

2. No Exchange of Notes and Transfers of Registered Notes

- (a) **No Exchange of Notes:** Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Denomination Amount may not be exchanged for Bearer Notes of another Denomination Amount. Bearer Notes may not be exchanged for Registered Notes.
- (b) **Transfer of Registered Notes:** Subject to Conditions 2(e) and 2(f) below, one or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any other Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer) duly completed and executed and any other evidence as the Registrar or such other Transfer Agent may require to prove the title of the transferor and the authority of the individuals that have executed the form of transfer. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee and (in the case of any regulation proposed by the Registrar) with the prior written approval of the Issuer. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.
- (c) **Exercise of Options or Partial Redemption or Purchase in Respect of Registered Notes:** In the case of an exercise of the Issuer's or Noteholders' option in respect of, or a partial redemption or purchase of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed or purchased. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any other Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.
- (d) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Condition 2(b) or 2(c) shall be available for delivery within five business days of receipt of the form of transfer or exercise notice and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Registrar or such other Transfer Agent (as the case may be) to whom delivery or surrender of such form of transfer, exercise notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer, exercise notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the Registrar or the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d) only, "**business day**" means a day (other than a Saturday or Sunday) on which banks are open for business in the place of the specified office of the Registrar or the other relevant Transfer Agent (as the case may be).

- (e) **Transfers Free of Charge:** Transfers of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the other Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security and/or prefunding as the Registrar or the other relevant Transfer Agent may require) in respect of tax or charges.
- (f) **Closed Periods:** No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days ending on the due date for redemption of any Note, (ii) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(d), (iii) after any such Note has been called for redemption or (iv) during the period of 15 days ending on (and including) any Record Date (as defined in Condition 7(b)(ii)).

3. Status

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

4. Negative Pledge and Financial Covenants

(a) Negative Pledge

In the Trust Deed, the Issuer has covenanted that, so long as any of the Notes remains outstanding, the Issuer shall not, without the prior written consent of the Trustee (such consent not to be unreasonably conditioned or withheld), create or permit to be created any security in respect of any of the assets and properties directly owned by the Issuer as at the date of the Trust Deed or factor any of its accounts receivables, in each case, except for:

- (i) any security on any such assets and properties existing as at the date of the Trust Deed (the “**Existing Assets**”) which has been disclosed to the Trustee in writing on or prior to the date of the Trust Deed and if such security is discharged, any further security created over, or in respect of the rights, title and interest relating to, the Existing Assets within six months of such discharge;
- (ii) liens or rights of set-off arising solely by operation of law in the ordinary course of day-to-day operations and not in connection with the borrowing or raising of money or credit, or charges arising by operation of any applicable property legislation in Singapore (but any such charge or lien must be discharged within 14 days after it arises);
- (iii) any security arising on rental deposits in connection with the occupation of leasehold premises in the ordinary course of business;
- (iv) any security over shares or other securities held in any clearing system or listed on any exchange which arise as a result of such shares and/or securities being so held in such clearing system or listed on such exchange as a result of the rules and regulations of such clearing system or exchange and where such security is in favour of such clearing system or exchange; and
- (v) any other security which has been approved by the Noteholders by way of an extraordinary resolution.

(b) Financial Covenants

In the Trust Deed, the Issuer has further covenanted that, so long as any of the Notes or Coupons remains outstanding, it will ensure that:

- (i) the Consolidated Total Equity shall not at any time be less than S\$620,000,000; and

- (ii) the ratio of Consolidated Net Debt to Consolidated Total Equity shall not at any time be more than 0.7:1.

For the purposes of these Conditions:

- (1) **“Consolidated Net Debt”** means Consolidated Total Debt less cash and cash equivalent balances (including fixed deposits) as set out in the latest audited or, as the case may be, unaudited consolidated accounts of the Group (as defined in the Trust Deed);
- (2) **“Consolidated Total Debt”** means an amount (expressed in Singapore dollars) for the time being, calculated on a consolidated basis, in accordance with IFRS (as defined in the Trust Deed), equal to the aggregate of (and where such aggregate amount is to be calculated, no amount shall be taken into account more than once in the same calculation):
 - (A) bank overdrafts and all other indebtedness in respect of any borrowings maturing within 12 months;
 - (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 (which for the avoidance of doubt shall exclude any redeemable preference shares issued between members of the Group) issued by any member of the Group and which is regarded by IFRS as debt or other liability of the Group; and
- (3) **“Consolidated Total Equity”** means the amount (expressed in Singapore dollars) for the time being, calculated in accordance with IFRS, 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 share premium account, capital redemption reserve fund, revaluation reserves and profit and loss account) of the Group on a consolidated basis; and
 - (C) the amount reflected as non-controlling interests of the Group on a consolidated basis, all as shown in the then latest audited or unaudited consolidated balance sheet of the Group but after:
 - (aa) making such adjustments as may be appropriate in respect of any variation in the issued and paid up share capital, the share premium account and the capital redemption reserve fund of the Group since the date of the latest financial statements of the Group, and making such adjustments relating to the revaluation of the assets and/or the properties owned by the Group provided that any revaluation for the purpose of this Condition shall be made by reputable independent valuers (including DTZ, Knight Frank, CBRE and their respective groups of entities);
 - (bb) excluding any sums set aside for future taxation; and
 - (cc) deducting:
 - (i) an amount equal to any distribution by any member of the Group out of profits earned prior to the date of the latest audited or unaudited 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

- (II) (to the extent not already accounted for) any debit balances on consolidated profit and loss account.

5. Interest

(I) Interest on Fixed Rate Notes

(a) Interest Rate and Accrual

Each Fixed Rate Note bears interest on its outstanding principal amount 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 (but excluding) each Interest Payment Date or Interest Payment Dates shown on the face of such Note in each year and on (but excluding) 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 (and including) the preceding Interest Payment Date (or from (and including) the Interest Commencement Date, as the case may be) to (but excluding) 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 (and including) the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of principal is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 5(I) to (but excluding) the Relevant Date (as defined in Condition 8).

(b) Calculations

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

For the purposes of these Conditions, “**Fixed Rate Interest Period**” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

(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 outstanding principal amount from (and including) 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 (but excluding) each 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 (as defined below) on the face of the Note (the “**Specified Number of Months**”) after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date (and which corresponds numerically with such preceding Interest Payment Date or the Interest Commencement Date, as the case may be), provided that the Agreed Yield (as defined in Condition 5(II)(c)) in respect of any Variable Rate Note

for any Interest Period relating to that Variable Rate Note shall be payable on the first day of that Interest Period. If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day (as defined below), then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding business day and (ii) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month in which event such date shall be brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

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

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

(b) Rate of Interest - Floating Rate Notes

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

Such floating rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Note. The “Spread” is the percentage rate per annum specified on the face of such Note as being applicable to the rate of interest for such Note. The rate of interest so calculated shall be subject to Condition 5(V)(a) 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 the Reuters Screen ABSIRFIX01 Page under the caption “ABS SIBOR FIX - SIBOR AND SWAP OFFER RATES - RATES AT 11:00 HRS SINGAPORE TIME” and under the column headed “SGD SIBOR” (or such other replacement page thereof for the purpose of displaying SIBOR or such other Screen Page as may be provided hereon) and as adjusted by the Spread (if any);

- (B) if on any Interest Determination Date, no such rate appears on the Reuters Screen ABSIRFIX01 Page under the column headed “SGD SIBOR” (or such other replacement page thereof or if no rate appears on 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 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 four decimal places) of such offered quotations and as adjusted by the Spread (if any), as determined by the Agent Bank;
 - (C) if on any Interest Determination Date, two but not all the Reference Banks provide the Agent Bank with such quotations, the Rate of Interest for the relevant Interest Period shall be determined in accordance with (B) above on the basis of the quotations of those Reference Banks providing such quotations; and
 - (D) if on any Interest Determination Date, one only or none of the Reference Banks provides the Agent Bank with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date and as adjusted by the Spread (if any);
- (2) in the case of Floating Rate Notes which are Swap Rate Notes:
- (A) the Agent Bank will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period as being the rate which appears on the Reuters Screen ABSFIX01 Page under the caption “SGD SOR rates as of 11:00 hrs London Time” and under the column headed “SGD SOR” (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period and as adjusted by the Spread (if any);
 - (B) if on any Interest Determination Date no such rate is quoted on the Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) or the Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Agent Bank will determine the Rate of Interest for such Interest Period as being the rate (or, if there is more than one rate which is published, the arithmetic mean of those rates (rounded up, if necessary, to the nearest four decimal places)) for a period equal to the duration of such Interest Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as the Agent Bank may select; and
 - (C) if on any Interest Determination Date the Agent Bank is otherwise unable to determine the Rate of Interest under paragraph (b)(ii)(2)(B) above or if no agreement on the relevant authority is reached between

the Agent Bank and the Issuer under paragraph (b)(ii)(2)(B) above, the Rate of Interest shall be determined by the Agent Bank to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the rates quoted by the Singapore offices of the Reference Banks or those of them (being at least two in number) to the Agent Bank at or about 11.00 a.m. (Singapore time) on the first business day following such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any), or if on such day one only or none of the Singapore offices of the Reference Banks provides the Agent Bank with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the prime lending rates for Singapore dollars quoted by the Singapore offices of the Reference Banks at or about 11.00 a.m. (Singapore time) on such Interest Determination Date and as adjusted by the Spread (if any);

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

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

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

(bb) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Screen Page,

in each case appearing on such Screen Page at the Relevant Time on the Interest Determination Date and as adjusted by the Spread (if any);

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

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

- (4) 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.
- (5) 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) (or such other time as the Issuer and the Relevant Dealer (as defined below) may agree) 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 in Condition 5(V)(a)) 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) (or such other time as the Issuer and the Relevant Dealer may agree) 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) (or such other time as the Issuer and the Relevant Dealer may agree) on the next following business day:

- (1) notify or procure the Relevant Dealer to notify the Issuing and Paying Agent and the Agent Bank of the Agreed Yield or, as the case may be, the Agreed Rate for such Variable Rate Note for such Interest Period; and
 - (2) cause such Agreed Yield or, as the case may be, Agreed Rate for such Variable Rate Note to be notified by the Issuing and Paying Agent to the relevant Noteholder at its request.
- (iv) For the purposes of sub-paragraph (ii) above, the Rate of Interest for each Interest Period for which there is neither an Agreed Yield nor Agreed Rate in respect of any Variable Rate Note or no Relevant Dealer in respect of the Variable Rate Note(s) shall be the rate (the “**Fall Back Rate**”) determined by reference to a Benchmark as stated on the face of such Variable Rate Note(s), being (in the case of Variable Rate Notes which are denominated in Singapore dollars) SIBOR (in which case such Variable Rate Note(s) will be SIBOR Note(s)) or Swap Rate (in which case such Variable Rate Note(s) will be Swap Rate Note(s)) or (in any other case or in the case of Variable Rate Notes which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out on the face of such Variable Rate Note(s).

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

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

- (v) If interest is payable in respect of a Variable Rate Note on the first day of an Interest Period relating to such Variable Rate Note, the Issuer will pay the Agreed Yield applicable to such Variable Rate Note for such Interest Period on the first day of such Interest Period. If interest is payable in respect of a Variable Rate Note on the last day of an Interest Period relating to such Variable Rate Note, the Issuer will pay the Interest Amount for such Variable Rate Note for such Interest Period on the last day of such Interest Period.
- (vi) For the avoidance of doubt, in the event that the Rate of Interest in relation to any Interest Period is less than zero, the Rate of Interest in relation to such Interest Period shall be equal to zero.

(d) Definitions

As used in these Conditions:

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

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

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

“Day Count Fraction” means, in respect of the calculation of an amount of interest in accordance with Condition 5:

- (i) if “Actual/Actual” is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Notes or Hybrid Notes during the Fixed Rate Period) the Fixed Rate Interest Period or (in the case of Floating Rate Notes, Variable Rate Notes or Hybrid Notes during the Floating Rate Period) the Interest Period divided by 365 (or, if any portion of that Fixed Rate Interest Period or, as the case may be, Interest Period falls in a leap year, the sum of (1) the actual number of days in that portion of the Fixed Rate Interest Period or, as the case may be, Interest Period falling in a leap year divided by 366 and (2) the actual number of days in that portion of the Fixed Rate Interest Period or, as the case may be, Interest Period falling in a non-leap year divided by 365);
- (ii) if “Actual/360” is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Notes or Hybrid Notes during the Fixed Rate Period) the Fixed Rate Interest Period or (in the case of Floating Rate Notes, Variable Rate Notes or Hybrid Notes during the Floating Rate Period) the Interest Period in respect of which payment is being made divided by 360; and
- (iii) if “Actual/365 (Fixed)” is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Notes or Hybrid Notes during the Fixed Rate Period) the Fixed Rate Interest Period or (in the case of Floating Rate Notes, Variable Rate Notes or Hybrid Notes during the Floating Rate Period) the Interest Period in respect of which payment is being made divided by 365;

“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 Reuters Monitor Money Rates Service (“**Reuters**”)) agreed to by the Agent Bank;

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

“Relevant Currency” means the currency in which the Notes are denominated;

“Relevant Dealer” means, in respect of any Variable Rate Note, the Dealer party to the Programme Agreement referred to in the Trust Deed 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 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 outstanding principal 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 outstanding principal amount from (and including) 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 (but excluding) each Interest Payment Date or Interest Payment Dates shown on the face of the Note in each year and on (but excluding) 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 (and including) the preceding Interest Payment Date (or from (and including) the first day of the Fixed Rate Period, as the case may be) to (but excluding) 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 (and including) the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of principal is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 5(III) and the Agency Agreement to (but excluding) 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 outstanding principal amount from (and including) the first day of the Floating Rate Period, and such interest will be payable in arrear on (but excluding) each 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 (and including) the first day of the Floating Rate Period and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is herein called an “**Interest Period**”.
- (iii) Where the due date of redemption of any Hybrid Note falls within the Floating Rate Period, interest will cease to accrue on the Note from (and including) the due date for redemption thereof unless, upon due presentation thereof, payment of principal (or Redemption Amount, as the case may be) is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 5(III) and the Agency Agreement to (but excluding) the Relevant Date.
- (iv) The provisions of Condition 5(II)(b) shall apply to each Hybrid Note during the Floating Rate Period as though references therein to Floating Rate Notes are references to Hybrid Notes.

(IV) Zero Coupon Notes

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

(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, Hybrid Notes (where applicable) for the relevant Interest Period. The amount of interest payable per Calculation Amount in respect of any Floating Rate Note, Variable Rate Note or (where applicable) Hybrid Note shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount, by the Day Count Fraction shown on the Note and rounding the resultant figure to the nearest sub-unit of the Relevant Currency. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Agent Bank shall (in the absence of manifest error) be final and binding 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 as soon as possible after their determination but in no event later than the fourth business day thereafter. In the case of Floating Rate Notes, 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 16 as soon as possible after their determination. The Interest Amounts and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Floating Rate Notes, Variable Rate Notes or, as the case may be, Hybrid Notes become due and payable under Condition 10, the Rate of Interest and Interest Amounts payable in respect of the Floating Rate Notes, Variable Rate Notes or, as the case may be, Hybrid Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest and Interest Amounts need to be made unless the Trustee requires otherwise.

(c) Determination or Calculation by the Trustee

If the Agent Bank does not at any material time determine or calculate the Rate of Interest for an Interest Period or any Interest Amount, the Trustee shall do so. In doing so, the Trustee shall apply the 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 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 or the Redemption Amount, the Issuer will appoint another bank with an office in the Relevant Financial Centre to act as such in its place. The Agent Bank may not resign from its duties without a successor having been appointed as aforesaid.

6. Redemption and Purchase

(a) Final Redemption

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

(b) Purchase at the Option of Issuer

If so provided hereon, the Issuer shall have the option to purchase all or any of the Fixed Rate Notes, Floating Rate Notes, Variable Rate Notes or Hybrid Notes at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Noteholders shall be bound to sell such Notes to the Issuer accordingly. To exercise such option, the Issuer shall give irrevocable notice to the Noteholders within the Issuer's Purchase Option Period shown on the face hereof. Such Notes may be held, resold or surrendered to the Issuing and Paying Agent for cancellation. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.

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

(c) Purchase at the Option of Noteholders

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

Agreement) without the prior consent of the Issuer. Such Notes may be held, resold or surrendered for cancellation, in the case of Bearer Notes, by surrendering such Note (together with all unmatured Coupons and unexchanged Talons) to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.

(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 (but excluding) the date fixed for redemption.

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

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

(e) Redemption at the Option of Noteholders

- (i) If so provided hereon, the Issuer shall, at the option of the holder of any Note, redeem such Note on the date or dates so provided at its Redemption Amount, together with interest accrued to the date fixed for redemption. To exercise such option, the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons and unexchanged Talons) with the Issuing and Paying Agent or any other Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any other Transfer Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from any Paying Agent, the Registrar, any other Transfer Agent or the Issuer (as applicable) within the Noteholders' Redemption Option Period shown on the face hereof. Any Note or Certificate so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.
- (ii) If so provided hereon, if, for any reason, a Change of Control Event occurs, the Issuer will within seven days of such occurrence give notice to the Noteholders of the occurrence of such event (the "**Notice**") and shall, at the option of the holder of any Note, redeem such Note at its Redemption Amount, together with interest accrued to the date fixed for redemption, on the date falling 30 days from the date of the Notice (or if such date is not a business day, on the next day which is a business day). To exercise such option, the holder must deposit (in the case of Bearer Notes) such Note(s) (together with all unmatured Coupons and unexchanged Talons) with the Issuing and Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any other Transfer Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent, the Registrar, any other Transfer Agent or the Issuer (as applicable), no later than 15 days from the date of the Notice. Any Note so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

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

- (1) a **“Change of Control Event”** occurs when any person or persons acting together (other than an Existing Substantial Shareholder) acquires Control of the Issuer;
- (2) **“Control”** means the acquisition or control of more than 50.1 per cent. of the voting rights of the issued share capital of the Issuer; and
- (3) **“Existing Substantial Shareholder”** means any person who has a substantial shareholding (such term having the meaning ascribed to it in the Securities and Futures Act, Chapter 289 of Singapore) in the Issuer as at the date of the Trust Deed and, after the date of the Trust Deed, the reference to “any person” shall also include the subsidiaries of such person.

(f) Redemption for Taxation Reasons

If so provided hereon, the Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days’ notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount or (in the case of Zero Coupon Notes) Early Redemption Amount (as defined in Condition 6(i) below) (together with interest (if any) accrued to (but excluding) the date fixed for redemption), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement, and (ii) such obligations cannot be avoided by the Issuer taking reasonable measures available to it (which shall not require the Issuer to incur unreasonable costs), 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 Trustee and the Issuing and Paying Agent (unless waived by the Issuing and Paying Agent) a certificate signed by a duly authorised signatory of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal, tax or other professional advisers of recognised standing to the effect that the Issuer has or is likely to become obliged to pay such additional amounts as a result of such change or amendment.

(g) Redemption in the case of Minimal Outstanding Amount

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 together with interest accrued to (but excluding) the date fixed for redemption if, immediately before giving such notice, the aggregate principal amount of the Notes outstanding is less than 10 per cent. of the aggregate principal amount originally issued.

Upon the expiry of any such notice as is referred to in this Condition 6(g), the Issuer shall be bound to redeem the Notes in accordance with this Condition 6(g).

(h) Purchases

The Issuer and/or any of its subsidiaries may at any time purchase Notes at any price (provided that they are purchased together with all unmatured Coupons and unexchanged Talons relating to them) in the open market or otherwise.

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

(i) Early Redemption of Zero Coupon Notes

- (i) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or formula, upon redemption of such Note pursuant to Condition 6(f) or upon it becoming due and payable as provided in Condition 10, shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.
- (ii) Subject to the provisions of sub-paragraph (iii) below, the Amortised Face Amount of any such Note shall be the scheduled Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (iii) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(f) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph will continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Redemption Amount of such Note on the Maturity Date together with any interest which may accrue in accordance with Condition 5(IV).

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

(j) Cancellation

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

7. Payments

(a) Principal and Interest in respect of Bearer Notes

Payments of principal and interest (which shall include the Redemption Amount and the Early Redemption Amount) in respect of Bearer Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Notes or Coupons, as the case may be, at the specified office of any Paying Agent by a cheque drawn in the currency in which payment is due on, or, at the option of the holder, by transfer to an account maintained by the holder in that currency with, a bank in the principal financial centre for that currency.

(b) Principal and Interest in respect of Registered Notes

- (i) Payments of principal in respect of Registered Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in Condition 7(b)(ii).
- (ii) Interest on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the “**Record Date**”). Payments of interest on each Registered Note shall be made by a cheque drawn in the currency in which payment is due on and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any other Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account maintained by the holder in that currency with, a bank in the principal financial centre for that currency.

(c) Payments subject to law etc.

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 8. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(d) Appointment of Agents

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

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

The Agency Agreement or, as the case may be, the Further Agency Agreement may be amended by the Issuer, the relevant Issuing and Paying Agent, the relevant Agent Bank, the relevant Transfer Agent, the relevant Registrar and the relevant 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 relevant Issuing and Paying Agent, the relevant Agent Bank, the relevant Transfer Agent, the relevant Registrar and the relevant Trustee may mutually deem necessary or desirable and which is not, in the opinion of the Issuer, the relevant Issuing and Paying Agent, the relevant Agent Bank, the relevant Transfer Agent, the relevant Registrar and the relevant Trustee, materially prejudicial to the interests of the holders of the Notes or the Coupons.

(e) Unmatured Coupons and Unexchanged Talons

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

- (ii) Subject to the provisions of the relevant Pricing Supplement upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, Variable Rate Note or Hybrid Note, unmatured Coupons relating to such Note (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period) (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Where any Bearer Note comprising a Floating Rate Note, Variable Rate Note or Hybrid Note is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period), redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (v) If the due date for redemption or repayment of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate.

(f) Talons

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

(g) Non-business days

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

(h) Default Interest

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

8. Taxation

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

- (a) by or on behalf of a holder who is subject to such taxes, duties, assessments or governmental charges by reason of his being connected with Singapore otherwise than by reason only of the holding of such Note or Coupon or the receipt of any sums due in respect of such Note or Coupon (including, without limitation, the holder being a resident of, or a permanent establishment in, Singapore);
- (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 (and 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 16 that, upon further presentation of the Note (or relative Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon presentation, and references to “**principal**” shall be deemed to include any premium payable in respect of the Notes, all Redemption Amounts, Early Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 6, “**interest**” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 and any reference to “**principal**” and/or “**premium**” and/or “**Redemption Amounts**” and/or “**interest**” and/or “**Early Redemption Amounts**” shall be deemed to include any additional amounts which may be payable under these Conditions.

9. Prescription

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

10. Events of Default

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

- (a) default being made by the Issuer for seven business days in the payment of the principal or interest due in respect of any of the Notes as and when the same ought to be paid in accordance with the terms and conditions of the Trust Deed or the Notes;

- (b) the Issuer failing to perform or observe any of its other obligations under the Trust Deed and (except where the Trustee considers that such default is not capable of remedy in which case no notice will be required) such failure continuing for a period of 30 days (or such longer period as the Trustee may permit) following the service by the Trustee on the Issuer of a notice in writing requiring the same to be remedied;
- (c) any representation, warranty or statement by the Issuer in the Trust Deed or any of the Notes or in any document delivered under the Trust Deed 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 (except where the Trustee considers that the event resulting in such non-compliance or incorrect representation, warranty or statement is not capable of remedy in which case no notice will be required) such default continuing for a period of 30 days (or such longer period as the Trustee may permit) following the service by the Trustee on the Issuer of a notice in writing requiring the same to be remedied;
- (d) any other indebtedness of the Issuer or any of its subsidiaries in respect of borrowed money is or is declared to be (otherwise than by the Issuer or, as the case may be, such subsidiary) or becomes due and payable before its stated maturity (as extended by any grace period permitted under the agreements or other documents evidencing or constituting such indebtedness) by reason of any event of default thereunder or is not paid when due (as extended by any grace period permitted under the agreements or other documents evidencing or constituting such indebtedness) or, as a result of any event of default thereunder, any facility relating to any such indebtedness is or is declared to be or has been cancelled or terminated (otherwise than by the Issuer or, as the case may be, such subsidiary) before its stated expiry date (as extended by any grace period permitted under the agreements or other documents evidencing or constituting such indebtedness). However, 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\$15,000,000 or its equivalent in other currency or currencies.

For the purposes of this paragraph (d), “**borrowed money**” means any indebtedness (i) for or in respect of money borrowed or raised (whether or not for cash), by whatever means (including acceptances, factoring, finance leases entered into primarily as a method of raising finance or of financing the acquisition of the asset leased, hire purchase and any form of “**off-balance sheet**” financing which, in accordance with IFRS, would be required to be disclosed or otherwise noted in the consolidated accounts of the Group) or (ii) for the deferred purchase price of assets or services acquired (other than goods or services obtained on normal commercial terms in the ordinary course of business);

- (e) a resolution is passed or an order of court is made for the winding-up of the Issuer or any of its Principal Subsidiaries or the Issuer or any of its Principal Subsidiaries shall apply for the winding-up of the Issuer or any of its Principal Subsidiaries or similar resolutions are passed or orders or applications are made, which are determined by the Trustee to be analogous in effect (otherwise than (i) for the purposes of an amalgamation, consolidation, merger, reorganisation or reconstruction not involving insolvency where either (1) such event does not materially and adversely affect the ability of the Issuer to perform or observe its obligations under the Notes and the Trust Deed or (2) the terms whereof have previously been approved by an Extraordinary Resolution or (ii) in the case only of any Principal Subsidiary, by way of a voluntary winding-up where the surplus assets attributable to the Issuer and/or any subsidiary are distributed to the Issuer and/or any other subsidiary);
- (f) any resolution being passed or any application being made in relation to the Issuer or any of its Principal Subsidiaries to apply for administration, judicial management or other similar order or an order being made by any competent court for such proceedings in relation to the Issuer or any of its Principal Subsidiaries, where, in the case only of any Principal Subsidiary, such event adversely affects or would adversely affect the ability of the Issuer to perform or observe any of its obligations under the Notes or the Trust Deed;

- (g) an encumbrancer taking possession or a receiver, trustee, administrator or judicial manager or other similar official being appointed in relation to the whole or any substantial part of the assets or undertaking of the Issuer or any of its Principal Subsidiaries;
- (h) a distress or execution or other legal process is levied or enforced upon or sued out against the whole or any substantial part of the business, undertaking or assets of the Issuer or any of its Principal Subsidiaries and not being discharged within 30 days thereof;
- (i) the Issuer or any of its Principal Subsidiaries stopping payment or threatening to stop payment of its debts generally or being unable to pay its debts generally or being unable to pay its debts as they fall due under the laws of its country of incorporation or admitting its inability to pay its debts or becoming bankrupt or insolvent or making a general assignment or an arrangement or composition with or for the benefit of its creditors generally or a moratorium is agreed or declared in respect of or affecting all or a substantial part of the debts of the Issuer or any of its Principal Subsidiaries or the Issuer or any of its Principal Subsidiaries ceasing or threatening to cease to carry on all of its business or a substantial part of its business (other than (i) for the purposes of an amalgamation, consolidation, merger, reorganisation or reconstruction not involving insolvency where either (1) such event does not materially and adversely affect the ability of the Issuer to perform or observe its obligations under the Notes and the Trust Deed or (2) the terms of which have been approved by an Extraordinary Resolution or (ii) in the case only of any Principal Subsidiary, by way of a voluntary winding-up where the surplus assets attributable to the Issuer and/or any subsidiary are distributed to the Issuer and/or any other subsidiary);
- (j) the whole or a substantial part of the undertaking or assets of the Issuer or any of its Principal Subsidiaries being requisitioned, nationalised, sequestered or compulsorily acquired by any competent authority where any such event has a material adverse effect on the financial position of the Group taken as a whole;
- (k) it is or will become unlawful at any time for the Issuer to perform all or any of its obligations under the Trust Deed, the Notes or the Coupons;
- (l) any of the Issue Documents (except for the Programme Agreement (as defined in the Trust Deed) and any Subscription Agreement (as defined in the Trust Deed)) or the Notes is not or ceases for any reason (or is claimed by the Issuer not) to be the legal, valid and enforceable obligations of the Issuer, binding upon it in accordance with its terms; or
- (m) any event occurs which under the laws of any relevant jurisdiction has an analogous or equivalent effect to any of the events referred to in paragraphs (d), (e), (f), (g), (h) or (i).

In these Conditions,

- (A) **“Principal Subsidiary”** means any subsidiary of the Issuer whose total assets, as shown by the accounts of such subsidiary, based upon which the latest audited consolidated accounts of the Group have been prepared, are at least 15 per cent. of the total assets of the Group as shown by such audited consolidated accounts, provided that if any such subsidiary (the **“transferor”**) shall at any time transfer the whole or any part of its business, undertaking or assets to another subsidiary or the Issuer (the **“transferee”**) then:
 - (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 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 as shown by the accounts of such subsidiary based upon which such audited consolidated accounts have been prepared, to be less than 15 per cent. of the total assets 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 Section 5 of the Companies Act, Chapter 50 of Singapore.

11. Enforcement of Rights

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

12. Meeting of Noteholders and Modifications

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

The Trustee or the Issuer at any time may, and the Trustee upon the request in writing by Noteholders holding not less than one-tenth of the principal amount of the Notes of any Series for the time being outstanding and after being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses shall, convene a meeting of the Noteholders of that Series. An Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders of the relevant Series, whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution proposed, *inter alia*, (a) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes, (b) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Notes, (c) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates of interest or the basis for calculating any Interest Amount in respect of the Notes, (d) to vary any method of, or basis for, calculating the Redemption Amount or the Early Redemption Amount including the method of calculating the Amortised Face Amount, (e) to vary the currency or currencies of payment or denomination of the Notes, (f) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply or (g) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, will only be binding if passed at a meeting of the Noteholders of the relevant Series (or at any adjournment thereof) at which a special quorum (provided for in the Trust Deed) is present.

The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed which in the opinion of the Trustee is of a formal, minor or technical nature, is made to correct a manifest error or to comply with mandatory provisions of Singapore or Cayman Islands law or is required by Euroclear and/or Clearstream, Luxembourg and/or 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) to the Trust Deed and any other Issue Documents, and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or any of the other Issue Documents 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 (and in any event within 14 days of such modification, authorisation or waiver) in accordance with Condition 16 and by way of an announcement on the SGX-ST (as defined in the Trust Deed).

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

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

13. Replacement of Notes, Certificates, Coupons and Talons

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

14. Further Issues

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

15. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment and from taking action to convene meetings unless indemnified and/or secured and/or pre-funded to its satisfaction. The Trust Deed also contains a provision entitling the Trustee or any corporation related to it to enter into business transactions with the Issuer or any of its subsidiaries without accounting to the Noteholders or Couponholders for any profit resulting from such transactions.

Each Noteholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer, and the Trustee shall not at any time have any responsibility for the same and each Noteholder shall not rely on the Trustee in respect thereof.

16. Notices

Notices to the holders of Registered Notes shall be valid if mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notwithstanding the foregoing, notices to the holders of Notes will be valid if published in a daily newspaper of general circulation in Singapore (or, if the holders of any Series of Notes can be identified, notices to such holders will also be valid if they are given to each of such holders). It is expected that such publication will be made in The Business Times. Notices will, if published more than once or on different dates, be deemed to have been given on the date of the first publication in such newspaper as provided above. Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders of Bearer Notes in accordance with this Condition 16.

So long as the Notes are represented by a Global Security or a Global Certificate and such Global Security or Global Certificate is held in its entirety on behalf of Euroclear, Clearstream, Luxembourg and/or the Depository, there may be substituted for such publication in such newspaper 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 or permit, notice will in any event be published in accordance with the first paragraph above. Any such notice shall be deemed to have been given to the Noteholders on the seventh day after the day on which the said notice was given to Euroclear, Clearstream, Luxembourg and/or the Depository.

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

Notwithstanding the other provisions of this Condition, in any case where the identity and addresses of all the Noteholders are known to the Issuer, notices to such holders may be given individually by recorded delivery mail to such addresses and will be deemed to have been given when received at such addresses.

17. Governing Law and Jurisdiction

- (a) **Governing Law:** The Trust Deed, the Notes, the Coupons and the Talons are governed by, and shall be construed in accordance with, the laws of Singapore, save that Clause 8.3 of the Trust Deed is governed by, and shall be construed in accordance with, the laws of the Cayman Islands.
- (b) **Jurisdiction:** The courts of Singapore are to have non-exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Trust Deed, any Notes, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed, the Notes, Coupons or Talons ("**Proceedings**") may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.
- (c) **Process Agent:** The Issuer has irrevocably appointed FS Chengdu No. 1 Pte. Ltd. (presently at 50 Raffles Place, #13-05 Singapore Land Tower, Singapore 048623) as its authorised agent for service of process in Singapore. If for any reason such agent shall cease to be such agent for service of process, the Issuer shall forthwith appoint a new agent for service of process in Singapore and deliver to the Trustee a copy of the new agent's acceptance of that appointment within 30 days. Nothing in the Trust Deed, the Notes or the Coupons shall affect the right to serve process in any other manner permitted by law.

18. Contracts (Rights of Third Parties) Act

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

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

DBS Bank Ltd.
10 Toh Guan Road
#04-11 (Level 4B)
DBS Asia Gateway
Singapore 608838

TERMS AND CONDITIONS OF THE PERPETUAL SECURITIES

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

The Perpetual Securities are constituted by a Trust Deed (as amended, restated or supplemented from time to time, the “**Trust Deed**”) dated 15 May 2015 made between (1) First Sponsor Group Limited (the “**Issuer**”) and (2) DBS Trustee Limited (the “**Trustee**”, which expression shall wherever the context so admits include such company and all other persons for the time being the trustee or trustees of the Trust Deed), as trustee for the Perpetual Securityholders (as defined below), and (where applicable) the Perpetual Securities are issued with the benefit of a deed of covenant (as amended, varied or supplemented from time to time, the “**Deed of Covenant**”) dated 15 May 2015, relating to the Perpetual Securities executed by the Issuer. These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Perpetual Securities, Certificates, Coupons and Talons referred to below. The Issuer has entered into a principal Agency Agreement (as amended, restated or supplemented from time to time, the “**Agency Agreement**”) dated 15 May 2015 made between (1) the Issuer, (2) DBS Bank Ltd., as issuing and paying agent (in such capacity, the “**Issuing and Paying Agent**” and, together with any other paying agents that may be appointed, the “**Paying Agents**”), (3) DBS Bank Ltd., as agent bank (in such capacity, the “**Agent Bank**”), (4) DBS Bank Ltd., as transfer agent (and, together with any other transfer agents that may be appointed, the “**Transfer Agents**”), (5) DBS Bank Ltd., as registrar (in such capacity, the “**Registrar**”), and (6) the Trustee, as trustee and (if so provided hereon) a Further Agency Agreement (the “**Further Agency Agreement**”) made between the Issuer and the entity specified hereon as issuing and paying agent, registrar, transfer agent and/or agent bank of the Perpetual Securities. The Perpetual Securityholders and the holders (the “**Couponholders**”) of the distribution coupons (the “**Coupons**”) appertaining to the Perpetual Securities in bearer form and, where applicable in the case of such Perpetual Securities, talons for further Coupons (the “**Talons**”) are bound by and are deemed to have notice of all of the provisions of the Trust Deed, the Agency Agreement and the Deed of Covenant.

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

1. Form, Denomination and Title

(a) Form and Denomination

- (i) The Perpetual Securities of the Series of which this Perpetual Security forms part (in these Conditions, the “**Perpetual Securities**”) are issued in bearer form (“**Bearer Perpetual Securities**”) or in registered form (“**Registered Perpetual Securities**”), in each case in the Denomination Amount shown hereon.
- (ii) This Perpetual Security is a Fixed Rate Perpetual Security or a Floating Rate Perpetual Security (depending upon the Distribution Basis shown on its face).
- (iii) Bearer Perpetual Securities are serially numbered and issued with Coupons (and, where appropriate, a Talon) attached.

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

(b) Title

- (i) Title to the Bearer Perpetual Securities and the Coupons and Talons appertaining thereto shall pass by delivery. Title to the Registered Perpetual Securities shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”).
- (ii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Perpetual Security, Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Perpetual Security, Coupon or Talon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Perpetual Security, Coupon or Talon shall be overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous theft or loss thereof made by anyone, and no person shall be liable for so treating the holder.
- (iii) For so long as any of the Perpetual Securities is represented by a Global Security (as defined below) or, as the case may be, a Global Certificate (as defined below) and such Global Security or Global Certificate is held by a common depository for Euroclear Bank S.A./N.V. (“**Euroclear**”) and/or Clearstream Banking, *société anonyme* (“**Clearstream, Luxembourg**”) and/or The Central Depository (Pte) Limited (the “**Depository**”), each person who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg and/or the Depository as the holder of a particular principal amount of such Perpetual Securities (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg and/or the Depository as to the principal amount of such Perpetual Securities standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Issuing and Paying Agent, the other Paying Agents, the Agent Bank, the Registrar, the other Transfer Agents, all other agents of the Issuer and the Trustee as the holder of such principal amount of Perpetual Securities other than with respect to the payment of principal, premium, interest, distribution, redemption, purchase and/or any other amounts in respect of the Perpetual Securities, for which purpose the bearer of the Global Security or, as the case may be, the person whose name is shown on the Register shall be treated by the Issuer, the Issuing and Paying Agent, the other Paying Agents, the Agent Bank, the Registrar, the other Transfer Agents, all other agents of the Issuer and the Trustee as the holder of such Perpetual Securities in accordance with and subject to the terms of the Global Security or, as the case may be, the Global Certificate (and the expressions “**Perpetual Securityholder**” and “**holder of Perpetual Securities**” and related expressions shall be construed accordingly). Perpetual Securities which are represented by the Global Security or, as the case may be, the Global Certificate will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg and/or the Depository.
- (iv) In these Conditions, “**Global Security**” means the relevant Temporary Global Security representing each Series or the relevant Permanent Global Security representing each Series, “**Global Certificate**” means the relevant Global Certificate representing each Series that is registered in the name of, or in the name of a nominee of, (1) a common depository for Euroclear and/or Clearstream, Luxembourg, (2) the Depository and/or (3) any other clearing system, “**Perpetual Securityholder**” means the bearer of any Bearer Perpetual Security or the person in whose name a Registered Perpetual Security is registered (as the case may be) and “**holder**” (in relation to a Perpetual Security, Coupon or Talon) means the bearer of any Bearer Perpetual Security, Coupon or Talon or the person in whose name a Registered Perpetual Security is registered (as the case may be), “**Series**” means a Tranche, together with any further Tranche or Tranches, which are (A) expressed to be consolidated and forming a single series and (B) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of distribution and “**Tranche**” means Perpetual Securities which are identical in all respects (including as to listing).

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

2. No Exchange of Perpetual Securities and Transfers of Registered Perpetual Securities

- (a) **No Exchange of Perpetual Securities:** Registered Perpetual Securities may not be exchanged for Bearer Perpetual Securities. Bearer Perpetual Securities of one Denomination Amount may not be exchanged for Bearer Perpetual Securities of another Denomination Amount. Bearer Perpetual Securities may not be exchanged for Registered Perpetual Securities.
- (b) **Transfer of Registered Perpetual Securities:** Subject to Conditions 2(e) and 2(f) below, one or more Registered Perpetual Securities may be transferred upon the surrender (at the specified office of the Registrar or any other Transfer Agent) of the Certificate representing such Registered Perpetual Securities to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer) duly completed and executed and any other evidence as the Registrar or such other Transfer Agent may require to prove the title of the transferor and the authority of the individuals that have executed the form of transfer. In the case of a transfer of part only of a holding of Registered Perpetual Securities represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Perpetual Securities and entries on the Register will be made subject to the detailed regulations concerning transfers of Perpetual Securities scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee and (in the case of any change proposed by the Registrar) with the prior written approval of the Issuer. A copy of the current regulations will be made available by the Registrar to any Perpetual Securityholder upon request.
- (c) **Exercise of Options or Partial Redemption or Purchase in Respect of Registered Perpetual Securities:** In the case of an exercise of the Issuer's option in respect of, or a partial redemption or purchase of, a holding of Registered Perpetual Securities represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed or purchased. In the case of a partial exercise of an option resulting in Registered Perpetual Securities of the same holding having different terms, separate Certificates shall be issued in respect of those Perpetual Securities of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any other Transfer Agent. In the case of a transfer of Registered Perpetual Securities to a person who is already a holder of Registered Perpetual Securities, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.
- (d) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Condition 2(b) or 2(c) shall be available for delivery within five business days of receipt of the form of transfer and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Registrar or such other Transfer Agent (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the Registrar or the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d) only, "**business day**" means a day (other than a Saturday or Sunday) on which banks are open for business in the place of the specified office of the Registrar or the other relevant Transfer Agent (as the case may be).

- (e) **Transfers Free of Charge:** Transfers of Perpetual Securities and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the other Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security and/or prefunding as the Registrar or the other relevant Transfer Agent may require) in respect of tax or charges.
- (f) **Closed Periods:** No Perpetual Securityholder may require the transfer of a Registered Perpetual Security to be registered (i) during the period of 15 days ending on the due date for redemption of any Perpetual Security, (ii) during the period of 15 days prior to any date on which the Perpetual Securities may be called for redemption by the Issuer at its option pursuant to Condition 5(b), (iii) after any such Perpetual Security has been called for redemption or (iv) during the period of 15 days ending on (and including) any Record Date (as defined in Condition 6(b)(ii)).

3. Status

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

- (i) **Status of Subordinated Perpetual Securities**

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

In these Conditions, “**Parity Obligation**” means any instrument or security (other than shares) issued, entered into or guaranteed by the Issuer (1) which ranks or is expressed to rank, by its terms or by operation of law, *pari passu* with the Subordinated Perpetual Securities and (2) the terms of which provide that the making of payments thereon or distributions in respect thereof are fully at the discretion of the Issuer and/or, in the case of an instrument or security guaranteed by the Issuer, the issuer thereof.

- (ii) **Ranking of claims on winding-up**

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

(iii) **No set-off**

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

4. Distribution and other Calculations

(l) Distribution on Fixed Rate Perpetual Securities

(a) Distribution Rate and Accrual

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

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

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

(b) Distribution Rate

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

- (i) (if no Reset Date is specified in the applicable Pricing Supplement),
 - (1) if no Step-Up Margin is specified in the applicable Pricing Supplement, the rate shown on the face of such Perpetual Security; or
 - (2) if a Step-Up Margin is specified in the applicable Pricing Supplement, (A) for the period from (and including) the Distribution Commencement Date to the Step-Up Date specified in the applicable Pricing Supplement, the rate shown on the face of such Perpetual Security and (B) for the period from (and including) the Step-Up Date specified in the applicable Pricing Supplement, the rate shown on the face of such Perpetual Security plus the Step-Up Margin (as specified in the applicable Pricing Supplement); and

- (ii) (if a Reset Date is specified in the applicable Pricing Supplement), (1) for the period from (and including) the Distribution Commencement Date to, but excluding, the First Reset Date specified in the applicable Pricing Supplement, the rate shown on the face of such Perpetual Security and (2) for the period from (and including) the First Reset Date and each Reset Date (as shown in the applicable Pricing Supplement) falling thereafter to, but excluding, the immediately following Reset Date, the Reset Distribution Rate.

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

For the purposes of these Conditions:

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

“Swap Offer Rate” means:

- (aa) the rate per annum (expressed as a percentage) notified by the Agent Bank to the Issuer equal to the swap offer rate published by the Association of Banks in Singapore (or such other equivalent body) for a period equal to the duration of the Reset Period specified in the applicable Pricing Supplement on the second business day prior to the relevant Reset Date (the **“Reset Determination Date”**);
- (bb) if on the Reset Determination Date, there is no swap offer rate published by the Association of Banks in Singapore (or such other equivalent body), the Agent Bank will determine the swap offer rate for such Reset Period (determined by the Agent Bank to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the rates (excluding the highest and the lowest rates) which appears on Page TPIS on the monitor of the Bloomberg Agency under the caption “Tullett Prebon – Rates – Interest Rate Swaps – Asia Pac – SGD” and the column headed “Ask” (or if the Agent Bank determines that such page has ceased to be the commonly accepted page for determining the swap offer rate, such other replacement page as may be specified by the Agent Bank after taking into account the industry practice at that relevant time and the recommendations by the Association of Banks in Singapore (or such other equivalent body)) at the close of business on each of the five consecutive business days prior to and ending on the Reset Determination Date);
- (cc) if on the Reset Determination Date, rates are not available on Page TPIS on the monitor of the Bloomberg Agency under the caption “Tullett Prebon – Rates – Interest Rate Swaps – Asia Pac – SGD” and the column headed “Ask” (or if the Agent Bank determines that such page has ceased to be the commonly accepted page for determining the swap offer rate, such other replacement page as may be specified by the Agent Bank after taking into account the industry practice at that relevant time and the recommendations by the Association of Banks in Singapore (or such other equivalent body)) at the close of business on one or more of the said five consecutive business days, the swap offer rate will be the rate per annum notified by the Agent Bank to the Issuer equal to the arithmetic mean (rounded up, if necessary, to the

nearest four decimal places) of the rates which are available in such five-consecutive-business-day period or, if only one rate is available in such five-consecutive-business-day period, such rate; and

- (dd) if on the Reset Determination Date, no rate is available on Page TPIS on the monitor of the Bloomberg Agency under the caption “Tullett Prebon – Rates – Interest Rate Swaps – Asia Pac – SGD” and the column headed “Ask” (or if the Agent Bank determines that such page has ceased to be the commonly accepted page for determining the swap offer rate, such other replacement page as may be specified by the Agent Bank after taking into account the industry practice at that relevant time and the recommendations by the Association of Banks in Singapore (or such other equivalent body)) at the close of business in such five-consecutive-business-day period, the Agent Bank will request the principal Singapore offices of the Reference Banks to provide the Agent Bank with quotation(s) of their swap offer rates for a period equivalent to the duration of the Reset Period at the close of business on the Reset Determination Date. The swap offer rate for such Reset Period shall be the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of such offered quotations, as determined by the Agent Bank or, if only one of the Reference Banks provides the Agent Bank with such quotation, such rate quoted by that Reference Bank.

(c) Calculation of Reset Distribution Rate

The Agent Bank will, on the second business day prior to each Reset Date, determine the applicable Reset Distribution Rate or (if a Change of Control Event has occurred) the applicable Distribution Rate payable in respect of each Perpetual Security. The determination of any rate, the obtaining of each quotation and the making of each determination or calculation by the Agent Bank shall (in the absence of manifest error) be final and binding upon all parties.

(d) Publication of Relevant Reset Distribution Rate

The Agent Bank will cause the applicable Reset Distribution Rate or (if a Change of Control Event has occurred) the applicable Distribution Rate determined by it to be notified to the Issuing and Paying Agent, the Trustee, the Registrar and the Issuer as soon as possible after its determination but in no event later than the fourth business day thereafter. The Issuer shall cause notice of the then applicable Reset Distribution Rate or (if a Change of Control Event has occurred) the applicable Distribution Rate to be notified to the Perpetual Securityholders in accordance with Condition 14 as soon as possible after determination thereof. All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 4 by the Agent Bank will (in the absence of manifest error) be binding on the Issuer, the Issuing and Paying Agent, the other Paying Agents, the Registrar, the Transfer Agent and the Perpetual Securityholders and (except as provided in the Agency Agreement) no liability to any such person will attach to the Agent Bank in connection with the exercise or non-exercise by it of its powers, duties and discretions for such purposes.

(e) Determination or Calculation by Trustee

If the Agent Bank does not at any material time determine or calculate the applicable Reset Distribution Rate or (if a Change of Control Event has occurred) the applicable Distribution Rate, the Trustee shall do so. In doing so, the Trustee shall apply the foregoing provisions of this Condition 4(I), with any necessary consequential amendments, to the extent that, in its opinion, it can do so, and in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(f) Calculations

In the case of a Fixed Rate Perpetual Security, distribution in respect of a period of less than one year will be calculated on the Day Count Fraction specified hereon. The amount of distribution payable per Calculation Amount for any Fixed Rate Distribution Period in respect of any Fixed Rate Perpetual Security shall be calculated by multiplying the product of the

Distribution Rate and the Calculation Amount, by the Day Count Fraction shown on the Perpetual Security and rounding the resultant figure to the nearest sub-unit of the Relevant Currency.

For the purposes of these Conditions, “**Fixed Rate Distribution Period**” means the period beginning on (and including) the Distribution Commencement Date and ending on (but excluding) the first Distribution Payment Date and each successive period beginning on (and including) a Distribution Payment Date and ending on (but excluding) the next succeeding Distribution Payment Date.

(II) Distribution on Floating Rate Perpetual Securities

(a) Distribution Payment Dates

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

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

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

(b) Rate of Distribution - Floating Rate Perpetual Securities

- (i) Each Floating Rate Perpetual Security confers a right to receive distribution on its outstanding principal amount at a floating rate determined by reference to a Benchmark as stated on the face of such Floating Rate Perpetual Security, being (in the case of Perpetual Securities which are denominated in Singapore dollars) SIBOR (in which case such Perpetual Security will be a SIBOR Perpetual Security) or Swap Rate (in which case such Perpetual Security will be a Swap Rate Perpetual Security)

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

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

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

- (ii) The Rate of Distribution payable from time to time in respect of each Floating Rate Perpetual Security will be determined by the Agent Bank on the basis of the following provisions:
 - (1) in the case of Floating Rate Perpetual Securities which are SIBOR Perpetual Securities:
 - (A) the Agent Bank will, at or about the Relevant Time on the relevant Distribution Determination Date in respect of each Distribution Period, determine the Rate of Distribution for such Distribution Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Distribution Period which appears on the Reuters Screen ABSIRFIX01 Page under the caption "ABS SIBOR FIX – SIBOR AND SWAP OFFER RATES – RATES AT 11:00 HRS SINGAPORE TIME" and under the column headed "SGD SIBOR" (or such other replacement page thereof for the purpose of displaying SIBOR or such other Screen Page as may be provided hereon) and as adjusted by the Spread (if any);
 - (B) if on any Distribution Determination Date, no such rate appears on the Reuters Screen ABSIRFIX01 Page under the column headed "SGD SIBOR" (or such other replacement page thereof or if no rate appears on 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 request the principal Singapore offices of each of the Reference Banks to provide the Agent Bank with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Distribution Determination Date to prime banks in the Singapore interbank market for a period equivalent to the duration of such Distribution Period commencing on such Distribution Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Perpetual Securities. The Rate of Distribution for such Distribution Period shall be the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of such offered quotations and as adjusted by the Spread (if any), as determined by the Agent Bank;
 - (C) if on any Distribution Determination Date two but not all the Reference Banks provide the Agent Bank with such quotations, the Rate of Distribution for the relevant Distribution Period shall be determined in accordance with (B) above on the basis of the quotations of those Reference Banks providing such quotations; and
 - (D) if on any Distribution Determination Date one only or none of the Reference Banks provides the Agent Bank with such quotation, the Rate of Distribution for the relevant Distribution Period shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the prime

lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Distribution Determination Date and as adjusted by the Spread (if any);

- (2) in the case of Floating Rate Perpetual Securities which are Swap Rate Perpetual Securities:
 - (A) the Agent Bank will, at or about the Relevant Time on the relevant Distribution Determination Date in respect of each Distribution Period, determine the Rate of Distribution for such Distribution Period as being the rate which appears on the Reuters Screen ABSFIX01 Page under the caption "SGD SOR rates as of 11:00hrs London Time" and under the column headed "SGD SOR" (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Distribution Determination Date and for a period equal to the duration of such Distribution Period and as adjusted by the Spread (if any);
 - (B) if on any Distribution Determination Date, no such rate is quoted on the Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) or the Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Agent Bank will determine the Rate of Distribution for such Distribution Period as being the rate (or, if there is more than one rate which is published, the arithmetic mean of those rates (rounded up, if necessary, to the nearest four decimal places)) for a period equal to the duration of such Distribution Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as the Agent Bank and the Issuer may select; and
 - (C) if on any Distribution Determination Date the Agent Bank is otherwise unable to determine the Rate of Distribution under paragraph (b)(ii)(2)(B) above or if no agreement on the relevant authority is reached between the Agent Bank and the Issuer under paragraph (b)(ii)(2)(B) above, the Rate of Distribution shall be determined by the Agent Bank to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the rates quoted by the Singapore offices of the Reference Banks or those of them (being at least two in number) to the Agent Bank at or about 11.00 a.m. (Singapore time) on the first business day following such Distribution Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Distribution Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Perpetual Securities for such Distribution Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any), or if on such day one only or none of the Singapore offices of the Reference Banks provides the Agent Bank with such quotation, the Rate of Distribution for the relevant Distribution Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of the prime lending rates for Singapore dollars quoted by the Singapore offices of the Reference Banks at or about 11.00 a.m. (Singapore time) on such Distribution Determination Date and as adjusted by the Spread (if any);
- (3) in the case of Floating Rate Perpetual Securities which are not SIBOR Perpetual Securities or Swap Rate Perpetual Securities or which are denominated in a currency other than Singapore dollars, the Agent Bank will determine the Rate

of Distribution in respect of any Distribution Period at or about the Relevant Time on the Distribution Determination Date in respect of such Distribution Period as follows:

- (A) if the Primary Source (as defined below) for the Floating Rate Perpetual Securities is a Screen Page (as defined below), subject as provided below, the Rate of Distribution in respect of such Distribution Period shall be:
 - (aa) the Relevant Rate (as defined below) (where such Relevant Rate on such Screen Page is a composite quotation or is customarily supplied by one entity); or
 - (bb) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Screen Page,

in each case appearing on such Screen Page at the Relevant Time on the Distribution Determination Date and as adjusted by the Spread (if any);

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

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

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

(c) Definitions

As used in these Conditions:

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

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

denominated in a currency other than Singapore dollars and Euros) a day (other than a Saturday or Sunday) on which banks and foreign exchange markets are open for general business in the principal financial centre for that currency;

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

“Day Count Fraction” means, in respect of the calculation of an amount of interest in accordance with Condition 4:

- (i) if “Actual/Actual” is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Perpetual Securities) the Fixed Rate Distribution Period or (in the case of Floating Rate Perpetual Securities) the Distribution Period divided by 365 (or, if any portion of that Fixed Rate Distribution Period or, as the case may be, Distribution Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Fixed Rate Distribution Period or, as the case may be, Distribution Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Fixed Rate Distribution Period or, as the case may be, Distribution Period falling in a non-leap year divided by 365);
- (ii) if “Actual/360” is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Perpetual Securities) the Fixed Rate Distribution Period or (in the case of Floating Rate Perpetual Securities) the Distribution Period in respect of which payment is being made divided by 360; and
- (iii) if “Actual/365 (Fixed)” is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Perpetual Securities) the Fixed Rate Distribution Period or (in the case of Floating Rate Perpetual Securities) the Distribution Period in respect of which payment is being made divided by 365;

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

“Distribution Determination Date” means, in respect of any Distribution Period, that number of business days prior thereto as is set out in the applicable Pricing Supplement or on the face of the relevant Perpetual Security;

“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;

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

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

“Relevant Currency” means the currency in which the Perpetual Securities are denominated;

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

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

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

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

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

(III) Calculations

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

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

(b) Notification

The Agent Bank will cause the Rate of Distribution and the Distribution Amounts for each Distribution Period and the relevant Distribution Payment Date to be notified to the Issuing and Paying Agent, the Trustee and the Issuer as soon as possible after their determination but in no event later than the fourth business day thereafter. In the case of Floating Rate Perpetual Securities, if so required by the Issuer, the Agent Bank will also cause the Rate of Distribution and the Distribution Amounts for each Distribution Period and the relevant Distribution Payment Date to be notified to Perpetual Securityholders in accordance with Condition 14 as soon as possible after their determination. The Distribution Amounts and the Distribution Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Distribution Period. If an Enforcement Event occurs in relation to the Floating Rate Perpetual Securities, the Rate of Distribution and Distribution Amounts payable in respect of the Floating Rate Perpetual Securities shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Distribution and Distribution Amounts need to be made unless the Trustee requires otherwise.

(c) Determination or Calculation by the Trustee

If the Agent Bank does not at any material time determine or calculate the Rate of Distribution for a Distribution Period or any Distribution Amount, the Trustee shall do so. In doing so, the Trustee shall apply the provisions of this Condition, with any necessary

consequential amendments, to the extent that, in its opinion, it can do so, and, in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(d) Agent Bank and Reference Banks

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

(IV) Distribution Discretion

(a) Optional Payment

If Optional Payment is set out hereon, the Issuer may, at its sole discretion, elect not to pay a distribution (or to pay only part of a distribution) which is scheduled to be paid on a Distribution Payment Date by giving notice (an “**Optional Payment Notice**”) to the Trustee, the Issuing and Paying Agent and the Perpetual Securityholders (in accordance with Condition 14) not more than 15 nor less than five business days (or such other notice period as may be specified hereon) prior to a scheduled Distribution Payment Date.

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

- (i) a dividend, distribution or other payment has been declared or paid on or in respect of the Issuer’s Junior Obligations or, in relation to Subordinated Perpetual Securities only, (except on a *pro rata* basis) any of the Issuer’s Parity Obligations; or
- (ii) any of the Issuer’s Junior Obligations has been redeemed, reduced, cancelled, bought back or acquired for any consideration or, in relation to Subordinated Perpetual Securities only, (except on a *pro rata* basis) any of the Issuer’s Parity Obligations has been redeemed, reduced, cancelled, bought back or acquired for any consideration,

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

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

Each Optional Payment Notice shall be accompanied, in the case of the notice to the Trustee and the Issuing and Paying Agent, by a certificate signed by a director or a duly authorised signatory of the Issuer confirming that no Compulsory Distribution Payment Event has occurred during the relevant Reference Period. Any such certificate shall be conclusive evidence that no Compulsory Distribution Payment Event has occurred during the relevant Reference Period and the Trustee and the Issuing and Paying Agent shall be entitled to rely without any obligation to verify the same and without liability to any Perpetual

Securityholder or any other person on any Optional Payment Notice or any certificate as aforementioned. Each Optional Payment Notice shall be conclusive and binding on the Perpetual Securityholders.

(b) No obligation to pay

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

(c) Non-Cumulative Deferral and Cumulative Deferral

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

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

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

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

(d) Restrictions in the case of Non-Payment

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

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

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

in each case, other than (1) in connection with any employee benefit plan or similar arrangements with or for the benefit of the employees, directors or consultants of the Group or (2) as a result of the exchange or conversion of the Issuer's Parity Obligation for the Issuer's Junior Obligations unless and until (A) (if Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) the Issuer has satisfied in full all outstanding Arrears of Distribution, (B) (if Non-Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) a redemption of all the outstanding Perpetual Securities has occurred, the next scheduled distribution has been paid in full or an Optional Distribution equal to the amount of a distribution payable with respect to the most recent Distribution Payment Date that was unpaid in full or in part, has been paid in full or (C) the Issuer is permitted to do so by an Extraordinary Resolution (as defined in the Trust Deed) of the Perpetual Securityholders and/or as otherwise specified in the applicable Pricing Supplement.

(e) Satisfaction of Optional Distribution or Arrears of Distribution

The Issuer:

- (i) may, at its sole discretion, satisfy an Optional Distribution or Arrears of Distribution, as the case may be (in whole or in part) at any time by giving notice of such election to the Trustee, the Issuing and Paying Agent and the Perpetual Securityholders (in accordance with Condition 14) not more than 20 nor less than 10 business days (or such other notice period as may be specified hereon) prior to the relevant payment date specified in such notice (which notice is irrevocable and shall oblige the Issuer to pay the relevant Optional Distribution or Arrears of Distribution on the payment date specified in such notice); and
- (ii) in any event shall satisfy any outstanding Arrears of Distribution (in whole but not in part) on the earliest of:
 - (A) the date of redemption of the Perpetual Securities in accordance with the redemption events set out in Condition 5 (as applicable);
 - (B) the next Distribution Payment Date on the occurrence of a breach of Condition 4(IV)(d) or the occurrence of a Compulsory Distribution Payment Event; and
 - (C) the date such amount becomes due under Condition 9 or on a winding-up of the Issuer.

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

(f) No default

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

5. Redemption and Purchase

(a) No Fixed Redemption Date

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

(b) Redemption at the Option of the Issuer

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

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

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

(c) Redemption for Taxation Reasons

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

- (i) the Issuer receives a ruling by the Comptroller of Income Tax in Singapore (or other relevant authority) which confirms that:
 - (1) the Perpetual Securities will not be regarded as "debt securities" for the purposes of Section 43N(4) of the Income Tax Act, Chapter 134 of Singapore ("ITA") and Regulation 2 of the Income Tax Act (Qualifying Debt Securities) Regulations; or
 - (2) the distributions (including any Arrears of Distribution and any Additional Distribution Amount) will not be regarded as interest payable by the Issuer for the purposes of the withholding tax exemption on interest for "qualifying debt securities" under the ITA; or
- (ii) (1) 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

- (2) such obligations cannot be avoided by the Issuer taking reasonable measures available to it (which shall not require the Issuer to incur unreasonable costs), provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Perpetual Securities then due.

Prior to the publication of any notice of redemption pursuant to this Condition 5(c), the Issuer shall deliver to the Trustee and the Issuing and Paying Agent (unless waived by the Issuing and Paying Agent):

- (A) a certificate signed by a duly authorised signatory 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
- (B) an opinion of independent legal, tax or other professional advisers of recognised standing to the effect that the Issuer has or is likely to become obliged to pay such additional amounts as a result of such change or amendment.

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

(d) Redemption for Accounting Reasons

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

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

- (i) a certificate, signed by a duly authorised director or signatory of the Issuer stating that the circumstances referred to above prevail and setting out the details of such circumstances; and
- (ii) an opinion of the Issuer's independent auditors stating that the circumstances referred to above prevail and the date on which the relevant change or amendment to the Relevant Accounting Standard is due to take effect.

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

(e) Redemption for Tax Deductibility

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

Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption),

- (i) if the Issuer satisfies the Trustee immediately before giving such notice that, as a result of:
 - (1) any amendment to, or change in, the laws (or any rules or regulations thereunder) of Singapore or any political subdivision or any taxing authority thereof or therein which is enacted, promulgated, issued or becomes effective otherwise on or after the Issue Date;
 - (2) any amendment to, or change in, an official and binding interpretation of any such laws, rules or regulations by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination) which is enacted, promulgated, issued or becomes effective otherwise on or after the Issue Date; or
 - (3) any generally applicable official interpretation or pronouncement which is issued or announced on or after the Issue Date that provides for a position with respect to such laws or regulations that differs from the previously generally accepted position which is announced before the Issue Date,

the distributions (including any Arrears of Distribution and any Additional Distribution Amount) by the Issuer are no longer, or would in the Distribution Period immediately following that Distribution Payment Date no longer be, regarded as sums “payable by way of interest upon any money borrowed” for the purpose of Section 14(1)(a) of the ITA; or

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

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

- (A) a certificate, signed by a director or a duly authorised signatory of the Issuer stating that the circumstances referred to above prevail and setting out the details of such circumstances; and
- (B) an opinion of the Issuer’s independent tax or legal adviser of recognised standing stating that the circumstances referred to above prevail and the date on which the relevant change or amendment to the tax regime is due to take effect.

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

(f) Redemption in the case of Minimal Outstanding Amount

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

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

(g) Redemption upon a Change of Control Event

If so provided hereon, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount, (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption), following the occurrence of a Change of Control Event.

For the purposes of this Condition 5(g):

- (1) a **"Change of Control Event"** occurs when any person or persons acting together (other than an Existing Substantial Shareholder) acquires Control of the Issuer;
- (2) **"Control"** means the acquisition or control of more than 50.1 per cent. of the voting rights of the issued share capital of the Issuer; and
- (3) **"Existing Substantial Shareholder"** means any person who has a substantial shareholding (such term having the meaning ascribed to it in the Securities and Futures Act, Chapter 289 of Singapore) in the Issuer as at the date of the Trust Deed and, after the date of the Trust Deed, the reference to "any person" shall also include the subsidiaries of such person.

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

(h) Purchases

The Issuer and/or any of its subsidiaries may at any time purchase Perpetual Securities at any price (provided that they are purchased together with all unmatured Coupons and unexchanged Talons relating to them) in the open market or otherwise.

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

(i) Cancellation

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

6. Payments

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

Payments of principal and distribution in respect of Bearer Perpetual Securities will, subject as mentioned below, be made against presentation and surrender of the relevant Perpetual Securities or Coupons, as the case may be, at the specified office of any Paying Agent by a

cheque drawn in the currency in which payment is due on, or, at the option of the holder, by transfer to an account maintained by the holder in that currency with, a bank in the principal financial centre for that currency.

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

- (i) Payments of principal in respect of Registered Perpetual Securities will, subject as mentioned below, be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in Condition 6(b)(ii).
- (ii) Distribution on Registered Perpetual Securities shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the “**Record Date**”). Payments of distribution on each Registered Perpetual Security shall be made by a cheque drawn in the currency in which payment is due on and mailed to the holder (or to the first named of joint holders) of such Perpetual Security at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any other Transfer Agent before the Record Date, such payment of distribution may be made by transfer to an account maintained by the payee in that currency with, a bank in the principal financial centre for that currency.

(c) Payments subject to law etc.

All payments are subject in all cases to any applicable fiscal or other laws, regulations and directives, but without prejudice to the provisions of Condition 7. No commission or expenses shall be charged to the Perpetual Securityholders or Couponholders in respect of such payments.

(d) Appointment of Agents

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

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

The Agency Agreement or, as the case may be, the Further Agency Agreement may be amended by the Issuer, the relevant Issuing and Paying Agent, the relevant Agent Bank, the relevant Transfer Agent, the relevant Registrar and the relevant Trustee, without the consent of any holder of any Perpetual Security or Coupon, 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 relevant Issuing and Paying Agent, the relevant Agent Bank, the relevant Transfer Agent, the relevant Registrar and the relevant Trustee may mutually deem necessary or desirable and which is not, in the opinion of the Issuer, the relevant Issuing and Paying Agent, the relevant Agent Bank, the relevant Transfer Agent, the relevant Registrar and the relevant Trustee, materially prejudicial to the interests of the holders of the Perpetual Securities or the Coupons.

(e) Unmatured Coupons and unexchanged Talons

- (i) Bearer Perpetual Securities which comprise Fixed Rate Perpetual Securities should be surrendered for payment together with all unexpired Coupons (if any) relating to such Perpetual Securities, failing which an amount equal to the face value of each missing

unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmaturing Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of five years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8).

- (ii) Subject to the provisions of the relevant Pricing Supplement, upon the due date for redemption of any Bearer Perpetual Security comprising a Floating Rate Perpetual Security, unmaturing Coupons relating to such Perpetual Security (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Perpetual Security, any unexchanged Talon relating to such Perpetual Security (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Where any Bearer Perpetual Security comprising a Floating Rate Perpetual Security is presented for redemption without all unmaturing Coupons, and where any Bearer Perpetual Security is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (v) If the due date for redemption or repayment of any Perpetual Security is not a due date for payment of distribution, distribution accrued from the preceding due date for payment of distribution or the Distribution Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Perpetual Security or Certificate.

(f) Talons

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

(g) Non-business days

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

7. Taxation

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

- (a) by or on behalf of a holder who is subject to such taxes, duties, assessments or governmental charges by reason of his being connected with Singapore otherwise than by reason only of the holding of such Perpetual Security or Coupon or the receipt of any sums due in respect of such Perpetual Security or Coupon (including, without limitation, the holder being a resident of, or a permanent establishment in, Singapore);
- (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 Perpetual Security or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Perpetual Securityholders in accordance with Condition 14 that, upon further presentation of the Perpetual Security (or relative Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon presentation, and references to “**principal**” shall be deemed to include any premium payable in respect of the Perpetual Securities, all Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 5, “**distribution**” shall be deemed to include all Distribution Amounts and all other amounts payable pursuant to Condition 4 and any reference to “**principal**” and/or “**premium**” and/or “**Redemption Amounts**” and/or “**distribution**” shall be deemed to include any additional amounts, principal, premium, Redemption Amount or distribution (as the case may be) which may be payable under these Conditions.

8. Prescription

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

9. Non-payment

(a) Non-payment when due

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

(b) Proceedings for Winding-Up

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

(c) Enforcement

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

(d) Entitlement of Trustee

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

(e) Right of Perpetual Securityholders or Couponholders

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

(f) Extent of Perpetual Securityholders' remedy

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

10. Meeting of Perpetual Securityholders and Modifications

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

The Trustee or the Issuer at any time may, and the Trustee upon the request in writing by Perpetual Securityholders holding not less than one-tenth of the principal amount of the Perpetual Securities of any Series for the time being outstanding, and after being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses shall, convene a meeting of the Perpetual Securityholders of that Series. An Extraordinary Resolution duly passed at any such meeting shall be binding on all the Perpetual Securityholders of the relevant Series, whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution proposed, *inter alia*, (a) to amend the dates of redemption of the Perpetual Securities or any date for payment of distribution or Distribution Amounts on the Perpetual Securities, (b) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Perpetual Securities, (c) to reduce the rate or rates of distribution in respect of the Perpetual Securities or to vary the method or basis of calculating the rate or rates of distribution or the basis for calculating any Distribution Amount in respect of the Perpetual Securities, (d) to vary any method of, or basis for, calculating the Redemption Amount, (e) to vary the currency or currencies of payment or denomination of the Perpetual Securities, (f) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply or (g) to modify the provisions concerning

the quorum required at any meeting of Perpetual Securityholders or the majority required to pass the Extraordinary Resolution, will only be binding if passed at a meeting of the Perpetual Securityholders of the relevant Series (or at any adjournment thereof) at which a special quorum (provided for in the Trust Deed) is present.

The Trustee may agree, without the consent of the Perpetual Securityholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed which in the opinion of the Trustee is of a formal, minor or technical nature, is made to correct a manifest error or to comply with mandatory provisions of Cayman Islands or Singapore law or is required by Euroclear and/or Clearstream, Luxembourg and/or the Depository and/or any other clearing system in which the Perpetual Securities may be held and (ii) any other modification (except as mentioned in the Trust Deed) to the Trust Deed and any other Issue Documents, and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or any of the other Issue Documents which is in the opinion of the Trustee not materially prejudicial to the interests of the Perpetual Securityholders. Any such modification, authorisation or waiver shall be binding on the Perpetual Securityholders and the Couponholders and, if the Trustee so requires, such modification, authorisation or waiver shall be notified to the Perpetual Securityholders as soon as practicable (and in any event within 14 days of such modification, authorisation or waiver) in accordance with Condition 14 and by way of an announcement on the SGX-ST (as defined in the Trust Deed).

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

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

11. Replacement of Perpetual Securities, Certificates, Coupons and Talons

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

12. Further Issues

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

13. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment and from taking action to convene meetings unless indemnified and/or secured and/or pre-funded to its satisfaction. The Trust Deed also contains a provision entitling the Trustee or any corporation related to it to enter into business transactions with the Issuer or any of its subsidiaries without accounting to the Perpetual Securityholders or Couponholders for any profit resulting from such transactions.

Each Securityholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer, and the Trustee shall not at any time have any responsibility for the same and each Securityholder shall not rely on the Trustee in respect thereof.

14. Notices

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

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

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

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

Notwithstanding the other provisions of this Condition, in any case where the identity and addresses of all the Perpetual Securityholders are known to the Issuer, notices to such holders may be given individually by recorded delivery mail to such addresses and will be deemed to have been when received at such addresses.

15. Governing Law and Jurisdiction

(a) Governing Law

The Trust Deed, the Perpetual Securities, the Coupons and the Talons are governed by, and shall be construed in accordance with, the laws of Singapore, save that Clause 8.3 of the Trust Deed and Conditions 3(b)(i) to 3(b)(iii) are governed by, and shall be construed in accordance with, the laws of the Cayman Islands.

(b) Jurisdiction

The courts of Singapore are to have non-exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Trust Deed, any Perpetual Securities, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed, the Perpetual Securities, Coupons or Talons (“**Proceedings**”) may be

brought in such courts. The Issuer irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum.

(c) Process Agent

The Issuer has irrevocably appointed FS Chengdu No. 1 Pte. Ltd. (presently at 50 Raffles Place, #13-05 Singapore Land Tower, Singapore 048623) as its authorised agent for service of process in Singapore. If for any reason such agent shall cease to be such agent for service of process, the Issuer shall forthwith appoint a new agent for service of process in Singapore and deliver to the Trustee a copy of the new agent's acceptance of that appointment within 30 days. Nothing in the Trust Deed, the Securities or the Coupons shall affect the right to serve process in any other manner permitted by law.

16. Contracts (Rights of Third Parties) Act

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

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

DBS Bank Ltd.
10 Toh Guan Road
#04-11 (Level 4B)
DBS Asia Gateway
Singapore 608838

THE ISSUER

1. HISTORY AND OVERVIEW

The Issuer was incorporated in the Cayman Islands on 24 September 2007 as an exempted company with limited liability.

The Group is supported by its established controlling shareholders, the Hong Leong group of companies (“**Hong Leong Group Singapore**”), through its shareholding interests in Millennium & Copthorne Hotels plc (“**M&C UK**”), and Tai Tak Estates Sendirian Berhad (“**Tai Tak**”), both of which are well recognised and respected. Their collective business experience and networks in the People’s Republic of China (the “**PRC**”) and the Netherlands have contributed significantly to the Group’s growth.

Since its establishment, the Group has entered and expanded into three key businesses primarily in the PRC and the Netherlands:

- *Property development business:* The Group develops residential and commercial properties in tier-two cities in the PRC, namely Chengdu in Sichuan province and Dongguan in Guangdong province. The Group’s residential development projects are primarily mass market residential development projects.
- *Property holding business:* The Group’s property holding business consists of hotel ownership and operations as well as investment properties held for rental income. The Group’s hotel in Chengdu, M Hotel Chengdu, is managed by a subsidiary of M&C UK, one of its controlling shareholders. As part of the Group’s strategy to drive its future growth through selective acquisitions to build up and diversify its recurrent income base, the Group has also ventured into investment in the Netherlands real estate market with its acquisition of a fully leased office building, the Zuiderhof I building in Amsterdam in February 2015. The Group continues to grow its property holding portfolio in the Netherlands with a further proposed acquisition of two hotels in Amsterdam which is expected to be completed around mid-June 2015.
- *Property financing business:* To complement the Group’s property development and property holding businesses, as well as to leverage on its experience in the PRC property market, the Group also developed its property financing business in the PRC since January 2012. The business involves the extension of loans to third parties through several PRC-incorporated licensed banks acting as lending agents, at interest rates of between 16.5 per cent. and 24.0 per cent. per annum and secured on properties in Shanghai, Beijing, Chengdu and Guangzhou. While the property financing business is conducted primarily in Shanghai, the Group may selectively expand its property financing business into Chengdu, Dongguan and certain tier-one cities.

The Issuer was listed on the SGX-ST on 22 July 2014.

As at Latest Practicable Date, the market capitalisation of the Issuer is S\$749,064,985.

The Group’s history is set out briefly in the following sections:

(a) Entry into the PRC property market through Guangdong province

The Group made its first entry into the PRC property market through Guangdong province.

Under a strategic cooperation agreement dated 27 September 2007 (the “**Strategic Cooperation Agreement**”) entered into amongst Millennium & Copthorne Hotels New Zealand Limited (“**M&C NZ**”) and a Tai Tak subsidiary on one part, Guangdong Idea Valley Group Co., Ltd (an entity of which Mr. Cheung Ping Kwong was the chief executive officer, and which was later known as Guangdong Huiying Group Limited (广东慧盈集团有限公司) (“**GHGL**”), and Mr. Cheung on the other part, Summit Million Limited (an entity controlled by Mr. Cheung) acquired a 40.0 per cent. equity interest in the Issuer, with the balance 60.0 per cent. equity interest held by First Sponsor Capital Limited (“**FSCL**”), the controlling shareholder of the Issuer. Mr. Cheung had been approached as a joint investor given his experience as a property developer in Shanghai and Dongguan. He was further appointed as the chief

executive officer, legal representative and director of First Sponsor (Guangdong) Group Limited (“**First Sponsor Guangdong**”) and its subsidiaries (the “**FSG Group**”) and two related companies of First Sponsor Guangdong (collectively, the “**FSG Entities**”).

The Issuer was intended to be the platform through which investments in properties in the PRC by FSCL and Summit Million Limited were to be made:

- Transfer of GHGL Investments to the Group: As part of the Strategic Cooperation Agreement, GHGL agreed to transfer some of its investments to the Group. These included a 100.0 per cent. ownership in a property sales and marketing subsidiary and majority stakes in a property advertising company and three landscape engineering and design companies.
- Fogang Cityspring: Additionally, as part of the Strategic Cooperation Agreement, First Sponsor Guangdong acquired a 70.0 per cent. equity interest in Fogang Idea Valley Property Development Limited (佛冈县慧谷房地产开发有限公司) (“**FIVPDL**”), an entity which owned and developed Fogang Cityspring. Fogang Cityspring is a mixed-use residential and commercial property in Fogang County, Qingyuan, Guangdong province:
 - Fogang Cityspring comprises 12 residential buildings with 944 residential units, 181 car park lots and two commercial buildings with 30 residential units.
 - At the time of the Group’s acquisition in December 2007, Phase I was completed and Phase II was in the process of development. Phases I and II comprised an aggregate of 774 residential units and 69 car park lots.
 - The Group retained the commercial buildings to generate rental income and marketed the commercial units for lease.
 - In June 2009, the Group received the Construction Permit to commence development of Phase III, which comprised 200 residential units and 112 car park lots. In October 2009, the Group obtained a Pre-sale Permit (商品房预售许可证) (which allows for pre-completion sale of commodity properties) and the residential units were launched for sale.
- Lianzhou Cityspring: In January 2008, Idea Valley Lianzhou Property Development Limited (慧谷(连州)房地产开发有限公司) (“**Lianzhou Property**”), then a subsidiary of the Group, acquired a land plot from the Lianzhou City Land Resources Bureau (连州市国土资源局) with a site area of approximately 73,760 sq m for a consideration of RMB38.4 million for the development of Lianzhou Cityspring. Lianzhou Cityspring is located in Lianzhou County, Qingyuan, Guangdong province:
 - Lianzhou Property received the Construction Permit to commence development of Phase I, comprising 87 villas in July 2008, with the pre-sale of the villas launched in November 2008.
 - In August 2009, the development of Phase II comprising four residential buildings commenced, with construction completed in September 2010.
 - The Group commenced the pre-sale of Phase II on two separate occasions in November 2009 and January 2010.
- Acquisition of land in Humen: In January 2009, through Dongguan Huiying which the Group then had an equity interest of 80.0 per cent., the Group acquired two adjoining plots of land in Humen Town, Dongguan, Guangdong province, for the proposed development of a mixed-use project (the “**Interest in Humen Property**”) through a listing-for-sale process. The land plots with an aggregate site area of 44,056 sq m were acquired by Dongguan Huiying for a consideration of RMB229.1 million.

However, in April 2010, Mr. Cheung was removed from all his positions within the FSG Entities for certain unauthorised actions, including (a) taking unilateral control of the company seals for all entities within the FSG Entities, and (b) disposing of the equity interest in several entities within the FSG Entities, including the Interest in Humen Property and an 85.0 per cent. interest in another entity (the “**Huizhou Entity**”) which then owned two plots of land in Huizhou, Guangdong province (the “**Huizhou Interest**”).

In December 2010, settlement agreements were entered into amongst the same parties to the Strategic Cooperation Agreement pursuant to which, among others, (a) Mr. Cheung transferred his entire 20.0 per cent. shareholding interest in the Issuer (which had been diluted from his original 40.0 per cent. shareholding to 20.0 per cent.) to FSCL; (b) the FSG Group re-acquired the Interest in Humen Property and the Huizhou Interest; (c) Mr. Cheung and his related company made a payment to the Group of RMB23.96 million, and (d) the Strategic Cooperation Agreement was terminated.

In April 2011, the Group disposed of its 100.0 per cent. interest in the Huizhou Entity (including an additional 15.0 per cent. interest in the Huizhou Entity which it had acquired in January 2011) to two third parties, namely, Huizhou Xiehe Investment Co., Ltd. (惠州协和投资有限公司) (60.0 per cent.) and Huizhou City Mingyu Industrial Co., Ltd. (惠州市明裕实业有限公司) (40.0 per cent.) for an aggregate of S\$8.3 million, which generated a profit of approximately S\$1.2 million.

In July 2011, the Group acquired the remaining 20.0 per cent. interest in Dongguan Huiying from a non-controlling shareholder for a consideration of S\$2.5 million, following which Dongguan Huiying became the Group's wholly-owned subsidiary.

Thereafter, in 2013, the Group began to streamline its property portfolio in Guangdong province, as this was commercially viable in order to increase the Group's liquidity. In aggregate, the disposals, which were undertaken on an arms' length basis, generated a profit before tax of S\$6.3 million in the financial year ended 31 December 2013 ("**FY2013**") for the Group:

- Disposal of FIVPDL: In March 2013, the Group disposed of its entire interest in FIVPDL for RMB85.0 million. The primary assets that were held in FIVPDL prior to this disposal were the commercial buildings which the Group had previously held to generate rental income.
- Disposal by Dongguan Huiying: In May 2013, Dongguan Huiying entered into an agreement to dispose its development project comprising a mixed residential and commercial development to a subsidiary of Gemdale Corporation, a listed PRC property developer for RMB404.5 million, which generated a pre-tax profit of approximately S\$28.3 million. Upon the disposal of this project in September 2013, Dongguan Huiying became a dormant company. On 9 January 2015, Dongguan Huiying was liquidated and deregistered in accordance with the laws of the PRC.
- Disposal of Idea Valley No. 1 Company Limited, Dongguan Junxuan Enterprise Limited (东莞骏轩实业有限公司), Dongguan Feng Xiang Investment Consultancy Limited (东莞市丰翔投资有限公司) and Dongguan Wangwu Commercial Management Limited (东莞市王屋商业经营管理有限公司): In December 2013, the Group disposed of its entire interest in the mentioned entities for an aggregate consideration of RMB52.7 million.

The Group entered into agreements for further property development prospects in Dongguan, Guangdong province:

- Zhongtang Agreements: On 21 November 2013, the Issuer and its subsidiary, First Sponsor Guangdong, signed agreements for the development of the Dongguan Zhongtang Project in Dongguan, Guangdong province ("**Zhongtang Agreements**"). The Dongguan Zhongtang Project is proposed to be a mixed-use development in Zhongtang Town, which occupies a site area of up to 496,669 sq m. Subsequently, on 14 January 2015, the Issuer announced that while it had terminated the Zhongtang Agreements due to a counter-party's inability to fulfil certain contractual obligations, the opportunity remained open for the Group to participate in the tender process for the land use rights relating to the Dongguan Zhongtang Project.
- Dongguan City Projects: The Group entered into a framework agreement on 18 April 2014 for the proposed development of the Dongguan City Projects (defined below). The site area is approximately 169,488 sq m comprising two separate plots of land, including the Star of East River Project.

- Star of East River Project: On 29 April 2014, the Group entered into a land grant contract to acquire the land use rights to a site area of 37,104 sq m, which is part of the Star of East River Project. This development is designed to be a mixed-use residential and commercial development which comprises primarily offices, a retail mall and residential units with ancillary retail units. The land use rights title for East River Plot One (defined below) was subsequently acquired on 30 July 2014.

(b) Expansion of Business in the PRC to Chengdu, Sichuan Province

Soon after the Group first entered the Guangdong property market, it also began making inroads into the Chengdu property market in Sichuan province:

- Chengdu Cityspring (成都城市春天):
 - In April 2008, the Group acquired the entire equity interest in Gaeronic Pte Ltd which owns 100.0 per cent. of Chengdu Gaeronic Real Estate Co., Ltd. (成都嘉隆利地产有限公司) (“**Chengdu Gaeronic**”). Chengdu Gaeronic owned the land use rights to a land plot situated in Gaoxin District, Chengdu, Sichuan province with a site area of approximately 27,807 sq m.
 - The Group successfully converted the land use rights to this land plot in March 2009 to allow for the development of residential and commercial property, and obtained the Construction Permit to commence development of Chengdu Cityspring in April 2010.
 - Chengdu Cityspring comprises six residential buildings with 726 residential units, four commercial buildings (which includes M Hotel Chengdu, several commercial units and 709 SOHO units) and a basement with 1,272 sellable car park lots.
 - Pre-sale of the residential units commenced in June 2010 and the completed units were delivered to purchasers in April 2012.
 - Pre-sale of the 709 SOHO units located within the commercial buildings commenced in July 2011 and the completed units were delivered to purchasers in June 2013.
 - As at 31 March 2015, the Group has, under option agreements, or sale and purchase agreements, as the case may be, sold 720 units out of the 726 residential units, 677 units out of 698 SOHO units (excluding 11 SOHO units which have been retained for use by M Hotel Chengdu) and 461 out of the 1,272 basement car park lots.
- M Hotel Chengdu:
 - The Group holds the 196-room M Hotel Chengdu as well as several commercial units within Chengdu Cityspring for income. M Hotel Chengdu was inaugurated in July 2013 and had its soft opening in September 2013.
 - Phase I of the renovations of M Hotel Chengdu related to the 18th to 29th storeys of a 29-storey building which involved the installation of the furniture and furnishings for all 196 hotel rooms and suites as well as an all-day dining restaurant, temporary gymnasium facilities and a staff hostel (which is on level three of an adjacent building).
 - Phase II of the renovations of M Hotel Chengdu involved the addition of other hotel facilities such as a swimming pool, gymnasium, squash court and multi-purpose banquet hall within the same building and provided an additional GFA of approximately 1,575 sq m. Since the third quarter of 2014, save for the swimming pool, the Phase II facilities have started to be operational.
 - The Group is studying the feasibility of leasing or selling the space originally intended for Phase III (21,875 sq m) of the M Hotel Chengdu expansion plan on a strata title basis.

- Millennium Waterfront:

- In November 2011, two of the Group's subsidiaries, Chengdu Millennium Zhong Ren Real Estate Co., Ltd (成都千禧众仁房地产有限公司) ("**Chengdu Zhongren**") and Chengdu Yong Chang Real Estate Co., Ltd (成都永昶地产有限公司) ("**Chengdu Yongchang**"), acquired and have since begun development of two land sites (in seven separate plots, Plots A to G) in the Wenjiang district, Chengdu, Sichuan province, with an aggregate site area of approximately 270,516 sq m, for a total consideration of RMB1,152.7 million.
- This constituted the Millennium Waterfront, a mixed-use residential and commercial development. The total GFA for the project is expected to be approximately 1,891,711 sq m (including an aggregate below ground GFA of approximately 502,332 sq m), and the project is expected to comprise 50 residential buildings with 7,111 units, the Millennium Waterfront Chengdu Hotel and other commercial buildings.
- Plot B of Millennium Waterfront comprises 15 residential buildings with an aggregate of 2,250 residential units and 96 commercial units as well as a three-storey commercial building. It has an aggregate GFA of approximately 305,388 sq m (including an aggregate below ground GFA of approximately 74,409 sq m). Pre-sale of residential units for Millennium Waterfront first started with Plot B and was first launched in November 2012. As at 31 March 2015, in respect of Plot B, the Group has pre-sold 1,714 residential units and 32 commercial units under option agreements or sale and purchase agreements, out of the 1,870 residential units and 55 commercial units launched respectively.
- Construction of Plot C of Millennium Waterfront then commenced in September 2013, and upon completion of construction, is expected to comprise 12 residential buildings with 1,778 residential units as well as 91 commercial units. It has an aggregate GFA of approximately 247,039 sq m (including an aggregate below ground GFA of approximately 63,246 sq m). Pre-sale of the residential units had commenced in January 2014. As at 31 March 2015, in respect of Plot C, the Group has sold 1,328 units under option agreements or sale and purchase agreements, out of the 1,650 residential units launched.
- In the third quarter of 2013, the Group commenced development of Plot G of the project. This will comprise the Millennium Waterfront Chengdu Hotel, which is expected to have 610 hotel rooms and an aggregate GFA of approximately 122,863 sq m (including an aggregate below ground GFA of 41,823 sq m). Construction remains ongoing, and the targeted hotel commencement date is in 2017.
- In December 2014, the Group commenced construction of Plot A of the project. This development is expected to have 14 residential buildings with 2,000 residential units as well as 118 commercial units with an aggregate GFA of approximately 276,985 sq m (including an aggregate below ground GFA of 70,889 sq m). The Group launched its pre-sale of Plot A residential units in March 2015. As at 31 March 2015, the Group has pre-sold 56 units under option agreements or sale and purchase agreements, out of 144 residential units launched.
- Development has not yet commenced on Plots D, E and F, but these are expected to be residential and commercial developments with an aggregate GFA of approximately 939,436 sq m.

Since its initial investments in Chengdu Cityspring and Millennium Waterfront, the Group has continued to pursue plans to expand its property development footprint in Chengdu:

- The Issuer's controlling shareholder, FSCL, signed a memorandum of understanding on 2 July 2013 to acquire two adjacent plots of mixed-use development land within the Singapore-Sichuan Hi-Tech Innovation Park ("**SSCIP**") in Chengdu, with a view to the Issuer being the tender party in the Acquiring Process (the term "**Acquiring Process**" refers to the process of acquiring a plot of land (土地出让) in the PRC by way of an invitation for bidding (招标), an auction (拍卖) or a listing-for-sale (挂牌) for the land use rights to the same).

- On 25 March 2014, the Issuer entered into a memorandum of understanding with the Chengdu Wenjiang government to cooperate in the proposed development of a project at Wenjiang Lake at a land site located at Yongquan Street, Wenjiang District, Chengdu, Sichuan province. This project is proposed to comprise primarily of residential units.

On the same day on 25 March 2014, the Group entered into a relinquishment agreement (国有土地使用权收购合同) with the Chengdu Wenjiang Land Reserve Centre (成都市温江区土地储备中心), which is a public institution under the Chengdu Wenjiang government. Under the relinquishment agreement, the Group agreed to relinquish its interest in, among others:

- A candy manufacturing factory which was then operated by an independent third party (the “**Chengdu Wenjiang Factory**”), and
- A land site occupying an aggregate area of 100,122 sq m held by the Group’s subsidiary Chengdu Ming Ming Management Consultancy Co., Ltd. (成都铭明管理咨询有限公司) (“**Chengdu Ming Ming**”) and located in Wenjiang district, Chengdu, Sichuan province, and which was the site for the Chengdu Wenjiang Factory (the “**Chengdu Wenjiang Factory Land**”),

for a consideration of approximately RMB241.1 million, which was arrived at on a willing-buyer willing-seller basis.

The Group had been leasing the Chengdu Wenjiang Factory and the Chengdu Wenjiang Factory Land to an independent third party, for a term of up to 30 June 2022 to generate rental income. However, the Group understood that the Chengdu Wenjiang government intended to acquire the Chengdu Wenjiang Factory and the Chengdu Wenjiang Factory Land as part of overall city planning and development. Although the Group had originally intended to include the Chengdu Wenjiang Factory Land as part of its land bank to be developed as the surrounding area became more mature, the Group entered into the relinquishment agreement as the Chengdu Wenjiang government required the land as part of these efforts. The relinquishment of the Group’s interest in the Chengdu Wenjiang Factory Land and the Chengdu Wenjiang Factory was completed on 18 July 2014 and generated a pre-tax profit of approximately S\$13.2 million in the financial year ended 31 December 2014 (“**FY2014**”).

(c) Establishment of property financing business

In addition to the Group’s businesses of property development and holding properties for income, it also provides property financing services primarily through entrusted loan arrangements in the PRC to meet the growing needs of its customers for short-term property financing:

- In November 2011, the Group established a wholly-owned subsidiary, Shanghai Sigma Investment Co., Ltd. (上海西舸玛投资有限公司) (“**Shanghai Sigma**”), to focus on the property financing business in the PRC.
- In January 2012, Shanghai Sigma entered into its first secured third party property financing transaction for a loan principal of RMB13.5 million via an entrusted loan arrangement at an interest rate of 24.0 per cent. per annum.
- Through Shanghai Sigma, the Group has continued to extend loans to third parties, using several PRC-incorporated licensed banks as its lending agents, at interest rates ranging between 16.5 per cent. per annum to 24.0 per cent. per annum, secured on properties in Shanghai, Beijing, Chengdu and Guangzhou.
- Since the commencement of the Group’s property financing business up to 31 March 2015, the Group has disbursed secured loans to third parties with an aggregate principal amount of approximately RMB2.3 billion, of which loans amounting to approximately RMB1.1 billion remain outstanding as at 31 March 2015.

(d) Seizing Opportunities outside the PRC

In February 2015, as part of the Group's strategy to drive its future growth through selective developments and acquisitions by leveraging on the Issuer's management expertise and the extensive business networks of the Issuer's controlling shareholder, the Group ventured into the Netherlands and acquired the Zuiderhof I building. This is made possible through the business network of Tai Tak which has been in the Netherlands for more than 20 years.

On 28 April 2015, the Group announced that its wholly-owned subsidiary, FS NL Property 2 B.V. ("**NL Property 2**") had on 27 April 2015 entered into a sale and purchase agreement to acquire a perpetual ground lease with respect to a plot of land, owned by the Municipality of Amsterdam, located at Hoogoorddreef 66, Amsterdam Zuidoost in the business district of Amsterdam Southeast which is five km from the city centre of Amsterdam and 15 km from Schiphol Airport, with the rights of the leaseholder to the building erected thereon, with an approximate aggregate land size of 15,650 sq m. There are currently two hotels comprised within the said building, a Holiday Inn hotel and a Holiday Inn Express hotel, with a total GFA of 21,108 sq m, as well as 509 car park lots.

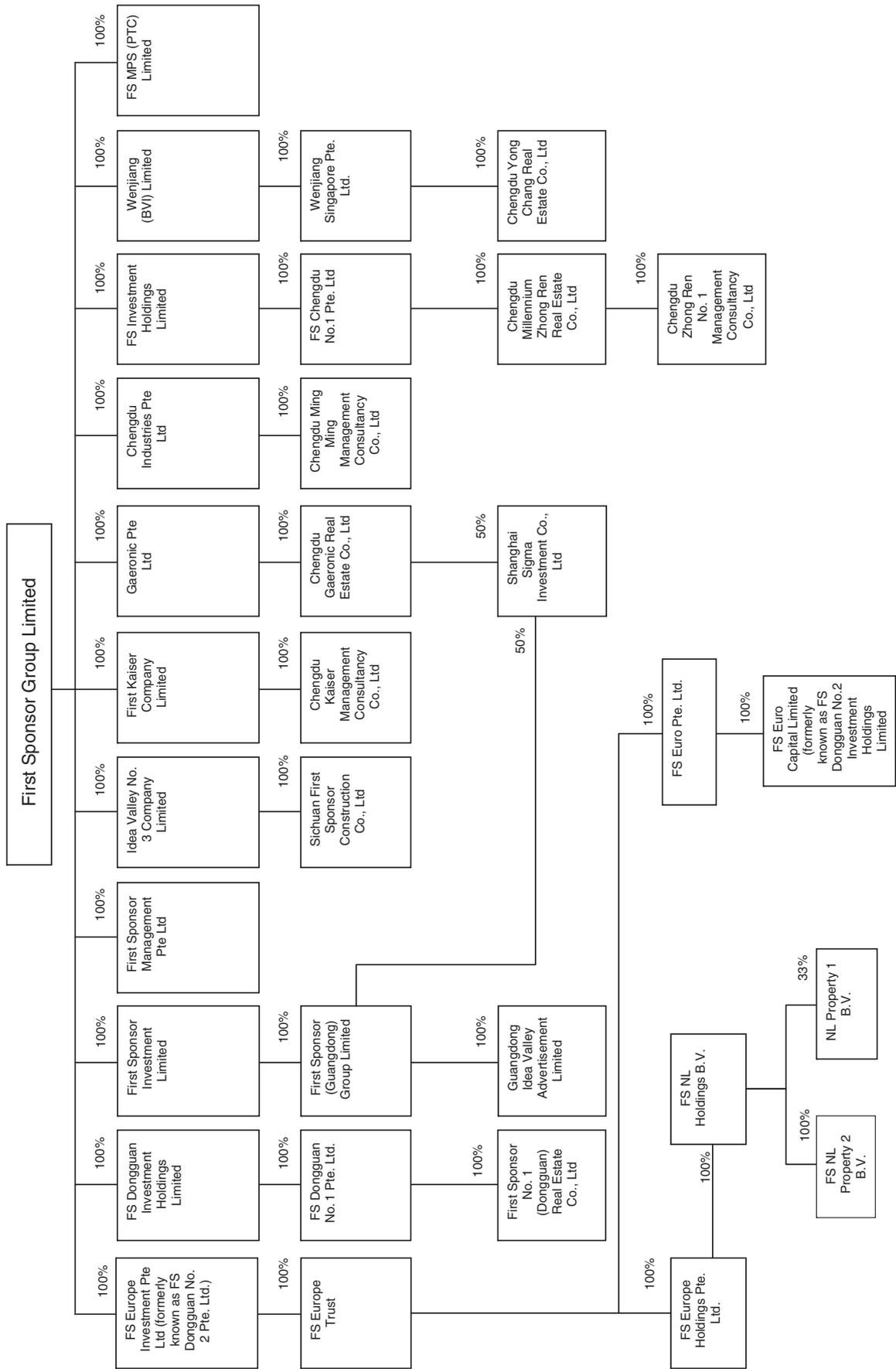
The Group believes that these acquisitions are beneficial to the Group by further advancing the Group's ongoing efforts to build a more diversified recurrent income base outside of the PRC while leveraging on the Group's management expertise and the extensive business networks of the Issuer's controlling shareholders. Further, these acquisitions are earnings accretive and allow the Group to build a larger recurrent income stream for its property holding business.

The Group's recent expansion into the Netherlands is also elaborated upon in the section titled "Recent Key Developments".

The Group intends to continue exploring investment opportunities in the Netherlands and elsewhere in its efforts to build up a more diversified property holding business base. This is elaborated upon in the section titled "Business Strategy".

2. CORPORATE STRUCTURE

The chart below sets out the Group's corporate structure as at the Latest Practicable Date:



3. BUSINESS ACTIVITIES

The Group's principal lines of business are its property development, property holding and property financing businesses. Through the operation of the Group's businesses, it has maintained a healthy balance sheet backed by a total of S\$666.7 million of cash, monetary loan receivables and unutilised committed credit facilities as at 31 March 2015. As at 31 March 2015, the total property value of the Issuer's property portfolio is S\$893.4 million.

The following table sets out the Group's selected financial information for the quarter ended 31 March 2014 ("1Q2014"), the quarter ended 31 March 2015 ("1Q2015"), FY2013 and FY2014:

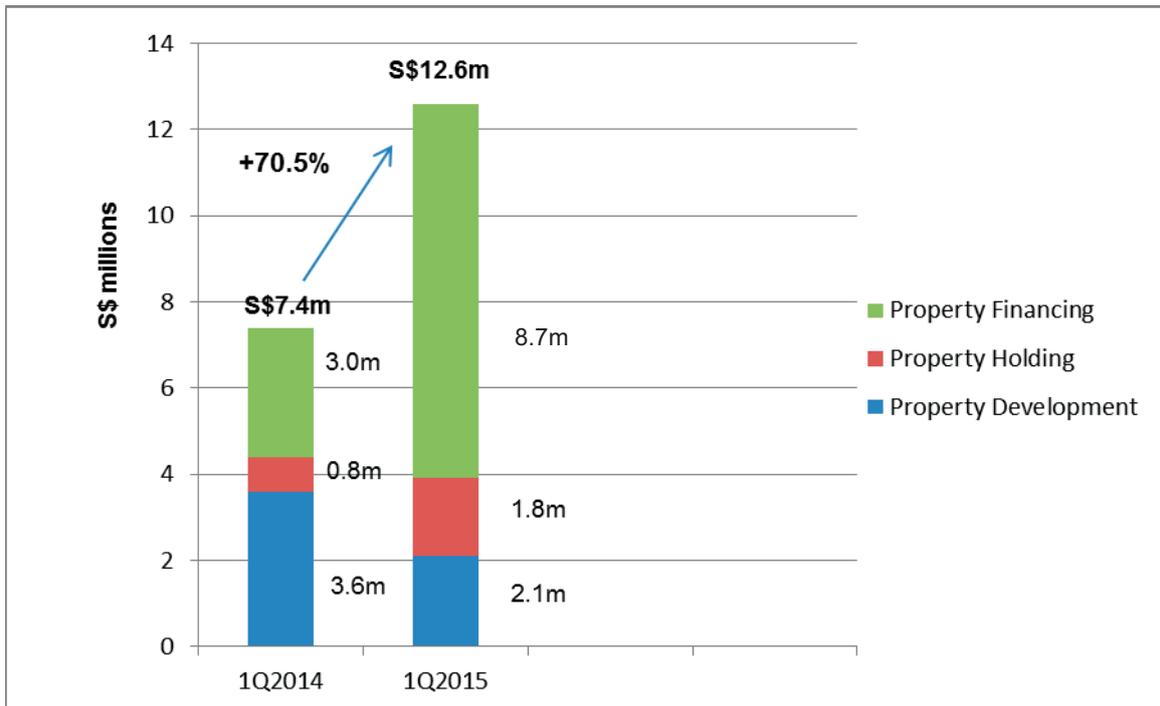
In S\$'000	1Q2014	1Q2015	Percentage Change (%)	FY2013	FY2014	Percentage Change (%)
Revenue	7,420	12,650	70.5	157,532	153,211	(2.7)
Gross Profit	4,086	10,581	159.0	46,995	57,115	21.5
(Loss)/profit Before Income Tax ("PBT")	(8,810)	14,901	Not meaningful	59,518	40,520	(31.9)
PAT ¹	(9,175)	10,730	Not meaningful	47,631	21,704	(54.4)
Adjusted PBT ²	(3,954)	14,339	Not meaningful	39,106	48,725	24.6
Adjusted PAT ²	(4,319)	10,168	Not meaningful	27,219	29,909	9.9

Notes:

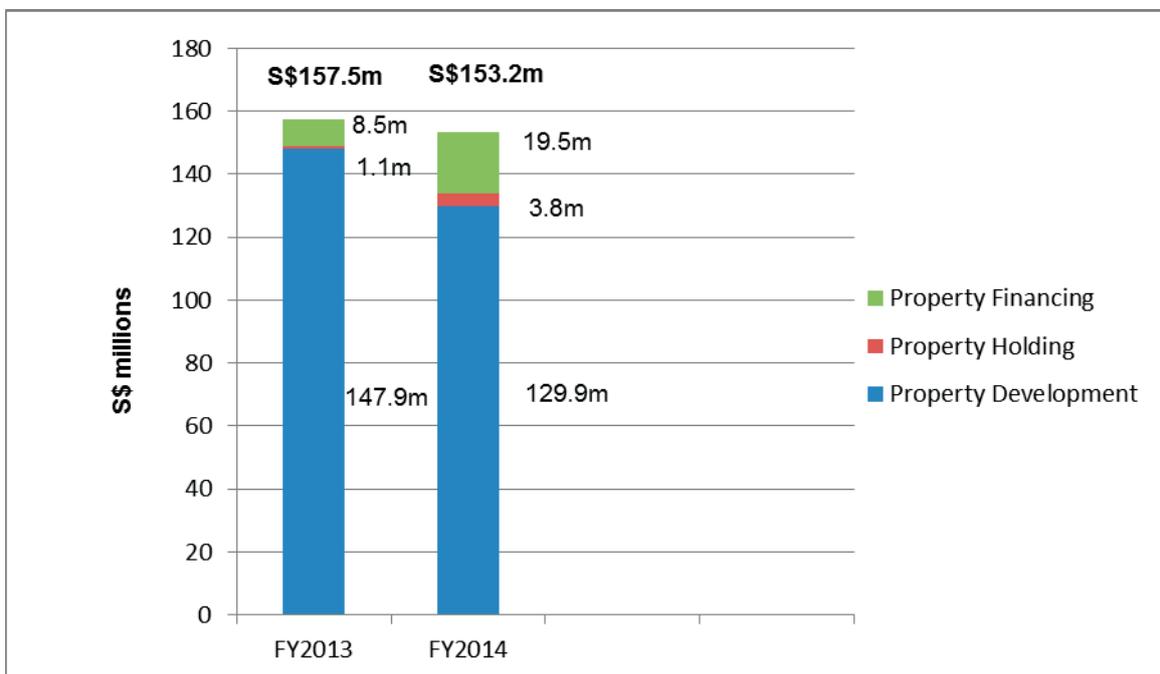
- (1) PAT represents the (loss)/profit after tax attributable to equity holders of the Issuer.
- (2) Adjusted results
 - Adjusted results for 1Q2014 exclude IPO expenses of S\$0.2 million and share-based charge of S\$4.7 million.
 - Adjusted results for 1Q2015 exclude reversal of IPO expenses of S\$0.6 million.
 - Adjusted results for FY2013 exclude impairment loss reversal of S\$21.1 million and IPO expenses of S\$0.7 million.
 - Adjusted results for FY2014 exclude IPO expenses of S\$3.5 million and share-based charge of S\$4.7 million.

The following diagrams set out the revenue of the Group as contributed by each of the Group's businesses between 1Q2014 and 1Q2015 and between FY2013 and FY2014 respectively:

Revenue Contribution by Business Segment for 1Q2014 v 1Q2015



Revenue Contribution by Business Segment for FY2013 v FY2014



(a) Property Development Businesses

The Group mainly develops residential and commercial developments (including commercial properties in which not more than 50.0 per cent. of the GFA of such development is owned, leased or sold for hospitality purposes) in tier-two cities in the PRC, namely, Chengdu and Dongguan.

- Chengdu is one of the regional hubs of Southwest China and the capital city of Sichuan province. The PRC State Council has designated Chengdu as a centre of science, technology, commerce, trade and finance and is a hub for transportation and telecommunications in Southwest China.
- Dongguan is one of the “Four Little Tigers” in Guangdong province and a major manufacturing base in China, being positioned in the middle of the Guangzhou-Shenzhen economic corridor and adjacent to Hong Kong and Macau.
- As at 31 December 2014, the Group has a total land bank of an above ground GFA of approximately 1.6 million sq m in the PRC including property under development and property for future developments. Chengdu and Dongguan accounts for 79.4 per cent. and 20.6 per cent. of the Group’s total land bank respectively.

The Group’s main ongoing project is the Millennium Waterfront in Wenjiang District, Chengdu, Sichuan province. The Group also acquired the land use rights for a plot of land in Wanjiang District, Dongguan, Guangdong province in April 2014 on which it will develop the Star of East River Project. These are discussed in the following section below titled “Description of Completed and Ongoing Property Development Projects”.

(i) Description of Completed and Ongoing Property Development Projects

After completing Chengdu Cityspring in 2012 for its residential component and 2013 for its commercial component, the Group focused on developing and selling its second mixed-use residential and commercial project in Chengdu, Millennium Waterfront, which is designed to have a construction GFA (including below ground GFA) of over 1.9 million sq m upon completion.

Further, the Group has begun preparation works for the Star of East River Project in Dongguan.

The following table provides brief details on the Group's completed and ongoing projects as at 31 March 2015:

Name of property developed or under development / location	Type of development	Date of expiry of land use rights	Site area (sq m)	Total number of units / total GFA	Average price of units sold/ Average daily room rate	GFA sold ⁴ / unsold	Effective equity interest (%)	Project commencement date	Project handover/ completion date
Chengdu Cityspring (成都城市春天) / Gaoxin District, Chengdu, Sichuan province, PRC	Residential and commercial	(a) 16 March 2079 (for the residential component); and (b) 16 March 2049 (for the commercial component)	27,807	726 residential units, 698 SOHO units ² and 1,272 basement car park lots with an aggregate GFA of approximately 230,795 sq m (which includes M Hotel Chengdu)	(a) RMB9,093 per sq m ¹ (for the residential component); (b) RMB9,105 per sq m ¹ (for the commercial component); and (c) RMB147,191 ¹ per lot (for car park lots)	(a) 80,999 sq m sold and 1,118 sq m unsold (for the residential component); (b) 37,437 sq m sold and 1,719 sq m unsold (for the commercial component); and (c) 461 car park lots sold and 811 car park lots unsold	100.0	(a) April 2010 (for residential component); and (b) June 2010 (for commercial component)	(a) April 2012 (for residential component); and (b) June 2013 (for commercial component)
Chengdu Cityspring – M Hotel Chengdu (Phase I and Phase II) (成都城市春天-成都M酒店一期及二期) / Gaoxin District, Chengdu, Sichuan province, PRC	Commercial (hotel)	16 March 2049		196 hotel rooms and suites, 1 all-day dining restaurant, 1 swimming pool, 1 gymnasium, 1 squash court, 1 multi-purpose banquet hall and staff hostel with an aggregate GFA of 19,188 sq m ³	RMB383 for 1Q 2015	Not applicable	100.0	(a) June 2010 (for Phase I); and (b) March 2014 (for Phase II)	(a) June 2013 (for Phase I); and (b) Save for the swimming pool, the other facilities started operation in the third quarter of 2014 (for Phase II)
Chengdu Cityspring – M Hotel Chengdu (Phase II) (成都城市春天-成都M酒店三期) / Gaoxin District, Chengdu, Sichuan province, PRC	Commercial (hotel)	16 March 2049		An aggregate GFA of 21,875 sq m (Levels 3 to 17 of M Hotel Chengdu)	Not applicable	Not applicable	100.0	Not applicable	Not applicable

Name of property developed or under development / location	Type of development	Date of expiry of land use rights	Site area (sq m)	Total number of units / total GFA	Average price of units sold/ Average daily room rate	GFA sold ⁴ / unsold	Effective equity interest (%)	Project commencement date	Project handover/ completion date
Millennium Waterfront (Plot B) (千禧河畔国际社区 B 区) / Wenjiang District, Chengdu, Sichuan province, PRC	Residential and commercial	(a) 16 November 2081 (for the residential component); and (b) 16 November 2051 (for the commercial component)	57,192	2,250 residential units and 96 commercial units, a three-storey commercial building and 1,905 basement car park lots with an aggregate GFA of approximately 305,388 sq m	(a) RMB6,039 per sq m ¹ (for the residential component); (b) RMB15,884 per sq m ¹ (for the commercial component); and (c) RMB81,713 ¹ per lot (for car park lots)	(a) 151,863 sq m sold and 18,808 sq m unsold and 41,226 sq m yet to be launched (for the residential component); (b) 3,596 sq m sold and 3,492 sq m unsold and 7,515 sq m yet to be launched (for the commercial component); and (c) 234 car park lots sold and 1,671 lots unsold	100.0	November 2012	(a) First handover of 746 residential units in December 2014; and (b) Further handover of both commercial and residential units in 2015
Millennium Waterfront (Plot C) (千禧河畔国际社区 C 区) / Wenjiang District, Chengdu, Sichuan province, PRC	Residential and commercial	(a) 28 December 2081 (for the residential component); and (b) 28 December 2051 (for the commercial component)	45,262	Expected to have 1,778 residential units and 91 commercial units and 1,505 basement car park lots with an aggregate GFA of approximately 247,039 sq m	RMB5,708 per sq m ¹ (for the residential component)	(a) 117,886 sq m sold and 31,470 sq m unsold and 13,877 sq m yet to be launched (for the residential component); (b) 13,260 sq m yet to be launched (for the commercial component); and (c) 1,505 car park lots yet to be launched	100.0	September 2013	Handover of residential units expected to commence in various phases from December 2015
Millennium Waterfront (Plot G - Millennium Waterfront Chengdu Hotel) (千禧河畔国际社区 G 区 - 酒店) / Wenjiang District, Chengdu, Sichuan province, PRC	Commercial (hotel)	28 December 2051	36,327	Expected to have 610 hotel rooms with an aggregate GFA of approximately 122,863 sq m	Not applicable	Not applicable	100.0	Third quarter of 2013	Expected to be completed in 2017

Name of property developed or under development / location	Type of development	Date of expiry of land use rights	Site area (sq m)	Total number of units / total GFA	Average price of units sold/ Average daily room rate	GFA sold ⁴ / unsold	Effective equity interest (%)	Project commencement date	Project handover/ completion date
Millennium Waterfront (Plot A) (千禧河畔国际社区 A 区) / Wenjiang District, Chengdu, Sichuan province, PRC	Residential and commercial	(a) 16 November 2081 (for the residential component); and (b) 16 November 2051 (for the commercial component)	51,300	Expected to have 2,000 residential units and 118 commercial units and 1,718 basement car park lots with an aggregate GFA of approximately 276,985 sq m	RMB5,577 per sq m ¹ (for the residential component)	(a) 4,569 sq m sold, 7,273 sq m unsold and 170,947 sq m yet to be launched (for the residential component); (b) 20,221 sq m yet to be launched (for the commercial component); and (c) 1,718 car park lots yet to be launched	100.0	December 2014	(a) Pre-sales of one block launched in March 2015; and (b) Handover of residential units expected to commence in 2017
Millennium Waterfront (Plots D, E, F) (千禧河畔国际社区 D, E, F 区) / Wenjiang District, Chengdu, Sichuan province, PRC	Residential and commercial	(a) 28 December 2081 (for the residential component); and (b) 28 December 2051 (for the commercial component)	80,435	Expected to have an aggregate GFA of approximately 939,436 sq m	Not applicable	Not applicable	100.0	Not applicable	Not applicable ⁵

Notes:

- (1) These figures are based on the gross selling prices of the units sold during the period between the launch of the units and 31 March 2015, and for Millennium Waterfront, are not reflective of the average gross selling prices of units in each particular plot.
- (2) This figure excludes the 11 SOHO units (representing an aggregate GFA of 504 sq m) which have been retained for use by M Hotel Chengdu.
- (3) This figure includes the 11 SOHO units (representing an aggregate GFA of 504 sq m) which have been retained for use by M Hotel Chengdu.
- (4) Includes sales under option agreements or sale and purchase agreements, as the case may be.
- (5) Certain details relating to plots D, E and F of Millennium Waterfront have yet to be ascertained as the development plans relating to these plots are currently still in the preliminary stages.

Name of property developed or under development / location	Type of development	Date of expiry of land use rights	Site area (sq m)	Total number of units / total GFA	Average price of units sold/ Average daily room rate	GFA sold / unsold	Effective equity interest (%)	Project commencement date	Project handover/ completion date
Star of East River Project (East River Plot One), Wanjiang District, Dongguan, Guangdong province, PRC	Residential and commercial	(a) 20 June 2084 (for the residential component); and (b) 20 June 2054 (for the commercial component)	37,104	Estimated above-ground GFA of 337,646 sq m	Not applicable	Not applicable	100.0	Under planning	Not applicable

Chengdu Cityspring



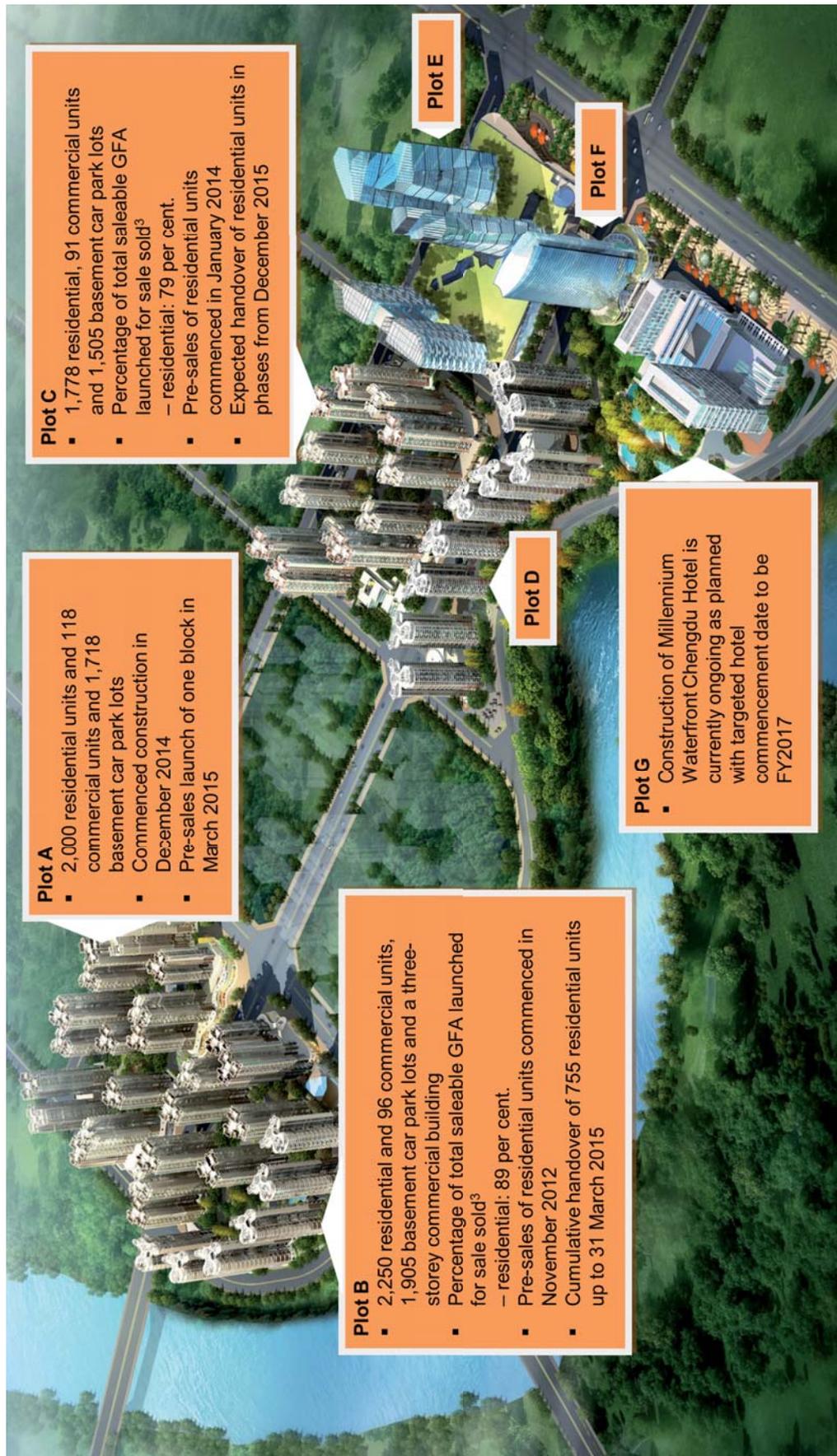
The Group, through its subsidiary, Chengdu Gaeronic, obtained the Construction Permit for the development of the residential and the commercial component of Chengdu Cityspring in April 2010 and June 2010 respectively and completed construction in respect of the residential buildings and commercial buildings in January 2012 and April 2013 respectively. Pre-sale of the residential units in Chengdu Cityspring commenced in June 2010, while pre-sale of the commercial SOHO units commenced in July 2011.

As at 31 March 2015, the Group has sold 720 units out of the 726 residential units, 677 units out of 698 SOHO units (excluding 11 SOHO units which have been retained for use by M Hotel Chengdu) and 461 out of the 1,272 basement car park lots.

Chengdu Cityspring is located within the Chengdu Gaoxin District, which is one of the earliest state-level industrial development zones and one of the six pilot zones established under the project named “The World’s First-Class Park Initiatives” sponsored by the PRC Ministry of Science and Technology. Chengdu Gaoxin District is strategically located approximately 7.5 km from the Chengdu City Centre and 11.0 km from the Chengdu Shuangliu International Airport. It is also within walking distance of Xin Nan Tian Di, an area south of Chengdu where high-end residential developments and shopping malls are located. The development is also conveniently located a short drive from the Chengdu High Tech Zone Park where many “Fortune 500” companies are situated. It is also accessible by train, being located approximately 4.0 km from the Chengdu South Railway Station.

Millennium Waterfront

The following diagram illustrates the progress of development in Millennium Waterfront as at 31 March 2015:



Notes:

- (1) This diagram is not drawn to scale.
- (2) Based on artist's impression which may not be fully representative of the actual development.
- (3) As at 31 March 2015 and includes sales under option agreements or sale and purchase agreements, as the case may be.

Millennium Waterfront is located within the Wenjiang District, Chengdu, Sichuan province on a site which is divided into seven plots (Plots A through G). Chengdu Yongchang is developing Plots A and B while Chengdu Zhongren is developing Plots C to G.

Wenjiang District is approximately 16.0 km from the Chengdu City Centre and the Tianfu New District, which is the business and industrial centre of Chengdu, 8.0 km away from Gaoxin West Zone. It is also well connected to Chengdu Shuangliu International Airport which is approximately 18.0 km away in distance.

The Wenjiang district in Chengdu has been designated by the Chengdu government as one of two sub-city centres, with metro lines to be connected to the district from the Chengdu city centre. It has been attracting many developers, including Banyan Tree, Taiwan Shin Kong Mitsukoshi, Kaisa and Hutchison Whampoa.

Upon completion of the entire development, Millennium Waterfront will comprise 50 residential buildings with an aggregate of 7,111 residential units, the Millennium Waterfront Chengdu Hotel which is expected to have 610 hotel rooms, and other commercial buildings which will provide residents with amenities such as a shopping mall, kindergarten and club-houses. The development is located within close proximity of the scenic Jiangan River, and will offer certain of the residential units with views of the scenic Jiangan River. The Group has commenced the development of Plots A, B, C and G.

Millennium Waterfront (Plot B)



Plot B comprises 15 residential buildings with an aggregate of 2,250 residential units and 96 commercial units as well as a three-storey commercial building. As at the Latest Practicable Date, the three-storey commercial building is currently being used as a sales office. Plot B has an aggregate GFA of approximately 305,388 sq m (including an aggregate below ground GFA of approximately 74,409 sq m).

The residential units in Plot B were launched for pre-sale from November 2012. The commercial units were launched for pre-sale in June 2013. Car park lots in Plot B were launched for pre-sale in December 2014.

As at 31 March 2015, in respect of Plot B, the Group has pre-sold 1,714 residential units and 32 commercial units under option agreements or sale and purchase agreements, out of the 1,870 residential units, as well as the 55 commercial units launched respectively.

In December 2014, the Group carried out the handover of 746 residential units of Plot B, which was the first handover for the residential units of Millennium Waterfront. Further handover of residential units is expected in 2015.

Commercial units for Plot B are expected to be handed over from the second quarter of 2015 onwards.

Millennium Waterfront (Plot C)



Plot C has an aggregate GFA of approximately 247,039 sq m (including an aggregate below ground GFA of 63,246 sq m). Upon completion of construction, Plot C is expected to comprise 12 residential buildings with 1,778 residential units as well as 91 commercial units.

Pre-sale of the residential units had commenced in January 2014. As at 31 March 2015, in respect of Plot C, the Group has sold 1,328 units out of the 1,650 residential units launched under option agreements or sale and purchase agreements. It is expected that the handover of residential units will begin in phases from December 2015.

Pursuant to the terms of the land grant contract with the local land bureau, the Group will also be undertaking the construction of a kindergarten within Plot C which shall upon completion, be delivered to the Chengdu Wenjiang government which will then take over the legal possession of as well as oversee the regulation and supervision relating to the operations of this kindergarten.

Millennium Waterfront (Plot G)



Located on a site area of approximately 36,327 sq m, Plot G has an aggregate GFA of approximately 122,863 sq m (including an aggregate below ground GFA of 41,823 sq m) and will comprise the Millennium Waterfront Chengdu Hotel.

Millennium Waterfront Chengdu Hotel is proposed to be a five-star hotel which will be positioned as an upscale business and leisure hotel. Located in the Wenjiang District, it is well-positioned to cater to the demand from this market segment. Upon completion, the Millennium Waterfront Chengdu Hotel (which will be housed within two separate wings) is expected to have 610 hotel rooms with contemporary finishings

and an average room size of 38 sq m as well as various retail units. Recreational facilities available to guests will include a roof-top restaurant, a bar, a heated swimming pool, a scenic garden, spa services as well as a hot spring. The hotel will have an adjoining convention centre with theatre seating for up to 1,000 guests.

The Group is currently in negotiations with the M&C Group for the provision of hotel operation and management services in relation to Millennium Waterfront Chengdu Hotel.

Construction of Plot G is expected to be completed in 2017.

Millennium Waterfront (Plot A)



Construction of Plot A commenced in December 2014. Upon completion, Plot A is expected to comprise 14 residential buildings with 2,000 residential units as well as 118 commercial units. Plot A has an aggregate GFA of approximately 276,985 sq m (including an aggregate below ground GFA of 70,889 sq m).

As at 31 March 2015, the Group has pre-sold 56 units out of 144 residential units launched in March 2015. It is expected that the handover of residential units will begin in phases in 2017.

Millennium Waterfront (Plots D, E and F)

The Group intends to develop the remaining Plots D, E and F at an appropriate time, depending on the prevailing market conditions and demand for the residential and commercial units. These plots are expected to comprise residential and commercial components with an aggregate GFA of approximately 939,436 sq m.

Star of East River Project



On 29 April 2014, the Group, further to a listing-for-sale process, contracted to acquire the land use rights to a site area of 37,104 sq m in Wanjiang District, Dongguan, Guangdong province (the “**East River Plot One**”). East River Plot One is part of the Star of East River Project (along with an adjacent plot, East River Plot Two (defined below)). The Star of East River Project is a proposed mixed-use residential and commercial development, which will comprise primarily offices, a retail mall and residential units with ancillary retail units.

The project is situated within the new city centre of Dongguan in which a number of financial institutions are located and an international business zone will be developed.

According to the land grant contract dated 29 April 2014, at least 68.0 per cent. and no more than 90.0 per cent. of the above ground GFA of East River Plot One (which is 337,646 sq m) must be developed into commercial properties, with the remaining above ground GFA comprising a residential component.

On 30 July 2014, the Group was granted the land use rights.

While site preparation works are currently in progress, as at 31 March 2015, the Group has re-evaluated the design of the proposed development in light of recent changes in building regulations. Offices can now have a larger floor plate, and thus the Group has decided to build a super high-rise office building with a larger floor plate instead of the previously approved twin-tower structure. The Group expects the tender for East River Plot Two (constituting approximately 25.0 per cent. of the total site area) to be held in the next six months.

(ii) *Upcoming and Pipeline Projects*

The table below sets out the upcoming and pipeline projects of the Group as at the Latest Practicable Date:

Upcoming/Pipeline Projects	Project Description
<p>Dongguan City Projects</p>	<p style="text-align: center;">Dongguan, Guangdong Province</p> <ul style="list-style-type: none"> • The Group entered into a framework agreement with an affiliated company of the local government of Dongguan on 18 April 2014. • Encompasses a site area of approximately 169,488 sq m comprising two separate plots of land of 49,488 sq m (the "First Dongguan Plot") and 120,000 sq m (the "Second Dongguan Plot", together with the First Dongguan Plot, the "Dongguan City Projects"). • On 29 April 2014, the Group, further to a listing-for-sale process, contracted to acquire the land use rights to a site area of 37,104 sq m in Wanjia District (East River Plot One), which is part of (and approximately 75.0 per cent. of the site area of) the First Dongguan Plot. On 30 July 2014, the Group was granted the land use rights. • The remaining approximately 25.0 per cent. of the site area within the First Dongguan Plot of 12,384 sq m is located in Nancheng District (the "East River Plot Two") and is adjacent to East River Plot One. East River Plot Two is expected to be put up for tender by the local government in the next six months and the Group intends to acquire East River Plot Two then. • The Group also intends, subject to market conditions, to pursue the acquisition of the Second Dongguan Plot at an appropriate time.
<p>Singapore-Sichuan Hi-Tech Innovation Park</p>	<p style="text-align: center;">Chengdu, Sichuan Province</p> <ul style="list-style-type: none"> • The Issuer's controlling shareholder, FSCL, entered into a Memorandum of Understanding with the Sino-Singapore Chengdu Innovation Park Development Co., Ltd. ("SSCIP Platform Company") on 2 July 2013, with a view to the Group being the tender party in the Acquiring Process for the land use rights in respect of the relevant land site located within the Tianfu New District, Chengdu, which is the business and industrial centre of Chengdu. • On 21 July 2014, the Group entered into an investment cooperation agreement with the management committee of the SSCIP and the SSCIP Platform Company pursuant to which the parties agreed to cooperate in the proposed development which will comprise an equal proportion of residential and commercial components based on above ground GFA. The development is expected to have a total above ground GFA of 142,317 sq m on a site area of 38,405 sq m.

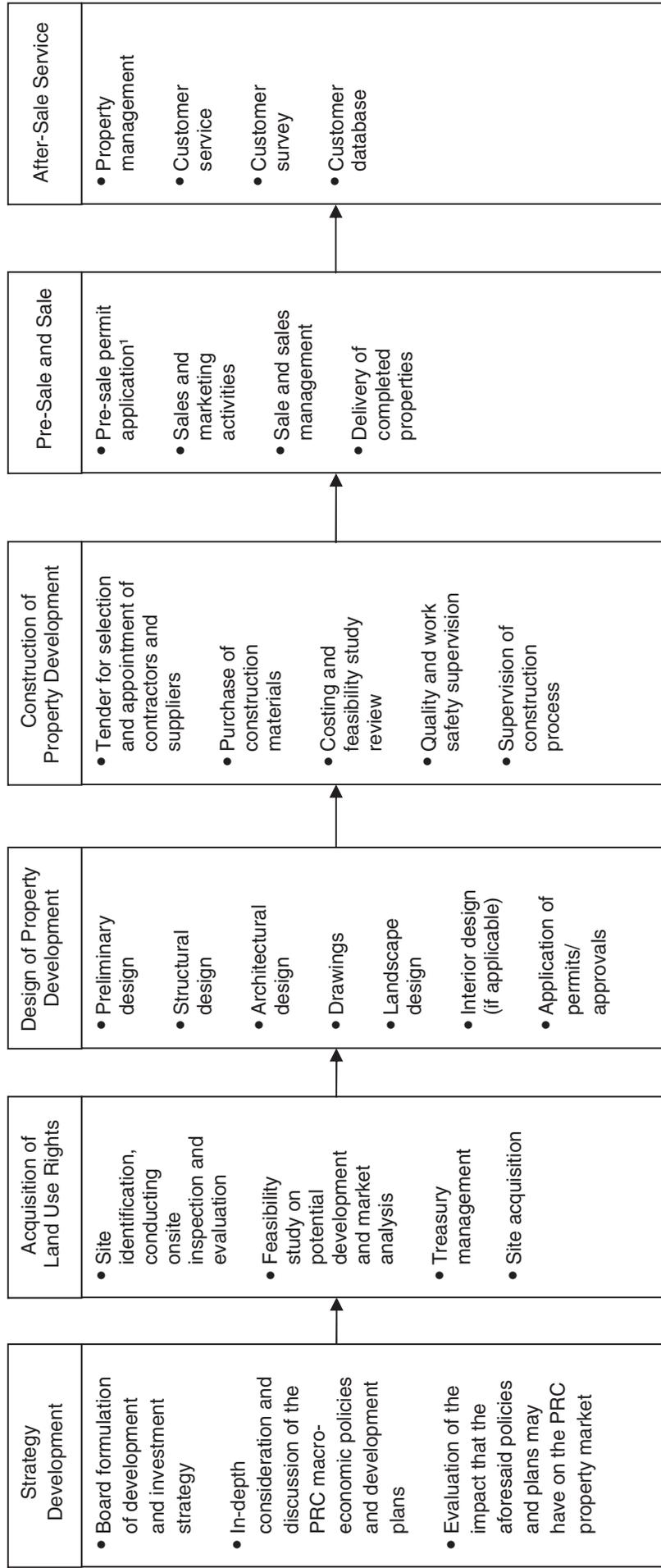
Upcoming/Pipeline Projects	Project Description
	Chengdu, Sichuan Province
Proposed project at Wenjiang Lake	<ul style="list-style-type: none"> • The Group entered into a Memorandum of Understanding with the Chengdu Wenjiang Government on 25 March 2014 to cooperate in the proposed development of the Wenjiang Lake Project at a land site located at Yongquan Street, Wenjiang District, Chengdu. • Consists of a site area of approximately 110,667 sq m. • Proposed to comprise primarily residential units.

As there have been delays in the official works in preparing the development land in connection with the SSCIP project and the Wenjiang Lake project for the relevant land tender process, the Group will continue to work with the relevant local government bodies and monitor the progress of these preparation works. In the meantime, the Group will focus its efforts on developing Millennium Waterfront and the Star of East River Project.

The Group continues to monitor its pipeline projects, and if the market conditions or financial terms of any pipeline project are not conducive or favourable, the Group may not pursue such projects and may instead stay alert for other public land tenders, and in the meantime concentrate on its existing developments.

(iii) *Property Development Business Process*

In carrying out its development and sale of integrated residential and commercial properties in Chengdu and Dongguan, the Group has conceptualised and implemented a standardised and systematic process to approach each of its integrated residential and commercial property developments. The Group's management team is responsible for monitoring and supervising the implementation of this process by the various departments and onsite development teams. The Group uses a standardised process to monitor its property developments carefully and ensure quality control. In general, the Group's property development business process is as follows:



Note:

(1) The Group may commence pre-sale of its properties prior to completion of construction.

Strategy Development

The Group commences each of their property development projects with the Board's formulation of the Group's development and investment strategy. To this end, the Group Chief Executive Officer, together with the Group's senior management and the sales and marketing department, will undertake an in-depth consideration and discussion of certain key matters with respect to the macro-economic policies and development plans that have been implemented or will be adopted by the PRC government.

The Group Chief Executive Officer, together with the Group's senior management and the sales and marketing department, will then evaluate the likely impact that these economic policies and development plans may have on the economic growth and development of the cities in which the Group operates, in particular the likely impact on the property market, the potential for economic growth and the demand and supply conditions in the property market of the relevant city concerned, and the level of the Group's proposed investment commitment within a two to five year time frame. Based on the formulated final development and investment strategy, the Group Chief Executive Officer will seek to prepare investment reports and proposals which will be analysed by the Group's Board for purposes of determining the amount of investment the Group is prepared to commit.

Acquisition of Land Use Rights

The Group subscribes to the belief that expansion of its land bank will be instrumental to the success of its operations. As such, the Group assesses potential development sites stringently. Information regarding the availability of potential development sites is usually obtained either from publicly available information released by the local authorities or pursuant to targeted collaborative discussions with the local authorities.

During the site selection process, the Group will take into account certain factors, among others, the following:

- (1) town planning policies and developments plans imposed/adopted by the local government for the relevant site;
- (2) accessibility of the site and the availability of supporting infrastructure such as public transport networks, which include the express national railways and highways and mass rapid transit systems that are located in close proximity to the relevant site, natural parks and greenery, schools and other commercial facilities;
- (3) surrounding environment and convenience of the relevant site;
- (4) the income profile of the population residing in that area;
- (5) marketability of the development and demand for properties in that area;
- (6) competition posed by other property developers operating in that area;
- (7) investment costs and the financial return profile; and
- (8) expected funding commitments and internal funding capacity.

After site selection, an investment committee comprising the Group Chief Executive Officer, the Group Chief Operating Officer, the Group Chief Financial Officer and the Chief Executive Officer of the relevant region undertaking the development and members from the Group's sales, costing and finance departments would be formed to carry out a comprehensive feasibility study on the identified site. This includes market research and analysis on the supply and demand for residential and commercial properties in the area, environment, comparable projects, competition posed by existing property developers in that area and growth potential.

Emphasis is placed on feasibility studies and the Group typically undertakes an extensive study before considering entry into a market. Based on the results of the feasibility study, the Group will conduct an evaluation on the potential returns from investing on the identified site against the risks and costs of

financing the acquisition of land use rights and development of the site. This analysis is then presented to the Group's Board who will consider the results of the feasibility study and the evaluation before determining whether to acquire the development site in question.

Under the applicable PRC laws, land use rights for the purposes of profit-making, such as industrial use, residential use, commercial use, tourism, entertainment and commodity property development in the PRC may be granted by the government only through the Acquiring Process and the Group typically acquires its land use rights for development from the PRC government either through the Acquiring Process or directly from vendors who hold such land use rights.

Under the invitation for bidding process, potential bidders would submit their tenders with respect to a plot of land and the evaluation committee formed by the PRC authorities would consider and evaluate the merits of each tender submitted, taking into account, among others, their reputation, track record, credit history as well as their tender proposals and pricing. The land use rights of the relevant plot will then be granted to the most competitive tender bid.

Under the auction process, the grantor of the land use rights in respect of a plot of land will issue a notice and the potential buyer will participate in a public bidding process at a specified time and place with the highest bidder winning the auction. The land use rights of the plot of land will then be granted to the highest bidder.

Under the listing-for-sale process, a public notice will be issued by the local land bureau to specify the location, area and purpose of use of a plot of land, the initial bidding price, period for receiving bids and terms and conditions upon which the land use rights are proposed to be granted.

Accordingly, the land use rights are granted to the bidder with the highest bid who satisfies the terms and conditions. The successful bidder will enter into a land grant contract with the local land bureau and pay the relevant land premium within a prescribed period.

Design of Property Development

Once the Group has acquired a site, it will commence conceptualisation of the overall theme and design of the development. While doing so, the Group will consider the nearby amenities and the environment with respect to the acquired site. The Group typically engages third party contractors to carry out the structural, architecture and landscape design and where applicable, it will also engage their services to carry out interior design.

The Group's technical design department headed by the director of the Group's technical design department works in close collaboration with these external third party contractors, such as DP Architects Pte Ltd and Chengdu Design and Research Institute. The technical design department makes recommendations to the senior management in the selection process of these third party contractors. The Group's technical design department is also responsible for administering and supervising the whole design process.

The Group's sales and marketing team is also involved in the preliminary design stage of each of its property developments. Having conducted preliminary market research, they are familiar with and aware of the preferences of the local residents and are hence able to contribute towards the preliminary design work. Please refer to the section titled "Sales and Marketing" for further details.

Construction of Property Development

Upon conceptualisation of the property design, the Group will engage external construction companies to develop the project. These construction companies need to be duly registered in the respective cities where the project is located, after having complied with a series of government-set criteria.

The Group typically selects these construction companies through a tender process. Factors for consideration during the tender evaluation process include, among others, corporate reputation, financial status, track record, experience, pricing as well as any previous working relationships with the Group. The Group also selects its materials suppliers through the same process, in consultation with its construction contractors.

Each of the Group's purchasing teams in the respective regions in the PRC is responsible for procuring tender bids from these construction companies and materials suppliers. Upon receipt of the tender bids, the purchasing team, together with the costing department, will calculate the cost estimates required for the Group's property developments and evaluate the competitiveness amongst these tenders and present a consolidated response to the tender committees of the respective regions in Chengdu and Dongguan. The respective tender committee will evaluate all tender bids and shortlist two bids for the Group's respective regional Chief Executive Officers to assess and decide the most appropriate bid. Through this process, the Group seeks to put in place an effective financial management system so that it is able to control its costs through effective budget planning feasibility study reviews. The Group's contracts would typically contain express warranties with respect to the quality and timely completion that is expected of its contractors. Sourcing for certain construction materials is the responsibility of the independent third party contractors under the terms of the Group's construction contracts. For certain main construction materials, such as ready-mix concrete and dry mortar where the price fluctuations may be more volatile, there may be fluctuations in the commodity prices of these construction materials during the period of the construction contract. Under the Group's construction contracts, these contractors are obliged to absorb any increase in the main construction material costs of a development project, subject to a percentage cap of the contracted price as agreed between the Group and its contractors on a case-by-case basis. The Group also typically conducts on-site inspections during the delivery of construction materials and the construction process to determine and maintain the quality of the construction materials procured by its contractors.

Quality Control

The Group places strong emphasis on and implements strict quality control measures to ensure that its property developments comply with the relevant government regulations as well as the existing market standards.

To maintain these high standards, the Group has conceptualised and implemented a series of standardised and stringent quality control procedures to be implemented at each stage of its development process and administered by the Group's project management department (which is also responsible for the management and supervision of the construction progress of the Group's property developments). The Group's quality control procedures include, among others:

- (1) selecting and appointing reliable contractors;
- (2) requiring its contractors to use construction materials and carry out construction work which meet the Group's quality requirements;
- (3) conducting periodic internal on-site inspections to ensure and maintain the quality and standard of construction work performed by its contractors;
- (4) engaging independent third party quality supervisory and management companies to carry out routine on-site inspections; and
- (5) inviting provincial and municipal quality control authorities to carry out on-site inspection where applicable.

Under the Construction Law of the PRC (中华人民共和国建筑法), the Group is required to appoint government-approved independent third party quality supervisory and management companies to supervise the progress and quality of its construction projects. These independent third party quality supervisory and management companies are selected by way of invitation for bidding.

Such independent third party quality supervisory and management companies are required to possess the necessary qualifications stipulated by the PRC government, and are regulated under the Regulation on the Qualifications of Project Supervising Enterprises (工程监理企业资质管理规定). They are stationed at the Group's construction sites and supervise the daily construction process to ensure compliance with the terms of the supervisory and management contracts entered into with the Group.

In addition, the Group also has a team of qualified and experienced personnel for each of its development projects, including project managers and engineers who are responsible for managing and administering the construction process of the Group's properties, ensuring the implementation of and compliance

with the Group's quality control measures and the relevant regulatory requirements and monitoring the progress of its projects. This, coupled with the Group's financial management process, ensures that the Group's projects are developed both efficiently and cost effectively.

Furthermore, the relevant government authorities carry out routine inspections at various stages of construction of the Group's property developments to ensure the quality of its construction work.

Pre-Sale and Sale

The construction of the Group's property developments takes place over a few phases and the Group typically commences pre-sale of its properties before the construction of the respective phase is complete.

Under the Measures for Administration of Pre-completion Sale of Urban Commodity Properties (城市商品房预售管理办法) promulgated by the Ministry of Construction of the PRC (中国建设部) ("MOC") in November 1994 and amended in July 2004, the Group is required to satisfy the following conditions before it can commence pre-completion sale of its properties:

- (1) the land premium for the relevant land use rights must have been fully paid and the relevant Land Use Rights Certificates have been obtained;
- (2) the Construction Land Planning Permit, the Construction Project Planning Permit and the Construction Permit must have been obtained;
- (3) in relation to the properties sold through pre-completion sales, at least 25.0 per cent. of the total amount to be invested in the development has been paid and the progress of works and the completion and delivery dates have been ascertained; and
- (4) the Pre-Sale Permit has been obtained.

The Group typically engages an independent sales agency to conduct the sales and marketing matters for the pre-sale of its developments together with its sales and marketing department. Currently, the development administration department of each region where the Group operates is responsible for meeting the abovementioned conditions and obtaining the relevant approvals in respect of each property development. Upon satisfaction of the abovementioned conditions, the Group would commence pre-sale of its properties.

The Group has an established sales and marketing department which is responsible for formulating and conceptualising its sales and marketing strategies in accordance with the nature and characteristics of each of its property developments together with the appointed sales agency.

The Group seeks to deliver the completed properties to its customers in a timely manner pursuant to the terms and conditions of its sale and purchase agreements. The completed properties would be delivered upon satisfaction of the following conditions:

- (1) qualification for delivery and use of related basic facilities, which include, among others, water, electricity and communications;
- (2) implementation of the property management plan;
- (3) conduct of the requisite governmental inspections; and
- (4) receipt of the relevant inspection record.

The Group conducts pre-sale of its developments in accordance with applicable PRC laws. This involves the sale of the properties ahead of the completion of the construction. After the completion of the pre-sale process and prior to the delivery of the completed development properties to customers who purchased units during the pre-sale process, the Group continues to offer customers post pre-sale services, including assisting customers with the property registration process and mortgage financing arrangements. The

sales and marketing department is responsible for handling all customer complaints and feedback. The Group considers such feedback received and may make appropriate adjustments to its processes and policies accordingly.

After Sale Service

The Group currently appoints an independent third party property management company responsible for the maintenance of the residential and commercial units within Chengdu Cityspring, and within Plot A and Plot B of Millennium Waterfront, upon delivery of these units to the purchasers. These appointments are necessary before an application for the Pre-Sale Permit may be made. These third party property management companies are appointed based on their track record and the quality of the services provided. Where it is viable to do so, the Group may in the future consider undertaking the maintenance of its completed properties itself as it believes that the provision of quality management services upon delivery of the properties will enhance its brand name and reputation, and help generate new sales and customer referrals for the Group's properties. To this end, Chengdu Kaiser Management Consultancy Co., Ltd ("**Chengdu Kaiser**") is undertaking the property management in respect of the properties comprising Plot C of Millennium Waterfront upon the completion of the development.

(iv) Financing Property Development Projects and Properties Held for Income

The Group funds its property development projects and properties held for income from equity funds comprising capital contributions, pre-sale proceeds (where applicable), and borrowings from banks and financial institutions.

As each of the Group's developments is developed through several phases, the funding requirements may vary accordingly depending on the size and conceptualisation of the phase in question. As such, the Group will finance each property development project accordingly, taking into consideration the pre-sale proceeds received from the earlier phases and its financing capacity.

In respect of future properties which the Group intends to develop and hold for income, the Group intends to fund the preliminary stages of such projects which comprise payment of land premiums in connection with the acquisition of land use rights from the local authorities partly from equity funds and partly from borrowings from banks and financial institutions, if applicable. The Group intends to fund the development of such projects from the proceeds of pre-sales and sale of its properties.

(v) Property Development Customers

In respect of the Group's property development business, its customers are purchasers of the Group's residential and/or commercial units in its developments.

Terms of payment by the Group's customers

The Group typically enters into sales contracts of a standard form with its customers. The contracts provide for terms in relation to price, payment method, property specifications, delivery of property, events of default and dispute resolution.

The Group's customers are given the choice of a one-time lump sum payment or partial payments coupled with mortgage financing. Instalment payment plans may be offered to buyers on a case-by-case basis.

Previously customers who purchased residential properties of the Group's developments through partial payments coupled with mortgage financing were required to make upfront payments of at least 30.0 per cent. or 60.0 per cent. of the property price in respect of first or second time buyers respectively. On 30 March 2015, the Notice Regarding Several Issues of Personal Housing Loans (关于个人住房贷款政策有关问题的通知) became effective such that (i) the minimum down payment for a second property (being common property for self occupation (普通自住房)) of a family is reduced to 40.0 per cent., (ii) the down payment for the first common property for self occupation of a family is reduced to 20.0 per cent. if financed by a housing provident fund loan (住房公积金贷款); and (iii) the down payment for the second common property for self occupation of a family is reduced to 30.0 per cent. if financed by a housing provident fund loan for the first property.

Mortgage financing is prohibited for property buyers who already own two or more residential properties in the PRC.

In September 2007, the People's Bank of China (中国人民银行) (“**PBOC**”) and Banking Regulatory Commission of the PRC (中国银监会) (“**CBRC**”) issued the “Notice on Strengthening Commercial Property Credit Management” (关于加强商业性房地产信贷管理的通知) (the “**Notice**”). According to the Notice, customers who purchase commercial properties through partial payments coupled with mortgage financing are required to make down payments of at least 50.0 per cent. of the total purchase price with the remaining balance financed by mortgage financing.

Credit Management

The trade receivables for the Group as at 31 March 2015 is S\$255.3 million, which mainly comprises secured entrusted loans to third parties of S\$242.0 million.

The Group assesses credit risk in respect of its property development operations to be relatively low as payments are usually received from purchasers in advance. For the credit risks arising from investment properties, the Group manages the risk by collecting rental deposits in advance and monitors the outstanding balances on an on-going basis. For the Group's property development and property holding businesses, it does not have any bad and doubtful debts as at the Latest Practicable Date.

(b) Property Holding Business

The Group owns various commercial properties for income purposes.

The Group's property portfolio comprises residential and commercial developments in key tier-two cities in the PRC, namely, Chengdu and Dongguan. The Group aims to maintain a balanced property portfolio of residential and/or commercial properties under development which it markets for sale, as it grows its portfolio of income-producing properties to provide income stability.

As at 31 March 2015, the Group holds in its PRC portfolio, for income purposes, M Hotel Chengdu and the commercial units from Chengdu Cityspring and 145 commercial units and 11 serviced apartments in the Humen International Cloth Centre in Humen Town, Dongguan, Guangdong province. Beyond the PRC, it holds the newly-acquired Zuiderhof I building in Amsterdam, the Netherlands, and on 27 April 2015 has contracted to acquire the Holiday Inn and Holiday Inn Express hotels and 509 ancillary car park lots in Amsterdam Southeast.

M Hotel Chengdu



M Hotel Chengdu is wholly-owned by the Group's subsidiary, Chengdu Gaeronic, which developed Chengdu Cityspring. M Hotel Chengdu was inaugurated in July 2013 and had its soft opening in September 2013.

Phase I of the renovations of M Hotel Chengdu relate to the 18th to 29th storeys of the 29-storey building which involved the installation of the furniture and furnishings for all 196 hotel rooms and suites as well as an all-day dining restaurant, temporary gymnasium facilities and a staff hostel (which is on level three of an adjacent building), with an aggregate GFA of 17,109 sq m. The standard rooms and suites largely range in size from 26 sq m to 288 sq m respectively.

The following table sets out a summary of the types of hotel rooms and suites comprised in Phase I of the M Hotel Chengdu:

Room Type	Number
Superior Room	47
Deluxe Room	34
Premier Room	82
Deluxe Suite	27
Executive Suite	5
Presidential Suite	1
Total	196



Positioned as a business executive hotel which caters to business travellers in the mid-tier market, M Hotel Chengdu is strategically located within the third ring road of Chengdu in the Gaoxin District. The hotel is therefore within proximity of the Chengdu city centre and the Chengdu Shuangliu International Airport.

Phase II of the renovations of M Hotel Chengdu involved the addition of other hotel facilities, such as a swimming pool, gymnasium, squash court and multi-purpose banquet hall, within the same building and will provide an additional GFA of 1,575 sq m. Since the third quarter of 2014, save for the swimming pool, the Phase II facilities have started to be operational.

In 1Q2015, the occupancy rate of M Hotel Chengdu was 37.5 per cent. (compared to the occupancy rate of 21.1 per cent. for 1Q2014), an improvement since the introduction of the Phase II facilities (which includes meeting and banquet facilities) boosting the hotel's performance. The average daily room rate attained was RMB383 (compared to RMB430 in 1Q2014). The revenue per available room for 1Q2015 was RMB144, which was an increase of RMB53 per room compared to 1Q2014, when the revenue per available room was RMB91.

The Group is studying the feasibility of leasing or selling the space originally intended for Phase III (21,875 sq m) of M Hotel Chengdu on a strata title basis.

Pursuant to an operating and management agreement dated 4 December 2013 (the “**Operating and Management Agreement**”) entered into by Chengdu Gaeronic with the M&C Group, M Hotel Chengdu will be operated and managed by the M&C Group for a period of 10 calendar years commencing from 30 September 2014 to 31 December 2024 (the “**Initial Term**”), such term to be subject to a renewal of two additional terms of five years each, on the same terms as those governing the Initial Term, except for, amongst others, the basic management fee which will be subject to modification if mutually agreed by the parties prior to renewal.

The M&C Group is entitled to receive a basic management fee based on an agreed percentage of the gross revenue generated by M Hotel Chengdu for each operating year or the relevant part thereof in the Initial Term. In addition, they will be entitled to reimbursement of monthly expenditures incurred, including staff and executive personnel cost, costs incurred with respect to personnel who have been assigned to special projects for M Hotel Chengdu and out-of-pocket expenses which have been reasonably incurred.

Chengdu Cityspring Investment Properties

The Group holds the commercial component of Chengdu Cityspring, comprising commercial units with an aggregate GFA of approximately 6,456 sq m, within all four commercial buildings. This commercial component is held as investment properties for rental income. Construction of the commercial component of Chengdu Cityspring was completed in April 2013.

The Land Use Rights Certificate in respect of the Chengdu Cityspring commercial component is held in the name of Chengdu Gaeronic. The commercial component has a remaining tenure of 34 years expiring on 16 March 2049.

As at 31 March 2015, approximately 82.9 per cent. of the lettable GFA of Chengdu Cityspring was leased out to tenants with leases ranging from five to 15 years with a rental step-up mechanism built in.

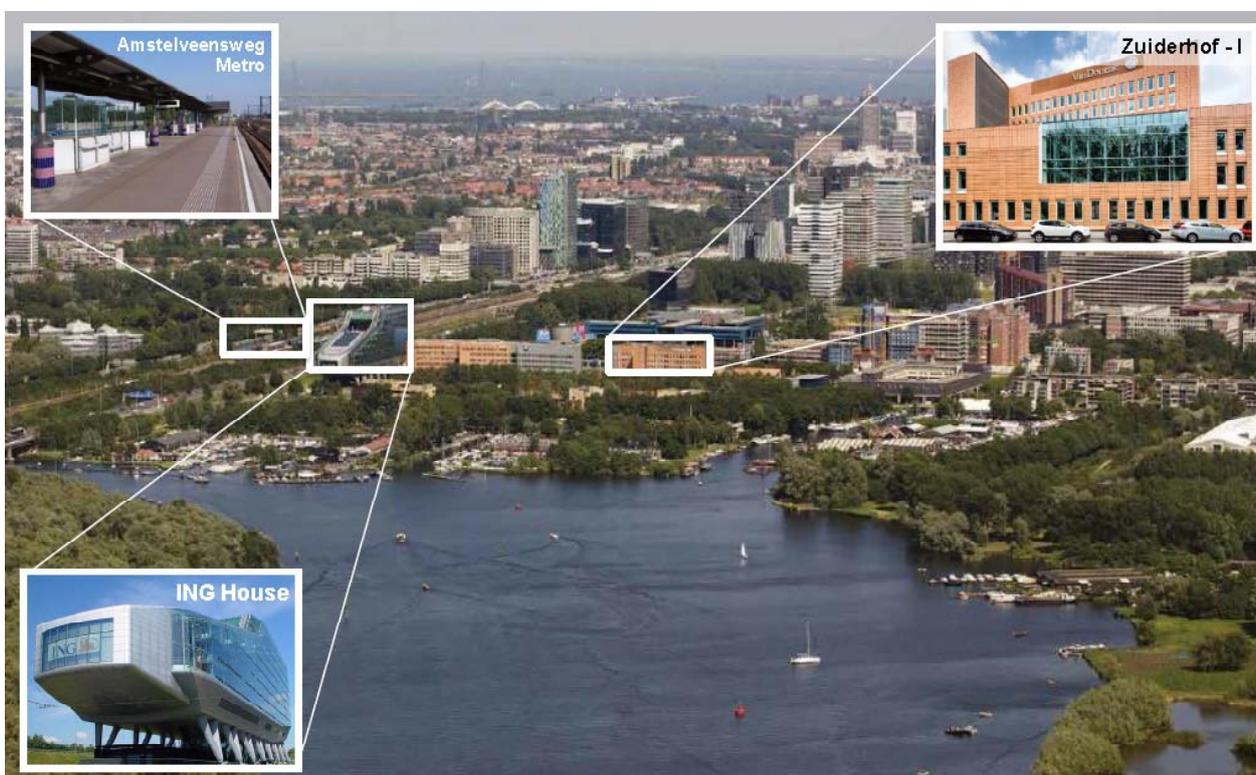
Humen International Cloth Centre (虎门国际布料交易中心)

The Group owns 145 commercial units and 11 serviced apartments in the Humen International Cloth Centre, a wholesale clothing and textile centre located in Humen Town, Dongguan, Guangdong province.

Zuiderhof I Building

On 4 February 2015, the Issuer led a consortium of three other investors (collectively, the “**Purchasers**”) to enter into a sale and purchase agreement with two European institutional investors (the “**Sale and Purchase Agreement**”). Under the Sale and Purchase Agreement, the Purchasers agreed to, *inter alia*, acquire from one of the European institutional investors all of the issued shares in the capital of NL Property 1 B.V. (formerly known as Eurooffice 445 B.V.) (“**NL Property 1**”), with the Issuer’s equity interest in NL Property 1 being 33.0 per cent. NL Property 1 in turn holds the title to the Zuiderhof I building, which is located at Jachthavenweg 121, Amsterdam.

- o Jachthavenweg is part of the South Axis, which is the central business district of Amsterdam. The Zuiderhof I building has excellent transport accessibility to the Schiphol Airport and Amsterdam South train station.



- o The Zuiderhof I building consists of an office building, archives and a two-storey indoor parking garage offering 111 car park lots, with a net lettable area of 12,538 sq m excluding parking spaces. The building has obtained an A-label energy certificate for achieving energy cost reduction through its heat and cold storage in the ground.
- o The Zuiderhof I building is built in 2002 on a perpetual leasehold land with ground rent paid up to May 2050.
- o The current tenant of the Zuiderhof I building is Van Doorne N.V., one of the largest legal firms in the Netherlands. Its current lease will expire in July 2019, with options for the firm to renew the lease.
- o Gross rent on Van Doorne N.V.’s lease of the office building (inclusive of the car park) is approximately EUR4.3 million per annum; the expected net rental yield for the Zuiderhof I building is 7.5 per cent. Rental is adjusted annually on 1 August with reference to the Consumer Price Index (“**CPI**”).

- o Completion of this acquisition took place on 18 February 2015 and the Issuer's aggregate purchase consideration amounted to EUR49.9 million. The Issuer funded this consideration through a combination of external Euro-denominated bank borrowings and internal funds, being the remaining balance of net proceeds of the Issuer's initial public offering on 22 July 2014 amounting to S\$57.3 million.
- o In addition, pursuant to a call option agreement entered amongst the Purchasers on 4 February 2015, the other three Purchasers have irrevocably and unconditionally granted to the Issuer (or its nominee) the right (but not the obligation) to acquire such number of new non-redeemable and non-convertible cumulative preference voting shares in NL Property 1's capital at a nominal value of EUR1 each, free and clear of any encumbrances such that the Group would have majority voting interest in NL Property 1 (the "**Call Option**"). As at the Latest Practicable Date, the Issuer has not exercised the Call Option.
- o As at 31 March 2015, the Zuiderhof I building has contributed S\$0.7 million, or 64.6 per cent. of the total gross profit of the Group's property holding business in the first quarter of 2015.



Property comprising Holiday Inn and Holiday Inn Express Hotels and 509 car park lots



On 27 April 2015, the Group's wholly-owned subsidiary, NL Property 2, entered into a sale and purchase agreement with IVG Institutional Funds GmbH to acquire a property which currently comprises the Holiday Inn and Holiday Inn Express hotels and 509 ancillary car park lots in Amsterdam Southeast in the Netherlands located five km from the city centre of Amsterdam and 15 km from Schiphol Airport for a net purchase consideration of EUR54.6 million, inclusive of estimated transaction costs. This is part of the Group's efforts to drive its future growth and diversify its recurrent income base, expanding its property holding portfolio beyond PRC shores. The site with total GFA of 21,108 sq m is held on perpetual leasehold, with ground rent paid to August 2053.

- o The hotels and 440 car park lots have been leased to TVHG Budget Amsterdam II B.V. under a master lease arrangement for 25 years from May 2014, with two renewal option periods of 10 years each at the lessee's option.
- o The leased property is managed by Interstate Netherlands Management Company B.V. with IHG Hotels Limited as the franchisor. Hotel operations had commenced in May 2014. The four-star Holiday Inn hotel features 120 rooms, while the three-star Holiday Inn Express hotel features 323 rooms.



- o The hotels are located within 15 minutes of Schiphol Airport by train, and located near to entertainment venues such as Amsterdam Arena and Ziggo Dome, with excellent transport accessibility to the Amsterdam city centre via the Amsterdam Bijlmer Arena train station.
- o The remaining 69 car park lots have been leased to another lessee, Praxis Vastgoed B.V. for 10 years from August 2012.
- o The Group estimates a stabilised net rent of EUR3.9 million per annum, which implies an expected net rental yield of 7.2 per cent. for the acquisition.

The Group believes that there is long term redevelopment potential for this site. The Municipality of Amsterdam had previously studied the feasibility of redeveloping the existing site as a part of a bigger development plan into a mixed-use (residential, office, hotel and other commercial) project whereby the existing site would have its existing plot ratio more than doubled. The significant space accorded by the 509 ground car park lots augurs well for this redevelopment potential. Arising from the long-term lease with the lessees, any redevelopment plan will not realistically take place any time soon and is subject to prevailing market conditions.

The targeted completion date for the acquisition is around mid-June 2015. Assuming this proposed acquisition was completed on 31 March 2015, the Group's Dutch property holding portfolio will constitute approximately 10.4 per cent. of the Group's gross assets as at 31 March 2015.

With the Group's healthy balance sheet featuring S\$666.7 million of cash, monetary loan receivables and unutilised committed credit facilities as at 31 March 2015, the Group stands in good stead to seize any new business opportunities in the PRC, the Netherlands and elsewhere.

(c) Property Financing Business

The Group also provides property financing services primarily through entrusted loan arrangements in the PRC to meet the growing needs of its customers for short-term property financing in light of the scarcity of bank credit extended to Chinese property developers and owners. PRC laws generally prohibit loans between business enterprises in the PRC, and thus an entrusted loan arrangement can be adopted to structure loans between business enterprises.

Under such arrangements, the Group, the entrusted party, extends loans to borrowers through several PRC-incorporated licensed banks, which act as the Group's lending agents to administer the entrusted funds vis-à-vis the borrowers in their fiduciary capacity to the Group.

In the course of the Group's property development business, it receives payments from purchasers of units in its developments. It may deploy a portion of these sale proceeds to make entrusted loans to borrowers for the period during which it does not anticipate the use of these funds for working capital purposes, and where the interest rates the Group charges are higher than the prevailing fixed deposit interest rates. This allows the Group to generate higher interest income.

The Group also provides financial consultancy services for which it charges a fee. Such services are usually provided to entities which are related to the entities which borrow from the Group under its property financing business. The scope of such services includes those related to enterprise management.

Although Shanghai Sigma is the principal entity engaged in this business, the property financing business may be undertaken by way of any of the Group's subsidiaries in the PRC if they have adequate capital resources. This arrangement provides the Group with the flexibility to source for financing transactions in the PRC with the Group's surplus funds in the PRC.

Further, where suitable opportunities arise, the Group may consider alternative structures for entrusted loans. For instance, a special purpose vehicle ("SPV") could be incorporated which will undertake the acquisition of a target property that borrowers have set out to acquire. Borrowers will agree to acquire the SPV from the Group for a consideration based on a premium to the price the SPV paid for the target property, and will also have to pay a substantial deposit payment. Under this structure, the Group retains legal ownership of the target property. In the event the borrowers default on any payments due to the Group, including the premium, the Group has the right to forfeit the deposit.

Since 2012 up to 31 March 2015, the Group has disbursed secured loans to third parties with an aggregate value of approximately RMB2.3 billion at interest rates of between 16.5 and 24.0 per cent. per annum. Its loan book as at 31 March 2015 consisted of secured loans amounting to approximately RMB1.1 billion (approximately S\$242.0 million) with interest rates ranging from 17.5 per cent. to 20.0 per cent. per annum.

Property collaterals held include office units in Beijing, Shanghai, Guangzhou and Chengdu, an operating hotel and development land in Shanghai, and completed residential units in Chengdu. The average loan to value ("LTV") ratio for the Group's entrusted loan portfolio at 31 March 2015 is 44.7 per cent. Each counterparty LTV ratio ranges between 28.4 per cent. to 51.4 per cent.

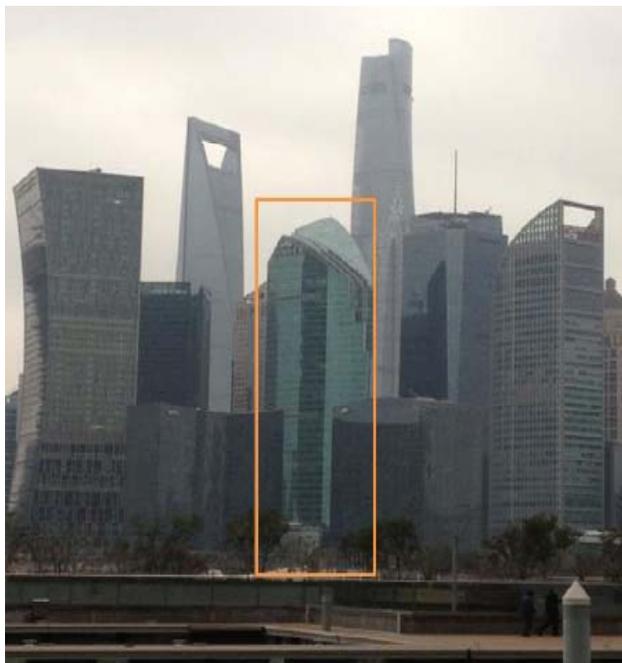


Strata office units in Beijing as loan collateral for disbursed entrusted loans



Hotel building in Shanghai as loan collateral for disbursed entrusted loans

Two levels of office units in Guangzhou as loan collateral for disbursed entrusted loans



Office space in Shanghai used as loan collateral for disbursed entrusted loans

The property financing business experienced strong year-on-year growth in revenue, with a 129.4 per cent. year-on-year increase in revenue from S\$8.5 million in FY2013 to S\$19.5 million in FY2014. There was a nearly two-fold increase in revenue from S\$3.0 million for 1Q2014 to S\$8.7 million for 1Q2015.

The following table sets out other pertinent information on the Group's property financing business:

	Revenue (S\$m) ¹	As a percentage of Group's revenue (%)	PBT (S\$m)
1Q2014 ²	3.0	41.0	3.2
1Q2015 ²	8.7	68.9	10.2

	Revenue (S\$m) ¹	As a percentage of Group's revenue (%)	PBT (S\$m)
FY2013 ³	6.0	3.8	5.2
FY2014	19.5	12.7	22.0

	Third Party Loan Balance as at	Average Third Party Loan Balance for year/period ended
31 December 2013	RMB150.0m (approximately S\$31.3m)	RMB145.0m (approximately S\$29.5m)
31 December 2014	RMB801.0m (approximately S\$170.3m)	RMB553.0m (approximately S\$113.9m)
31 March 2015	RMB1,101.0m (approximately S\$242.0m)	RMB921.9m (approximately S\$199.3m)

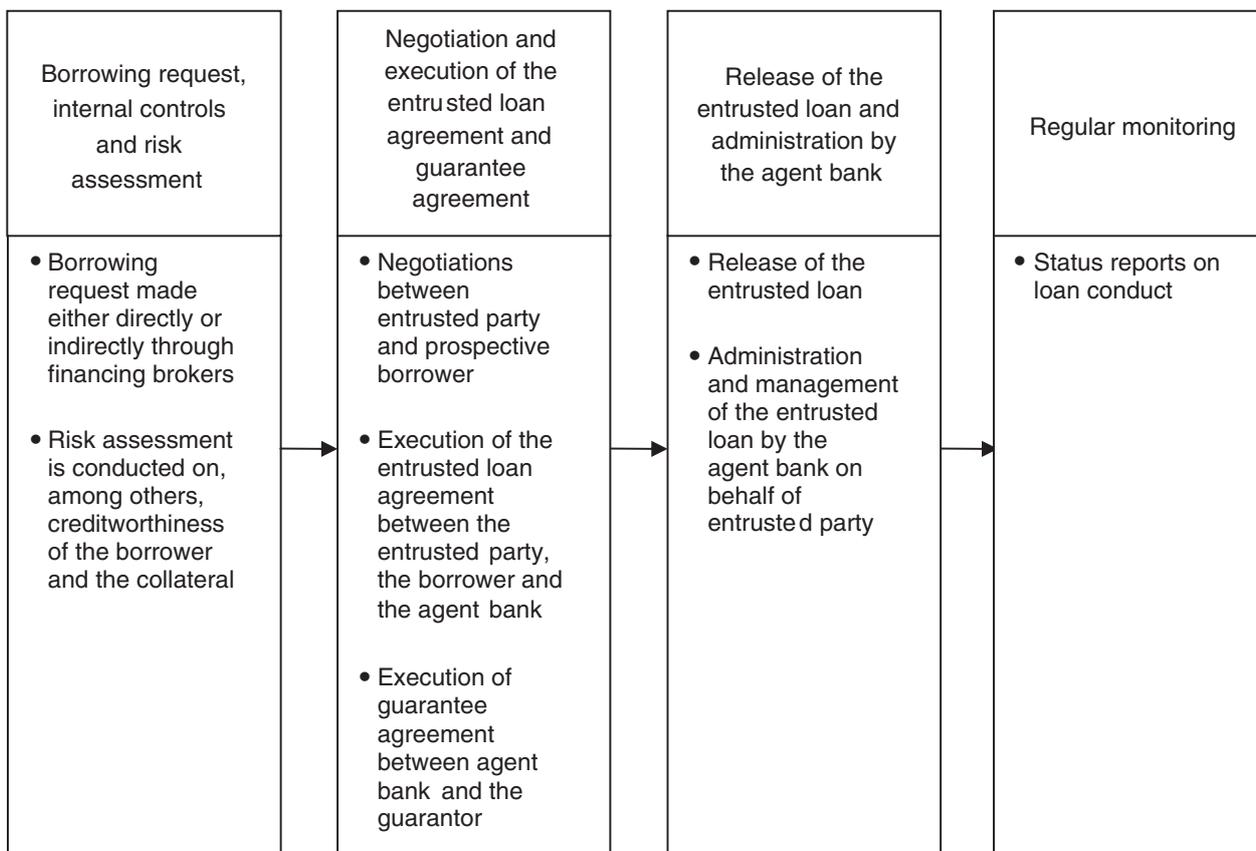
Notes:

- (1) Comprises interest income on entrusted loans to third parties, interest income on vendor financing arrangements and financial consultancy fee income.
- (2) PBT is higher than revenue as interest income generated from surplus funds is higher than expenses incurred for the period.
- (3) Excludes entrusted loans to an affiliated corporation.

As at the Latest Practicable Date, as the Group has developed and continues to emphasise a prudent process in its property financing business, it has not experienced any loan default and the interest servicing on all loans has been current.

(iii) *Property Financing Business Process*

Set out below is a diagrammatic illustration of the business process of the Group's property financing business:



Borrowing Request

As at the Latest Practicable Date, the Group has worked with the Bank of Communications (交通银行), Bank of Chengdu (成都银行), China Minsheng Bank (中国民生银行), Shanghai Pudong Development Bank (上海浦东发展银行) and the Bank of Nanjing (南京银行) as the agent banks for the Group's entrusted loan arrangements.

The Group may receive lending requests either directly or indirectly through financing brokers which refer potential borrowers to the Group for its consideration. The Group may also receive borrowing requests from existing clients. Upon receipt of these requests, the Group will undertake due diligence on the prospective borrowers and more importantly, the value of the property collateral.

Internal Controls and Risk Assessment

The Group has established procedures to assess the credit standing of third parties to whom it extends credit to. The Group extends entrusted loans only to select borrowers and/or guarantors that have good credit and financial standing. In particular, the properties which are the subject of the collateral are valued at amounts that provide a sufficient margin vis-à-vis the Group's loan exposure. Prior to approving an entrusted loan, the Group will assess the location of the property collateral and prospective rental yields should the collateral be in the form of leased properties. The Group will also consider the purpose of the loan in evaluating requests from prospective borrowers.

The entrusted loans the Group provides are typically secured by a mortgage of land use rights and/or property as well as personal guarantees and/or corporate guarantees in favour of the agent bank. To this end, and as part of the Group's internal controls, its team in Shanghai Sigma will also conduct physical due diligence on the property collateral including verifying the title of the property and its condition, and checking its surrounding area. To evaluate the value of the property collateral prior to granting the entrusted loans, the Group will also obtain independent valuations of the land use rights and mortgaged

properties and undertake its own investigations such as checking recent comparable property transaction prices and take into account the Group's prior experience in accepting property collateral in previous transactions.

As a matter of internal policy, the Group does not accept mortgages of land which are zoned for industrial use. However, the Group may consider a mortgage of land which may be developed for residential or commercial use as it possesses the experience and expertise to operate and/or develop such property should it need to enforce the rights of the Group and take possession of such property in the event the borrower defaults on its loan. Generally, where the security is a mortgage of land use rights and/or property, the Group requires that the amount of the loan be capped at a pre-set percentage of the value of the mortgaged land use rights and/or mortgaged properties.

After undertaking due diligence on the prospective borrower and the property collateral, the Group will prepare a written proposal, setting out the relevant details, such as the loan principal amount, loan tenure, interest rate, LTV ratio, purpose of the loan, security and guarantees to be provided, for consideration by the Group's Credit Committee. The Group's Credit Committee comprises the Group Chief Executive Officer, Group Chief Operating Officer and Group Chief Financial Officer. Once the accumulated principal outstanding amounts of all entrusted loans disbursed by the Group exceed RMB100.0 million, any subsequent loans to be disbursed will have to be further approved by the Group Chairman. Board approval is required for all property financing transaction(s) that would result in a single counter-party exposure in excess of RMB500.0 million. The relevant agreements are executed only after the requisite internal approvals have been obtained.

In addition, the Group regularly updates its Credit Committee on the status of the loans granted pursuant to the Group's property financing business.

Negotiation and Execution of the Entrusted Loan Agreement and Guarantee Agreement

The principal sum and the interest rate of the entrusted loan will be determined after negotiations between the Group, in its capacity as the entrusted party, and the borrower, taking into account, factors such as, the prevailing market interest rates and/or banking and finance practices, and the nature of the property collateral.

The Group grants entrusted loans with terms of between three to 12 months commencing from the date of advancement of the entrusted loan. Subject to the approval by the agent bank and the Group, the borrower may make early repayment of the outstanding amount of the entrusted loan.

Upon receipt of the relevant internal approvals, the Group will enter into an entrusted loan agreement with the borrower and the agent bank. After the entrusted loan agreement has been executed, the following documents are typically entered into between borrower and/or its nominated third party and the agent bank and borrower and/or its nominated third party and the entrusted party to secure the due performance of the borrower of its obligations under the entrusted loan agreement:

- (1) a mortgage over the land use rights of, and/or certain property and other assets of the borrower;
- (2) a corporate guarantee by any acceptable parent company or affiliate of the borrower entity or a third party company; and/or
- (3) a personal guarantee by individual guarantor, who may be a director or an executive of the borrower.

The entrusted loan agreement and documents relating to the property collateral and guarantees must first be reviewed and approved by the Group's internal legal counsel prior to execution. Depending on the location of the property collateral and loan quantum, the Group may arrange for notarisation of the mortgage document to facilitate the enforcement of the security in the event of a default by the borrower.

Release of the Entrusted Loan and Administration by the Agent Bank

After the agent bank has obtained approval from the Group, it will release and deposit the entrusted funds into the borrower's account with the agent bank and/or its local branches in different cities in the PRC on the disbursement dates as set out in the entrusted loan agreement. Under this agreement, the

agent bank will also administer and manage the entrusted loan on behalf of the entrusted party including, among others calculating any interest incurred. The agent banks typically charge the Group a handling fee equivalent to approximately 0.1 per cent. of the entrusted loan amounts which is borne wholly by the borrower.

Regular Monitoring

The Group's team in Shanghai Sigma regularly updates the Group's Credit Committee on the status of each loan. Any material deviation in the loan conduct of the borrower and the value of the property collateral that may affect the repayment of the entrusted loan will be reported to the Group Chief Executive Officer. The Group may, through the agent bank, enforce the security or seek early repayment of the loan in the event of a default.

In the event of a default, the Group may, through the agent bank, seek to realise the value of the collateral to repay the loan. However, if the value of the collateral is insufficient to cover the loan principal and interest amounts due and the Group is unable to collect the amounts due from the borrowers or the corporate and/or the personal guarantors who provided the guarantees to the Group, it will suffer a loss. As the collateral is secured in favour of the agent bank which retains the title documents to the mortgaged properties and land use rights, the Group does not have the legal right to enforce the collateral, but will rely on the agent bank to do so in the event of a default by the borrower. If any of the borrowers default on their loans, and the agent bank refuses to enforce the collateral, or the Group is unable to enforce the collateral against the customer as a third party in the entrusted loan arrangement, or the collateral is insufficient to cover the loan principal amounts and interest, the Group may not be able to recover the loans in full, or at all.

In respect of the credit risk arising for the property financing operations, entrusted loans are generally secured by a mortgage of land use rights and/or property as well as personal guarantees and/or corporate guarantees in favour of the entrusted bank. The loan disbursed is capped at a pre-set LTV ratio of the property collateral.

4. EMPLOYEES

As at 31 December 2014, the Group had 298 full-time employees. Employees of the Group are not unionised. The relationship and cooperation between the management and staff have generally been good and the Group expects these to continue to be good in the future. There have not been any incidences of work stoppages or labour disputes which have affected the Group's operations.

5. MAJOR CUSTOMERS

In the Group's property development and property holding business, its customers comprise mainly purchasers of the Group's residential and/or commercial units in its development, lessees of its properties and guests in its hospitality property respectively. In the Group's property financing business, its customers are primarily business enterprises which require short-term funding.

None of the Group's customers or borrowers from each of its businesses accounted for 5.0 per cent. or more of its total revenue during the financial year ended 31 December 2012, FY2013 and FY2014.

The Group's business or profitability is not materially dependent on any single customer or borrower.

6. SALES AND MARKETING

The Group has a sales and marketing team in Chengdu which is headed by the director of the Group's sales and marketing team. The team is responsible for conducting market research and analysis, branding and developing the Group's image and the “首铸” brand, formulating and conceptualising the Group's overall sales and marketing strategies, coordinating promotional events, setting up show flats and sales centres and providing after-sales services to its customers.

The Group's sales and marketing team in Chengdu is familiar with the preferences of potential purchasers of the residential units in its developments. During the preliminary design stage of the Group's developments, the team provides suggestions to the Group's technical design team as to how certain aspects of the development should be designed to better suit the requirements of potential purchasers.

Since the Group entered into a land grant contract to acquire East River Plot One, it has set up an additional sales and marketing team in Dongguan, which intends to adopt a similar model for sales and marketing practice as that in Chengdu.

In addition to the above, the Group's sales and marketing efforts are generally conducted through newspapers, magazines, outdoor advertising boards, banners, and the internet, as well as through property development exhibitions.

7. LICENCES, PERMITS AND CERTIFICATES

As at the Latest Practicable Date, the Group has obtained all the relevant material business permits, licences, certificates and approvals for its business operations in the PRC. The Group is in compliance with all applicable PRC laws and regulations which are material to its business operations.

The Group has obtained Property Development Enterprise Qualification Certificates (Class 3) (房地产开发企业资质三级证书) for Chengdu Gaeronic, Chengdu Yongchang and Chengdu Zhongren, which entitles each of Chengdu Gaeronic, Chengdu Yongchang and Chengdu Zhongren to develop property projects in the PRC with a GFA of not more than 150,000 sq m for every phase within the same plot of land.

The Group has also obtained the Property Development Enterprise Interim Qualification Certificate for First Sponsor No. 1 Dongguan with a GFA of not more than 250,000 sq m for every phase within the same plot of land. First Sponsor No. 1 Dongguan uses this certificate for the purposes of developing the Star of East River Project.

In addition, depending on the progress of the respective projects, the Group has to apply for the following key permits for each of the property development projects:

- (1) The State-owned Land Use Rights Certificates (the "**Land Use Rights Certificate**") (国有土地使用证);
- (2) The permit for planning of land for construction use (the "**Construction Land Planning Permit**") (建设用地规划许可证);
- (3) The permit for planning of construction project (the "**Construction Project Planning Permit**") (建设工程规划许可证);
- (4) The permit for commencement of construction (the "**Construction Permit**") (建筑工程施工许可证); and
- (5) The permit for pre-completion sale of commodity properties (the "**Pre-Sale Permit**") (商品房预售许可证).

Several of the regulatory approvals and licences on which the Group is dependent are subject to audit by the relevant authorities annually and accordingly renewed on that basis. Such approvals and licences comprise the Organisation Code Certificate (组织机构代码证), Social Insurance Registration Certificate (社会保险登记证), Foreign Employee Registration Manual (外国人就业登记手册), Financial Registration of Foreign Investment Enterprise Certificate (外商投资企业财政登记证), Record and Registration of Alcohol Circulation (酒类流通备案登记) and Special Industry Licence (特种行业许可证), Record and Registration of Hotels (社会旅馆备案登记) and the Hygiene Permit Certificate (卫生许可证). The Group has not, as at the Latest Practicable Date, experienced any difficulty in the annual audit process and accordingly renewing these approvals and licences. The Group does not anticipate, to the best of its knowledge, any difficulty in renewing them when their terms expire.

8. COMPETITION

The Group believes that its property development and property holding businesses are capital intensive businesses which present substantive barriers to entry. The principal competitive factors affecting the property development industry include the location of the developments, the quality, workmanship and variety of designs of the property developments, the sales and marketing strategies adopted by the developers, the branding of the developers and the after-sale property management services provided.

The Group faces competition posed by existing property developers as well as the emergence of new players in the property development industry. As such, the Group may have to compete with them when acquiring land sites for development. As certain of these property developers, including overseas listed foreign developers and top-tier domestic property developers, are more established than the Group and have greater brand recognition, financial, technical, marketing and other resources, they may be able to operate more successfully than the Group.

As the Group's property holding business currently includes hospitality assets, it faces competition in the hospitality industry. The principal factors that affect the Group's business are location, room rates, services, supply and demand for hotel rooms and changes in travel patterns and preferences. The level of competition in Chengdu where the Group's M Hotel Chengdu operates is affected by various factors, including changes in economic conditions, both locally and regionally, changes in local and regional population, the supply and demand for hotel rooms, changes in travel patterns and preferences, and new supply of hotels in Chengdu. In addition, there can be no assurance that new or existing competitors will not offer significantly lower room rates than the Group's room rates or offer greater convenience services or amenities or significantly expand or improve facilities in Chengdu, thereby adversely affecting the demand for the Group's hotel rooms.

In addition, the financing industry in which the Group operates its property financing business is highly fragmented and very competitive. The Group competes with other secured financing providers as well as banks and other financial institutions. The Group believes that the market will become more competitive as the industry matures and consolidates.

9. BUSINESS STRATEGY

(a) Focus on growing Property Development Business in Chengdu and Dongguan, with Selective Expansion into other High Growth Markets

Where suitable opportunities arise, the Group intends to acquire sites in strategic locations that have the potential for development into residential and commercial properties to meet the demand for such properties by the growing middle-class population in the PRC.

Since 2008, the Group has focused its property development business in Chengdu and Dongguan.

The Group intends to continue growing its property development business in Chengdu and Dongguan, which is expected to benefit from the PRC government's urbanisation drive, and avoid direct entry into property markets in tier-one cities, such as Beijing and Shanghai, where land costs are relatively higher. This will allow the Group to leverage on its knowledge of the local property markets in these cities, as well as the business networks and relationships with local governments that the Group has established over the years.

The Group also intends to explore the possibility of accelerating its growth through selective developments and acquisitions in other growth markets in the PRC or outside of Singapore, by leveraging on its strong management expertise and the extensive business networks of its controlling shareholders.

(b) Focus on Mass Market Residential Property Developments

The Group also intends to maintain its core business focus on the mass market residential property market in the PRC, as it believes it will be supported by the policies of the PRC government.

The PRC government's urbanisation drive, coupled with increased industrialisation, is expected to support demand in the residential property market, especially within the mass market residential segment as demand for commodity residential housing from first-time home buyers and first-time home upgrades increases.

The Group intends to draw on its development expertise, local market knowledge and brand equity to undertake mass market residential property developments, leveraging on its success in the development of Chengdu Cityspring, as well as the ongoing development of Millennium Waterfront in Chengdu.

(c) Focus on growing its Portfolio of Long-Term Properties Held for Income within and beyond the PRC

The Group intends to build its portfolio of long-term properties to generate a stable stream of recurrent income and future capital gain. For instance, under Phase II of the Group's expansion plan for M Hotel Chengdu, the Group has added new facilities such as a swimming pool, gymnasium, squash court, and a multi-purpose banquet hall. Save for the swimming pool, these facilities started operation, from the third quarter of 2014.

In respect of Millennium Waterfront, upon completion of the entire development, the Group's long-term properties held for income will comprise the Millennium Waterfront Chengdu Hotel and potentially certain commercial properties.

Within the PRC, with the completion of the development of the Group's commercial properties, the Group expects the stable recurrent revenue from its property holding business to increase as they mature and complement the revenue from its property development business which is more project driven. These commercial properties may also be a source for potential capital gains in the future.

Since February 2015, as part of the Group's strategy to drive its future growth, and leveraging on the business network of its controlling shareholders, the Group began expanding its property holding business portfolio beyond the PRC. The Group's involvement in the acquisition of the Zuiderhof I building in the Netherlands as set out in the sections titled "History and Overview", "Business Activities – Property Holding Business" is an example of such expansion, and the Group continues to evaluate future opportunities outside of the PRC. The Group intends to continue developing and expanding its property holding business portfolio in a sustainable manner.

(d) Strategic Affiliation with M&C UK

The Group's hotel in Chengdu, M Hotel Chengdu, is managed by a subsidiary of one of its controlling shareholders, M&C UK. M&C UK and its subsidiaries ("**M&C Group**"), is a dynamic hotel ownership and management group with over 100 hotels around the world, including in the PRC. The Group is currently in negotiations with the M&C Group for the operation and management of the Millennium Waterfront Chengdu Hotel, with targeted commencement of hotel services in 2017.

The Group intends to grow this strategic affiliation with M&C UK which allows it to leverage on the management expertise of an international hotel operator, thereby enabling the Group to remain focused on its property development, property holding and property financing businesses. In addition, M&C UK's worldwide distribution networks and loyalty programmes also strengthen demand from both domestic and international travellers. Accordingly, the Group will from time to time engage the M&C Group to manage its hospitality-related properties on terms and conditions to be agreed.

(e) Prudent Expansion of Property Financing Business in the PRC

The Group intends to leverage on its healthy financial position and property market knowledge to prudently expand its property financing business in the PRC. The scarcity of bank credit extended to PRC property developers and owners has led to an increasing demand for property financing through entrusted loan arrangements. In order to capture this market opportunity, the Group plans to increase the aggregate amount of loans which may be advanced by the Group, with particular focus in Shanghai, though the Group may also selectively expand its property financing business into Chengdu, Dongguan and certain tier-one cities. The Group will continue to extend entrusted loans where there is a reliable valuation of the property collateral and at an appropriate loan-to-value margin for risk management purposes.

10. COMPETITIVE STRENGTHS

(a) Supported by Established Controlling Shareholders

Both the Group's ultimate controlling shareholders, the Hong Leong Group Singapore, through its shareholding interests in M&C UK, and Tai Tak are established names which are well recognised and respected in Asia, including in the PRC.

Hong Leong Group Singapore is a globally diversified conglomerate. Its core businesses include investment holding, property holding and development, hotel ownership and management, hospitality real estate management, financial services, manufacturing, trading and distribution.

Tai Tak is a private company which was incorporated in 1954. It has a long operating history which began in rubber plantation ownership and management. Subsequently, Tai Tak diversified into the oil palm business, undertook logging and sawmilling operations. It currently invests in a wide range of businesses, including plantations, listed and private equities and property holding and development.

The Group's controlling shareholders possess extensive business experience and networks in the PRC, which have contributed significantly to the Group's business and growth. For example, through leveraging on the Group's affiliation with the Hong Leong Group Singapore, the Group's controlling shareholder, FSCL, had entered into a memorandum of understanding with, among others, the SSCIP Platform Company, a joint venture company between the Sino-Singapore Chengdu Innovation Park Development Co., Ltd., the joint venture platform company (the "**Singapore JV Co**") set up by a consortium comprising Sembcorp Development Ltd. and Singbridge Holdings Pte. Ltd. (which is wholly-owned by Temasek Holdings (Private) Limited) and a Chengdu local state-owned enterprise, for the proposed acquisition of two adjacent mixed-use plots of land, with a view to the Issuer being the tender party for the land use rights to this site. The Group's hotel in Chengdu, M Hotel Chengdu, is managed by the M&C Group, which is the Hong Leong Group Singapore's London-listed hotel arm and a dynamic hotel ownership and management group with over 100 hotels around the world, including in the PRC. The Group is currently in negotiations with the M&C Group for the operation and management of the Millennium Waterfront Chengdu Hotel. The Group's first property development project in Chengdu and first investment property acquired in the Netherlands were each secured through leveraging on Tai Tak's business network in Chengdu and the Netherlands respectively. In addition, the strong financial position of the Group's controlling shareholders has provided the Group with the capability to expand its business.

The appointments of these controlling shareholders' representatives on the Issuer's Board as Chairman and Director demonstrate these controlling shareholders' commitment to the Group, and also allow the Group to leverage on the business expertise and networks of these prominent business leaders.

Mr Ho Han Leong Calvin, the Non-Executive Chairman sitting on the Issuer's Board, joined Tai Tak in 1976 and was appointed as its chief executive officer in 1984. Having accumulated extensive experience from his tenure as chief executive officer of Tai Tak, he is able to provide guidance to the Group's senior management on matters pertaining to the strategic direction and corporate values of the Group. With his experience in the property markets in the PRC and Australia as well as his extensive network of business contacts, the Group believes that he will be able to provide the Group with valuable insight into the opportunities and trends in the PRC and the Netherlands property market.

Mr Aloysius Lee Tse Sang joined the Issuer's Board as a Non-Executive Director on 2 April 2015. Mr Lee was appointed as the Group Chief Executive Officer of M&C UK with effect from 1 March 2015. Mr Lee's management career spans the leisure, information technology/telecommunications and real estate sectors. Mr Lee was the Chief Executive Officer of South Beach Consortium Pte Ltd., a joint venture established by City Developments Limited and other parties to create a mixed-use real estate development in Singapore, which is scheduled to be completed in 2015. Prior to that, Mr Lee held senior leadership positions at a number of companies, including one of China's leading real estate groups, Shui On Land, Hong Kong Telecom, Star Cruises and Singapore Airlines.

The Group's controlling shareholders' continued support will enable the Group to leverage on their business networks to grow the Group's business.

(b) Strong Management Team Combining Singapore Managerial Expertise with PRC Execution Capabilities

The Group is led by an experienced management team that has a proven track record in growing and expanding its business and operations. Under its management team, the Group has progressed to undertake property development projects on a larger scale. For example, the Group's current property development project in Chengdu, Millennium Waterfront, will have an expected GFA of 1,891,711 sq m (including an aggregate below ground GFA of 502,332 sq m) when fully completed, compared to an

aggregate GFA of 230,795 sq m (including an aggregate below ground GFA of 58,903 sq m) for Chengdu Cityspring. The Group's management team has also successfully expanded the scope of its business from property development to include property holding and property financing.

The Group's management team is led by the Group Chief Executive Officer and Group Chief Financial Officer who are both based in Singapore but travel frequently to the PRC and the Netherlands to oversee the operations of the Group. The Group Chief Executive Officer has more than 15 years of managerial experience working in and with companies of the Hong Leong Group Singapore, several of which are listed on international exchanges, including companies which are engaged principally in property development and hospitality businesses in different countries, including, among others, the PRC. The Group Chief Financial Officer has more than 20 years' experience in financial accounting, audit and financial management.

The Group Chief Executive Officer and Group Chief Financial Officer are supported by a team of experienced and dedicated Executive Officers in the PRC comprising Mr Sun Gang, the Group Chief Operating Officer, Mr Wang Gongyi, the Chief Executive Officer (Chengdu Operations), Mr Shu Zhen, the Chief Executive Officer (Guangdong Operations), and Ms Zhang Jing, the Chief Executive Officer (Shanghai Operations). The Group Chief Operating Officer has more than 10 years of experience in the PRC property development business, having worked on property development projects in cities such as Shanghai, Dongguan and Chengdu. In addition to their experience in property development, the Chief Executive Officer (Chengdu Operations), and Chief Executive Officer (Guangdong Operations) also possess extensive business networks in their respective markets and have built up strong relationships with the local governments in Chengdu and Dongguan respectively. The Chief Executive Officer (Shanghai Operations), has more than 10 years of experience in the financing business and has been instrumental in the establishment and growth of the Group's property financing business.

The Group's management team has demonstrated strong leadership, combining entrepreneurial drive with financial and managerial prudence. With their extensive business networks, industry experience and local market knowledge, the Group's management team is able to identify suitable sites with development potential or properties which meet the Group's investment criteria. The Group believes its management team's acumen and understanding of market trends have helped the Group identify and seize significant business opportunities, enabling it to acquire sites at reasonable prices and opportune times, thereby positioning the Group to benefit from growth in the PRC property market. The Group believes its management team's extensive experience, together with its strong and proven execution capabilities, will ensure that the Group is well-positioned to achieve sustainable long-term growth both in the PRC and elsewhere.

(c) Ability to Leverage on Macroeconomic and Population Trends in the PRC through Focus on Tier-Two Cities and Mass Market Segment in the PRC

To support economic and social development in the PRC, the PRC government has announced an urbanisation drive in the PRC. According to the Independent Market Research Consultant, urbanisation rate was 52.6 per cent. in 2012 and is expected to increase to 60.0 per cent. by 2020, an increase in the urban population from approximately 712.0 million people in 2012 to approximately 900.0 million people in 2020. This urbanisation drive will be characterised by growth in rural towns and small cities (城镇化), instead of the continued expansion of megacities (都市化), and this according to the Independent Market Research Consultant, is expected to increase significantly the population of tier-two cities, particularly in Central and Western China. This in turn will support demand in the residential property market, especially within the mass market residential segment as demand in respect of commodity residential housing for first-time home buyers and first-time home upgraders increase in the tier-two cities in the PRC.

In April 2008, the Group entered into the Chengdu property market. Chengdu, the capital city of Sichuan province and a tier-two city in the PRC, has been recognised as the key gateway to the PRC's Western region. Chengdu is the capital of Sichuan province and the hub in Southwest of China. This historical and cultural city is known for giant panda and its cuisine. In line with the PRC government's focus on the development of Western China, Chengdu has been designated by the State Council as the centre of science, technology, commerce, trade and finance and a hub of transportation and telecommunications in Southwest China. In 2012, Chengdu's GDP growth rate reached 13.0 per cent., 5.2 percentage points

higher as compared to the national GDP growth rate, while the annual disposable income of urban households was RMB27,194, 10.7 per cent. higher than the national level of RMB24,565. The urbanisation rate of 68.4 per cent. in Chengdu was also higher than the national level of 52.6 per cent.

The Group also focuses on the property market in Dongguan, a tier-two city and a key industrial city situated in the south of Guangzhou, the provincial capital of Guangdong province. Dongguan is located in the central south of Guangdong province, east coast of the Pearl River Estuary and the lower reaches of the Pearl River Delta. The city is in the middle of Guangzhou and Shenzhen economy zone adjacent to Hong Kong and Macau. According to the Independent Market Research Consultant, Dongguan is one of the largest manufacturing bases in the world and possesses an export-oriented economy which has seen growth from RMB370.3 billion in 2008 to RMB501.0 billion in 2012. Despite its relatively low GDP growth rate of 6.1 per cent. in 2012, Dongguan's urban households enjoy an annual disposable income of RMB42,944 in FY2012 which was a significantly higher than average annual disposable income of urban households in the PRC. The Group has signed agreements in relation to the Dongguan City Projects and the Star of East River Project in Dongguan, after having successfully divested a development property in Humen, Dongguan, on an en-bloc basis to a listed PRC property developer in September 2013.

In addition to Chengdu and Dongguan, the Group has prior development experience in the counties of Fogang and Lianzhou in Qingyuan, Guangdong province, which it believes has also provided the Group with relevant experience in the property development business in the PRC.

The Group's residential development projects are primarily mass market residential properties that are targeted at the middle-class and upper middle-class households and buyers. For example, the residential units at Chengdu Cityspring typically range from 95 sq m to 127 sq m in size, and were sold at an average gross selling price of RMB9,093 per sq m for the period from the first launch to 31 March 2015. The Group's residential units launched at the Millennium Waterfront typically range from 78 sq m to 129 sq m in size, and were sold at an average gross selling price of between RMB5,577 to RMB6,039 per sq m for the plots launched, for the period from the first launch to 31 March 2015.

The Group believes that its track record and expertise in the development of mass market residential projects in tier-two cities have positioned the Group to leverage on the macroeconomic and the population trends in the PRC, such as the projected urban population growth that will arise from the PRC government's urbanisation drive.

(d) Disciplined Business Strategy in Property Financing Business

The Group employs a disciplined business strategy in its property financing business. For example, the Group adopts a stringent selection criteria in the evaluation of potential transactions and disburse loans prudently in transactions, taking into account appropriate capital management measures, such as whether the potential transaction has an appropriate LTV ratio.

The Group believes that its disciplined business strategy allows it to obtain an appropriate return for its loan exposures, or in the event of a default by the borrower, the opportunity to acquire properties that have been mortgaged as collateral for loans extended by the Group, at an appropriate discount to the fair value of these properties. In addition, the provision of property financing services in the PRC through an entrusted loan arrangement is not subject to any specific licensing requirement, which provides the Group with the flexibility to determine the loan structures and the property assets required as collateral for the loans.

(e) Mitigation against Downturns and Increasing Funding Costs through Prudent Financial Management

The Group believes in the prudent financial management of its business.

In the event of any downturn in the PRC economy and property market, highly geared property developers in the PRC may face severe financial difficulties, especially when sale of residential properties slow down significantly. However, the Group believes that it has the financial strength to weather such downturns. The Group's financial stability mitigates business and financial risks that arise.

This will provide the Group with significant advantage over its competitors especially during economic downturns and will place it in a good position to take advantage of business opportunities in a downturn. The Group is also able to weather potential external shocks, for example, increases in funding cost or liquidity tightening.

As at 31 March 2015, the Group has a net gearing ratio of 0.12 (net debt of S\$108.4 million) and unutilised committed credit facilities of S\$158.6 million. The Group's healthy financial position provides it with the financial flexibility to acquire sites for development and/or income generating properties at the appropriate time and in a timely manner, giving it a significant advantage over competitors with weaker financial positions. The Group's healthy financial position also provides it with the flexibility to obtain further bank borrowings and/or other debt facilities for its future property developments and to take advantage of any appropriate property holding and property financing business opportunities that may arise in the future. In addition, the Group is currently listed on the SGX-ST. This will enable the Group to tap the capital markets to fund its business growth.

11. AWARDS AND ACCREDITATIONS

Chengdu Cityspring has been accorded the awards as set out below:

Awards	Awarding Organisation	Date of Award
National Construction Project Excellent Quality Management Team (全国工程建设优秀质量管理小组)	National Construction Project Award Approval Committee (国家工程建设质量奖审定委员会)	June 2011
Sichuan province Quality Structure Project (四川省结构优质工程)	Sichuan Provincial Department of Housing and Urban-Rural Development (四川省住房和城乡建设厅)	August 2011 (residential) September 2012 (commercial)
Safe and Civilised Construction Site (安全文明工地)	Chengdu Township Construction Committee (成都市城乡建设委员会)	March 2012
Sichuan Provincial Standardised Safe and Civilised Construction Site (四川省省级安全生产文明施工标准化工地)	Sichuan Provincial Construction Engineering Standard Supervision Terminus (四川省建设工程质量安全监督总站)	May 2012
AAA-grade Standard Safe and Civilised Construction Site (AAA级安全文明标准化工地)	China Construction Association Construction Safety Branch (中国建筑业协会建筑安全分会)	November 2013

Plot B of Millennium Waterfront has been accorded the award as set out below:

Award	Awarding Organisation	Date of Award
Sichuan Province Quality Structure Project (四川省结构优质工程), as awarded for both residential and commercial components	Sichuan Provincial Department of Housing and Urban-Rural Development (四川省住房和城乡建设厅)	November 2014

12. RECENT KEY DEVELOPMENTS

(a) Termination of the Dongguan Zhongtang Agreements

On 21 November 2013, the Issuer and its subsidiary, First Sponsor Guangdong, entered into the Zhongtang Agreements in respect of the proposed development of the Dongguan Zhongtang Project. The Group had proceeded to pay RMB100.0 million (the "Initial Fund") in November 2013 to one of the

counter-parties to the Zhongtang Agreements to facilitate the resettlement of affected residents and/or businesses which are carried out on properties located on the land site as well as for expenses incurred in connection with the initial phase of the Dongguan Zhongtang Project.

On 14 January 2015, the Issuer and First Sponsor Guangdong entered into an agreement with the local government of Zhongtang Town, Dongguan, Guangdong province (the “**Zhongtang Local Government**”), and Dongguan Zhongtang Asset Management Company (东莞市中堂资产经营管理有限公司) (the “**Management Company**”) to, *inter alia*, terminate the Zhongtang Agreements (the “**Termination Agreement**”).

Pursuant to the Termination Agreement, the Management Company shall, among other things, refund the Initial Fund to First Sponsor Guangdong no later than 25 November 2015 and pay a return on the Initial Fund to First Sponsor Guangdong at the rate of 10.0 per cent. per annum, for the period from 26 November 2014 to the date on which the Initial Fund has been fully repaid, no later than 25 November 2015. The Management Company has also paid a one-off return sum of RMB16.5 million to the Group in January 2015 which was recorded as part of its other income in 1Q2015.

With the termination of the Zhongtang Agreements, the Group would have the opportunity but not the obligation to participate in a tender process for the land use rights relating to the Dongguan Zhongtang Project in the future. The Group will monitor the PRC property market and determine, in particular with regards to the Dongguan Zhongtang Project, before deciding whether to participate in such an acquisition process at the relevant time.

(b) Acquisition of Zuiderhof I Building in the Netherlands

On 4 February 2015, the Issuer and other co-investors entered into a sale and purchase agreement to acquire from a European institutional investor all of the issued shares in the capital of NL Property 1, which in turn owns the Zuiderhof I building, located at Jachthavenweg 121, Amsterdam.

The acquisition was completed on 18 February 2015 and the Group’s aggregate purchase consideration amounted to EUR49.9 million. The Zuiderhof I building is situated at the South Axis, the central business district of Amsterdam. It is fully leased to Van Doorne N.V., one of the largest legal firms in the Netherlands. The current lease will expire in July 2019, with options for the lessee to renew the lease.

Further details on the acquisition is set out in the section titled “Business Activities – Property Holding Business” above.

As at 31 March 2015, the Zuiderhof I building contributed S\$0.7 million, or 64.6 per cent. of the total gross profit of the Group’s property holding business in 1Q2015.

(c) Proposed Acquisition of Property comprising the Holiday Inn and Holiday Inn Express hotels and 509 ancillary car park lots in Amsterdam Southeast

Capitalising on the acquisition momentum of the Group’s first acquisition of the Zuiderhof I building in the Netherlands, on 27 April 2015, the Group’s wholly-owned subsidiary NL Property 2 entered into a sale and purchase agreement with IVG Institutional Funds GmbH to acquire the Holiday Inn and Holiday Inn Express hotels, along with 509 ancillary car park lots in Amsterdam Southeast for a net purchase consideration of EUR54.6 million, inclusive of estimated transaction costs, at an expected net rental yield of 7.2 per cent. This property which has a good long term redevelopment potential has been leased to two independent parties on a long term basis. Further details on the proposed acquisition are set out in the section titled “Business Activities – Property Holding Business” above.

The Group expects the acquisition to complete around mid-June 2015.

These acquisitions in the Netherlands are part of the Group’s ongoing efforts to build a more diversified recurrent income base outside of the PRC, by leveraging on the Group’s management expertise and the extensive business networks of the Issuer’s controlling shareholders.

13. HEALTH, SAFETY, ENVIRONMENT AND QUALITY

The Group is committed to having environmentally-sustainable operations by adopting green initiatives and green policies. Eco-friendliness is a main factor to be considered in the architectural design of the Group's property developments. The Group has incorporated large airwells and voids of space of several floor heights in the building and facade design in Chengdu Cityspring to create natural ventilation. This enables significant reduction of the energy consumption of the air conditioning system for the building especially during warmer weather. The Group has also adopted aluminium alloys with thermal insulation, the double glazing system as well as low emissivity glass in the Group's aluminium facades to reduce heat transmission in its development projects in Chengdu.

The Group seeks to minimise its carbon footprint in respect of its operations and has for this purpose, implemented an environmental management system to identify and manage environmental aspects, including energy and water usage. Although its property developments are undertaken by third party contractors, the Group conducts regular checks at its construction sites. Energy and water usage in the construction sites for all projects under construction are monitored and analysed for any abnormality for immediate rectification.

In respect of the Group's properties held for income and in particular, its operations at M Hotel Chengdu, the Group regularly monitors and seeks to reduce energy consumption and water usage. This is achieved through both the Group's internal efforts as well as the external policies promoted to its customers:

- (a) reducing the use of water and materials through awareness programs and through incorporating energy-efficient designs into its buildings, equipment and work practices;
- (b) using dual flush water closets to save water;
- (c) utilising energy-efficient light bulbs;
- (d) controlling the minimum and maximum temperatures of its hotel rooms via a centralised system during hot and cold seasons, respectively, so as to prevent abuse of the airconditioning and heating systems;
- (e) encouraging its guests to use their bed linens and towels more than once to save water and energy;
- (f) using energy-efficient appliances (such as air-conditioners, light-emitting diode lighting fixtures which consumes less energy as well as liquid-crystal-display televisions); and
- (g) reducing the use of disposable plastic bags in its hotel operations.

In addition to the above, the Group acknowledges its responsibilities towards its investors, employees, customers, suppliers and the community as a whole. Employees are encouraged to report any potentially improper and/or unethical conduct that they become aware of at their workplace or in connection with their work. The Group believes it has an environment that enables its employees to raise both legitimate and genuine concerns internally.

The Group also believes in being a responsible corporate citizen and seeks to enrich communities through, among others, education, health and arts-related causes.

14. INSURANCE

The Group currently chiefly operates in the PRC, where there is presently no law or regulation requiring property developers and investors to take up insurance for their property developments or investments, or other insurance which may be applicable to the Group, save for motor vehicle insurance and employee-related social insurance such as elderly, medical and work injury insurance. The Group has purchased such insurance accordingly.

In respect of the Group's property development entities, other than the aforementioned insurance coverage, it has requested that the third party main contractors engaged by the Group for the construction of its property development be responsible for the risks associated with the developments during the

construction phase and have the obligation to take up the requisite insurance before the commencement of construction, such as workers' injury insurance as well as loss of construction materials or machineries insurance. No insurance has been purchased in respect of completed properties developed by the Group which are pending delivery to its customers and those that are held for sale.

In respect of the Group's property holding entities, other than the aforementioned insurance coverage, for the Group's properties on its portfolio which are in the PRC, the Group has purchased property insurance including fire insurance for the properties which are held for income in Dongguan and Chengdu, including the commercial units in Humen International Cloth Centre, M Hotel Chengdu and the commercial units in Chengdu Cityspring. Such property insurance coverage has been extended to include losses and damage arising from earthquakes, typhoons, labour strikes and other natural disasters. M Hotel Chengdu has also procured insurance coverage for machinery breakdown, public liability, employer liability and cash and cash in transit according to the requirements stipulated in the hotel management agreement with the M&C Group. Certain of the Group's Dongguan subsidiaries namely, First Sponsor Guangdong and Guangdong Advertisement, have also purchased public liability insurance, as well as cash and cash-in-transit insurance. Additional insurance coverage for these subsidiaries had been obtained taking into account whether it would be economically viable to do so given the potential for such risks materialising.

In respect of the Zuiderhof I building in the Netherlands, the Group has also purchased property insurance including fire insurance, as advised by its local property managers. The Group will continue to monitor the property insurance coverage of properties acquired as part of its property holding business in other regions beyond the PRC as the Group continues to explore opportunities for growth and expansion of its property holding business in markets other than the PRC, as advised by their local property managers and with reference to typical property insurance of similar buildings within close proximity.

In respect of the Group's property financing business, save for the property insurance that its borrowers are typically required to purchase in respect of the mortgaged property as required by the respective agent banks, no other insurance coverage has been taken up.

The Group believes that it has sufficient insurance coverage and will conduct annual reviews on the sufficiency of such coverage.

BOARD OF DIRECTORS, KEY EXECUTIVES AND LEGAL REPRESENTATIVES

DIRECTORS

The Issuer's Board of Directors is entrusted with the responsibility for the overall management of the Group. The Issuer's Directors are listed below:

Name	Position
Mr Ho Han Leong Calvin	Non-Executive Chairman
Mr Ho Han Khoon (Alternate Director to Mr Ho Han Leong Calvin)	Alternate Director to the Non-Executive Chairman
Mr Aloysius Lee Tse Sang	Non-Executive Director
Mr Neo Teck Pheng	Group Chief Executive Officer and Executive Director
Ms Ting Ping Ee, Joan Maria	Independent Director
Mr Yee Chia Hsing	Lead Independent Director
Mr Hwang Han-Lung Basil	Independent Director

Notes:

- (1) The Issuer's Non-Executive Chairman, Mr Ho Han Leong Calvin, is the cousin of Mr Ho Han Khoon, who is the alternate director to Mr Ho Han Leong Calvin.
- (2) Save as disclosed above, none of the Issuer's Directors is related by blood or marriage to one another or to the Issuer's shareholders who have interest(s) in shares the nominal amount of which is not less than 5.0 per cent. of the total votes attached to all the voting shares of a corporation ("**Substantial Shareholders**").

Information on the business and working experience of the Issuer's Directors is set out below:

Mr Ho Han Leong Calvin is the Issuer's Non-Executive Chairman. He had been appointed as Non-Executive Vice-Chairman on 1 October 2007 and was redesignated as the Board's Non-Executive Chairman from 2 April 2015. Mr Ho has accumulated extensive experience during his tenure as Chief Executive Officer of Tai Tak, having been involved in its businesses, including in plantations, listed and private equities and property holding and development. He has also been instrumental in assisting the Group's senior management in the conceptualisation and setting of the strategic direction and corporate values of the Group.

Mr Ho holds a Higher National Diploma in Business Studies from Polytechnic of The South Bank, United Kingdom.

Mr Ho Han Khoon is the alternate director to the Issuer's Non-Executive Chairman. He was appointed to the Board as the alternate director to the Group's then Non-Executive Vice-Chairman, Mr Ho Han Leong Calvin, on 19 May 2014 and, with effect from 2 April 2015, has been redesignated as the alternate Director to the current Non-Executive Chairman, Mr Ho Han Leong Calvin. Mr. Ho is currently an Executive Vice-President of Tai Tak, where he is responsible for overseeing the Tai Tak Group's overall business and financial strategy, investments and operations.

Mr Ho holds a Bachelor of Social Sciences degree with Honours from the National University of Singapore.

Mr Aloysius Lee Tse Sang joined the Issuer's Board as a Non-Executive Director on 2 April 2015. Mr Lee was appointed as the Group Chief Executive Officer of M&C UK with effect from 1 March 2015. Mr Lee's management career spans the leisure, information technology/telecommunications and real estate sectors. Mr Lee was the Chief Executive Officer of South Beach Consortium Pte Ltd., a joint venture established by City Developments Limited and other parties to create a mixed-use real estate

development in Singapore, which is scheduled to be completed in 2015. Prior to that, Mr Lee held senior leadership positions at a number of companies, including one of China's leading real estate groups, Shui On Land, Hong Kong Telecom, Star Cruises and Singapore Airlines.

Mr Lee is a Fellow of the Chartered Management Institute and a Fellow of the Charter Institute of Marketing, and holds management qualifications from Harvard University, the University of Hong Kong and the University of Hawaii.

Mr Neo Teck Pheng is the Group Chief Executive Officer and Executive Director of the Issuer and was appointed on 1 October 2007. He has overall responsibility for management, operations and growth of the Group's businesses.

Mr Neo began his career with KPMG in 1994. In 1996, Mr Neo joined Hong Leong Group Singapore and held various roles within Hong Leong Group Singapore. Mr Neo was also previously the board member of various entities within Hong Leong Group Singapore.

Mr Neo holds a Bachelor of Accountancy Degree (First Class Honours) from Nanyang Technological University, Singapore.

Ms Ting Ping Ee, Joan Maria was appointed as an Independent Director of the Issuer on 19 May 2014. Ms Ting spent her entire career from 1977 to 2013 at DBS Bank Ltd. She is currently an Independent Director of Grandland Shipping Limited.

Ms Ting holds a Bachelor of Accountancy (Second Class Honours) degree from the National University of Singapore. Ms Ting was a member of the Financial Industry Competency Standards Steering Committee and concurrently Chairman of the Financial Industry Competency Corporate Banking Sub-Committee from 2003 to 2009.

Mr Yee Chia Hsing was appointed as the Issuer's Lead Independent Director on 19 May 2014. He is currently Head, Catalist of CIMB Bank Berhad, Singapore Branch ("**CIMB Bank**"), a position he has held since early 2011. At CIMB Bank, he is responsible for the introduction, supervision and continuing sponsorship of Catalist companies on the SGX-ST.

Mr Yee holds a Bachelor of Accountancy (First Class Honours) degree from the Nanyang Technological University, Singapore. He currently serves on the audit committee and investment committee of Ren Ci Hospital, a Singapore charity.

Mr Hwang Han-Lung Basil was appointed as an Independent Director of the Issuer on 19 May 2014. He is a partner of Zhong Lun Law Firm and an Executive Director of Linmark Group Limited, a company listed on the Hong Kong Stock Exchange. Mr Hwang is also a Director of the Singapore Chamber of Commerce. He has advised extensively on cross-border mergers and acquisitions transactions and on investments into and out of the PRC.

Mr Hwang holds a Bachelor of Laws Degree (Second Class Upper Honours) from the National University of Singapore. He also holds a Master of Science in Global Finance jointly granted by the Hong Kong University of Science and Technology and New York University's Stern School of Business. He was admitted as an advocate and solicitor of the Supreme Court of Singapore in 1998, as a solicitor of England and Wales in 2000 and as a solicitor of Hong Kong in 2004.

MANAGEMENT

The day-to-day operations of the Group are entrusted to an experienced and qualified team of Executive Officers. The particulars of the Executive Officers are set out below:

Name	Position
Mr Neo Teck Pheng	Group Chief Executive Officer and Executive Director
Ms Lee Sau Hun	Group Chief Financial Officer
Mr Sun Gang	Group Chief Operating Officer
Mr Wang Gongyi	Chief Executive Officer (Chengdu Operations)
Mr Shu Zhen	Chief Executive Officer (Guangdong Operations)
Ms Zhang Jing	Chief Executive Officer (Shanghai Operations)

Notes:

- (1) None of the Issuer's Executive Officers is related to one another, the Issuer's Directors or to the Issuer's Substantial Shareholders.

Information on the business and working experience of the Issuer's Executive Officers is set out below:

Ms Lee Sau Hun is the Group Chief Financial Officer and was appointed in May 2011.

Ms Lee began her career at PriceWaterhouseCoopers where her last held position was senior manager. Ms Lee then joined Hong Leong Management Services Pte. Ltd. as the Vice-President (Investment) between January 2006 and April 2011 where she engaged in corporate advisory services within Hong Leong Group Singapore. She was also a director of various subsidiaries of Hong Leong Group Singapore prior to the listing of the Issuer.

Ms Lee holds a Bachelor of Accountancy Degree (Second Class Honours) from the Nanyang Technological University, Singapore. She is a Non-Practising Member of the Institute of Singapore Chartered Accountants.

Mr Sun Gang is the Group Chief Operating Officer and was appointed in November 2011. He oversees the Group's PRC business operations. Mr Sun has more than 30 years of experience in managing property projects in the PRC.

Mr Sun holds a Bachelor Degree in Environmental Engineering and Water Supply and Drainage from Tongji University, Shanghai, PRC.

Mr Wang Gongyi is the Group's Chief Executive Officer (Chengdu Operations) and was appointed in October 2011. He oversees the day-to-day management and operations of the Group's business in Chengdu.

Prior to that, from June 1998 to May 2011, Mr Wang held the position of general manager of the former candy business operations of the Group, in charge of its general management and operations.

Mr Wang holds a Bachelor Degree in Machinery Design and Manufacturing from Sichuan Chengdu University, Chengdu, PRC. Mr Wang also achieved several awards, including the Sichuan Provincial Fourth Session of Excellent Entrepreneur award and the Model Worker award granted by the Sichuan Provincial Government.

Mr Shu Zhen is the Group's Chief Executive Officer (Guangdong Operations), and was appointed in August 2012. Mr Shu is currently responsible for overseeing the Group's business operations in Dongguan. He first joined the Group in December 2007 as a director and vice-president of the Group's key subsidiary, First Sponsor Guangdong.

Mr Shu holds a Graduation Certificate in China Finance and Futures Higher Level Study from Beijing University, School of Economics, PRC.

Ms Zhang Jing is the Group's Chief Executive Officer (Shanghai Operations) and was appointed in November 2011. From her Shanghai office, Ms Zhang is responsible for the management and expansion of the Group's property financing business in the PRC.

Ms Zhang has extensive experience in the PRC financing and leasing operations from her role as general manager in various financing companies prior to joining the Group.

Ms Zhang holds a Bachelor Degree in Economics from the School of Economics, Aoyama Gakuin University, Japan.

LEGAL REPRESENTATIVES

Identities of the legal representatives

As at the Latest Practicable Date, the legal representatives of the Group's PRC subsidiaries are as follows:

Subsidiaries	Name	Nationality
Chengdu Zhongren	Mr Neo Teck Pheng (梁德平)	Singaporean
Chengdu Zhongren No 1 ¹	Mr Neo Teck Pheng (梁德平)	Singaporean
Chengdu Yongchang	Mr Neo Teck Pheng (梁德平)	Singaporean
First Sponsor Guangdong	Mr Neo Teck Pheng (梁德平)	Singaporean
Shanghai Sigma	Ms Lee Sau Hun (李秀娴)	Singaporean
First Sponsor No. 1 Dongguan	Mr Neo Teck Pheng (梁德平)	Singaporean
Chengdu Gaeronic	Mr Neo Teck Pheng (梁德平)	Singaporean
Guangdong Advertisement ²	Mr Neo Teck Pheng (梁德平)	Singaporean
Chengdu Ming Ming	Ms Khor Hui Boon (许惠雯)	Malaysian
Sichuan Construction ³	Ms Khor Hui Boon (许惠雯)	Malaysian
Chengdu Kaiser	Mr Zhang Jiarong (张家荣)	Singaporean

Note:

⁽¹⁾ This refers to "Chengdu Zhong Ren No. 1 Management Consultancy Co., Ltd. (成都众仁一号企业管理咨询有限公司).

⁽²⁾ This refers to "Guangdong Idea Valley Advertisement Limited (广东慧谷广告有限公司).

⁽³⁾ This refers to "Sichuan First Sponsor Construction Co., Ltd. (四川首助建筑工程有限公司).

These legal representatives were appointed after consultations among the Group's senior management personnel, taking into account their experience in operating and managing corporate entities as well as their character and integrity.

SUMMARY OF RELEVANT PRC LAWS AND REGULATIONS

PRC LEGAL SYSTEM

Laws, regulations and directives

The PRC legal system is based on the PRC Constitution and is made up of laws, regulations and directives. Decided court cases do not constitute binding precedents.

The National People's Congress of the PRC ("NPC") and the Standing Committee of the NPC are empowered by the PRC Constitution to exercise the legislative power of the state. The NPC has the power to amend the PRC Constitution and to enact and amend primary laws governing the state organs, civil and criminal matters. The Standing Committee of the NPC is empowered to interpret the PRC Constitution, enact and amend laws other than those required to be enacted by the NPC.

The State Council of the PRC is the highest organ of state administration and has the power to enact administrative rules and regulations. Ministries and commissions under the State Council of the PRC are also vested with the power to issue orders, directives and regulations within the jurisdiction of their respective departments. Administrative rules, regulations, directives and orders promulgated by the State Council and its ministries and commissions must not be in conflict with the PRC Constitution or the national laws and, in the event that any conflict arises, the Standing Committee of the NPC has the power to annul such administrative rules and regulations enacted by the State Council and the State Council has the power to annul such directives, orders and regulations issued by its ministries and commissions.

At the regional level, the people's congresses of provinces, municipalities, autonomous regions and their standing committees may enact local rules and regulations and the people's government may promulgate administrative rules and directives applicable to their own administrative area. These local rules and regulations may not be in conflict with the PRC Constitution, any national laws or any administrative rules and regulations promulgated by the State Council.

Rules, regulations or directives may be enacted or issued at the provincial or municipal level or by the State Council of the PRC or its ministries and commissions in the first instance for experimental purposes. After sufficient experience has been gained, the State Council may submit legislative proposals to be considered by the NPC or the Standing Committee of the NPC for enactment at the national level.

The power to interpret laws is vested by the PRC Constitution in the Standing Committee of the NPC. According to the Decision of the Standing Committee of the NPC Regarding the Strengthening of Interpretation of Laws (全国人民代表大会常务委员会关于加强法律解释工作的决议) passed on 10 June 1981, the Supreme People's Court has the power to give general interpretations on the application of laws in judicial proceedings apart from its power to issue specific interpretation in specific cases. The State Council and its ministries and commissions are also vested with the power to give interpretation of the rules and regulations which they promulgated. At the regional level, the power to give interpretation of regional rules is vested in the regional legislative and administration organs which promulgate such rules. All such interpretations carry legal effect.

Judicial system

The People's Courts are the judicial organs of the PRC. Under the PRC Constitution (中华人民共和国宪法) and the Law of the Organisation of the People's Courts of the PRC (中华人民共和国人民法院组织法), the People's Courts comprise the Supreme People's Court (including its circuit tribunals), the local people's courts, military courts and other special people's courts. The local people's courts are divided into three levels, namely, the basic people's courts, intermediate people's courts and higher people's courts. The basic people's courts are divided into civil, criminal and administrative divisions. The intermediate people's courts have divisions similar to those of the basic people's courts and, where the circumstances so warrant, may have other special divisions (such as intellectual property divisions). The judicial functions of people's courts at lower levels are subject to supervision of people's courts at higher levels. The people's procuratorates also have the right to exercise legal supervision over the proceedings of people's courts of the same and lower levels. The Supreme People's Court is the highest judicial organ of the PRC. It supervises the administration of justice by the people's courts at all levels.

The people's courts adopt a two-tier final appeal system. A party may before the taking effect of a judgement or order appeal against the judgement or order of the first instance of a local people's court to the people's court at the next higher level. Judgements or orders of the second instance at the next higher level are final and binding. Judgements or orders of the first instance of the Supreme People's Court are also final and binding. If, however, the Supreme People's Court or a people's court at a higher level finds an error in a final and binding judgement which has taken effect in any people's court at a lower level, or the presiding judge of a people's court finds an error in a final and binding judgement which has taken effect in the court over which he presides, a retrial of the case may be conducted according to the judicial supervision procedures.

The PRC civil procedures are governed by the Civil Procedure Law of the PRC (中华人民共和国民事诉讼法) (the "**Civil Procedure Law**") adopted on 9 April 1991, which was amended on 28 October 2007 and 31 August 2012. The Civil Procedure Law contains regulations on the institution of a civil action, the jurisdiction of the people's courts, the procedures in conducting a civil action, trial procedures and procedures for the enforcement of a civil judgement or order. All parties to a civil action conducted within the territory of the PRC must comply with the Civil Procedure Law. A civil case is generally heard by a court located in the defendant's place of domicile. The jurisdiction may also be selected by express agreement by the parties to a contract provided that the selection is not contrary to some special requirements of jurisdiction and the jurisdiction of the people's court selected has some actual connection with the dispute, that is to say, the plaintiff or the defendant is located or domiciled, or the contract was executed or implemented in the jurisdiction selected, or the subject-matter of the proceedings is located in the jurisdiction selected. A foreign national or foreign enterprise is accorded the same litigation rights and subject to obligations as a PRC citizen or PRC legal person. A judgement or order made by a people's court or an award made by an arbitration body in the PRC may be enforced by the aggrieved party by making an application to the people's court. There are time limits on the right to apply for such enforcement. Where at least one of the parties to the dispute is an individual, the time limit is one year. If both parties to the dispute are legal persons or other entities, the time limit is six months. However, from 1 April 2008, such time limit is extended to two years regardless of the nature of the parties to the dispute.

A party seeking to enforce a judgement or order of a people's court against a party who or whose property is not within the PRC may apply to a foreign court with jurisdiction over the case for recognition and enforcement of such judgement or order. A foreign judgement or ruling may also be recognised and enforced according to PRC enforcement procedures by the people's courts in accordance with the principle of reciprocity or if there exists an international or bilateral treaty with or acceded to by the foreign country that provides for such recognition and enforcement, unless the people's court considers that the recognition or enforcement of the judgement or ruling will violate fundamental legal principles of the PRC or its sovereignty, security or social or public interest.

Company law

The establishment and operation of corporate entities in the PRC is governed by the Company Law of the PRC (中华人民共和国公司法) (the "**Company Law**"), which was promulgated by the Standing Committee of the NPC on 29 December 1993 and became effective on 1 July 1994. It was subsequently amended on 25 December 1999, 28 August 2004, 27 October 2005 and 28 December 2013.

The Company Law generally governs 2 types of companies — limited – liability companies and joint stock limited companies. Both types of companies have the statuses of legal persons, and the liability of a company to its debtors is limited to the value of assets owned by the company. Liabilities of shareholders of a company are limited to the amount of registered capital they have subscribed.

The amendments to the Company Law adopted in October 2005 and December 2013 seek to reform various aspects of the 1993 Company Law and simplify the establishment and operation of companies incorporated in the PRC by, among others, lowering capitalisation requirements, increasing shareholder and creditor protection, improving corporate governance, abolishing the minimum requirement of the registered capital as well as the timeframe for payment of the investment capital. Further, the restriction relating to the total investment by a company in other entities exceeding 50.0 per cent. of its net assets has been removed, the incorporation of one-shareholder limited – liability companies in addition to wholly

state-owned enterprises is permitted, and the Company Law shall apply to foreign invested limited liability companies. Where laws on foreign investment have special stipulations, such special stipulations shall apply.

Arbitration and enforcement of arbitral awards

The Arbitration Law of the PRC (中华人民共和国仲裁法) (the “**Arbitration Law**”) was promulgated by the Standing Committee of the NPC on 31 August 1994 and came into effect on 1 September 1995. It was subsequently amended on 27 August 2009. It is applicable to, among other matters, trade disputes involving foreign parties where the parties have entered into a written agreement to refer the matter to arbitration before an arbitration committee constituted in accordance with the Arbitration Law. Under the Arbitration Law, an arbitration committee may, before the promulgation by the PRC Arbitration Association of arbitration regulations, formulate interim arbitration rules in accordance with the Arbitration Law and the PRC Civil Procedure Law. Where the parties have by an agreement provided for arbitration as a mechanism of dispute resolution, the parties are not permitted to institute legal proceedings in a people’s court.

Under the Arbitration Law, an arbitral award is final and binding on the parties and if a party fails to comply with an award, the other party to the award may apply to the people’s court for enforcement. A people’s court may refuse to enforce an arbitral award made by an arbitration committee if (a) there are mistakes or irregularities over the arbitration proceedings, or the jurisdiction or constitution of the arbitration committee; (b) the contract between parties does not include an arbitration clause or the parties have not reached any written arbitration agreement after a dispute arose; (c) the matters arbitrated are outside the scope of an arbitration agreement or the arbitration committee has no arbitration power over such matters, and (d) evidence for rendering the award is forged or any material evidence is withheld.

A party seeking to enforce an arbitral award of a foreign affairs arbitration body of the PRC against a party who or whose property is not within the PRC may apply to a foreign court with jurisdiction over the case for enforcement. Similarly, an arbitral award made by a foreign arbitration body may be recognised and enforced by the PRC courts in accordance with the principles of reciprocity or any international treaty or bilateral treaty concluded or acceded to by the PRC.

In respect of contractual and non-contractual commercial-law-related disputes which are recognised as such for the purposes of PRC law, the PRC has acceded to the Convention on the Recognition and Enforcement of Foreign Arbitral Award (承认及执行外国仲裁裁决公约) (the “**New York Convention**”) adopted on 10 June 1958 pursuant to a resolution of the Standing Committee of the NPC passed on 2 December 1986. The New York Convention provides that all arbitral awards made by a state which is a party to the New York Convention shall be recognised and enforced by other parties to the New York Convention subject to their right to refuse enforcement under certain circumstances including where the enforcement of the arbitral award is against the public policy of the state to which the application for enforcement of the arbitral award is made. It was declared by the Standing Committee of the NPC at the time of accession of the PRC that (1) the PRC would only recognise and enforce foreign arbitral awards on the principle of reciprocity and (2) the PRC would only apply the New York Convention in disputes considered under PRC laws to be arising from contractual and non-contractual mercantile legal relations.

FOREIGN INVESTMENT

Wholly foreign-owned enterprise (“**WFOE**”), Sino-foreign equity joint venture (“**JV**”) and Sino-foreign cooperative joint venture (“**CJV**”) are governed by the Law of the PRC Concerning Wholly Foreign-owned Enterprises (中华人民共和国外资企业法), which was promulgated on 12 April 1986 and revised on 31 October 2000, and its Implementation Regulations (中华人民共和国外资企业法实施细则) promulgated on 12 December 1990 and revised on 12 April 2001, the Law of the PRC on Sino-foreign Equity Joint Ventures (中华人民共和国中外合资经营企业法) promulgated on 1 July 1979 and revised on 15 March 2001 and the Implementation Regulations (中华人民共和国中外合资经营企业法实施条例) promulgated on 20 September 1983 and revised on 22 July 2001, the Law of the PRC on Sino-Foreign Cooperative Joint Ventures (中华人民共和国中外合作经营企业法), which was promulgated on 13 April 1988 and revised on 31 October 2000, and its Implementation Regulations (中华人民共和国中外合作经营企业法实施细则) promulgated on 4 September 1995 (together the “**Foreign Enterprises Law**”).

Procedures for establishment of a WFOE, JV and CJV

The establishment of a WFOE, JV and CJV will have to be approved by the MOFCOM (or its delegated authorities). In the case of a WFOE whereby two or more foreign investors jointly apply for the establishment of a WFOE or in the case of an application for the establishment of JV or CJV, a copy of the contract between the parties must also be submitted to MOFCOM (or its delegated authorities) for its approval and record. A WFOE, JV or CJV must also obtain a business licence from the SAIC (or its delegated authorities) before it can commence business.

Nature of WFOE, JV and CJV

A WFOE or JV is a limited liability company under the Foreign Enterprises Law as well as a legal person, whereas a CJV is a limited liability company if it obtains the capacity of a legal person. A legal person may independently assume civil obligations, enjoy civil rights and has the right to own, use and dispose of property. It is required to have a registered capital contributed by the foreign investor(s). The liability of the foreign investor(s) is limited to the amount of registered capital contributed. A foreign investor may make its contributions by instalments and the registered capital must be contributed within the period as approved by MOFCOM (or its delegated authorities) in accordance with relevant regulations.

Profit distribution

The Foreign Enterprises Law and other related PRC laws provide that after payment of taxes, a JV, or CJV has the discretion to allocate any portion of its after tax profits to a reserve fund and enterprise development fund, while a WFOE must make contributions to a reserve fund at a rate of not less than 10.0 per cent. of its after tax profits. If the cumulative total of allocated reserve funds reaches 50.0 per cent. of an enterprise's registered capital, the enterprise will not be required to make any additional contribution. The enterprise is prohibited from distributing dividends unless the losses (if any) of previous years have been made up.

The net profit that an investor receives after fulfilling its obligations under the laws and the agreement and the contract, the funds it receives at the time of the enterprise's scheduled expiration or its early termination, and such other funds may be remitted abroad in accordance with the PRC foreign exchange regulations and in the currency specified in the contract.

Acquisition of Domestic Enterprises by Foreign Investors

On 8 August 2006, the MOFCOM, the State-owned Assets Supervision and Administration Commission, the SAT, the SAIT, the CSRC and the SAFE collectively issued the Provisions on Merger with and Acquisition of Domestic Enterprises by Foreign Investors (关于外国投资者并购境内企业的规定) (the "Provision 10") which came into force on 8 September 2006 and was amended on 22 June 2009.

Provision 10 was supplemented by the Guidelines on Domestic Enterprises Indirectly Issuing Securities Overseas or Listing and Trading Their Securities Overseas (境内企业间接到境外发行证券或者将其证券在境外上市交易的规定) ("CSRC Guidelines") issued by CSRC on 21 September 2006.

Provision 10 provides that the application shall be made to the MOFCOM for examination and approval of the acquisition of any company inside the PRC affiliated to a Domestic Company, enterprise or natural person, which is made in the name of an overseas company lawfully established or controlled by such Domestic Company, enterprise or natural person.

Provision 10 also provides that the overseas listing of a special purpose company on an overseas stock market must be approved by CSRC.

FOREIGN EXCHANGE CONTROL

Prior to 31 December 1993, enterprises in the PRC requiring foreign currency were required to obtain approval from the State Planning Committee (now NDRC) and the Ministry of Foreign Trade and Economic Cooperation (now MOFCOM) before it could convert RMB into foreign currency, and such conversion had to be effected at the official rate prescribed by the SAFE. RMB reserved by foreign investment enterprises could also be converted into foreign currency at swap centres with the prior examination and verification by SAFE. The exchange rates used by swap centres were largely determined by the supply of and demand for foreign currencies and RMB.

On 28 December 1993, the PBOC announced that the dual exchange rate system for RMB against foreign currencies would be abolished with effect from 1 January 1994 and be replaced by the unified exchange rate system. Under the new system, the PBOC publishes the RMB exchange rate against the United States dollar daily. The daily exchange rate is set by reference to the RMB/United States dollar trading price on the previous day on the “inter-bank foreign exchange market”.

On 1 April 1996, the PRC Regulations on Foreign Exchange Control Regulations of the PRC (中华人民共和国外汇管理条例) (as amended on 14 January 1997 and 1 August 2008) came into effect. On 20 June 1996, the Regulations on the Administration of Settlement, Sale and Payment of Foreign Currency (结汇、售汇及付汇管理规定) were promulgated by the PBOC and came into effect on 1 July 1996. On 25 October 1998, the PBOC and SAFE issued a Joint Announcement on Abolishment of Foreign Exchange Swap Business (中国人民银行、国家外汇管理局关于停办外汇调剂业务的通知) which stated that from 1 December 1998, foreign exchange transactions for foreign investment enterprises may only be conducted at designated banks.

On 21 October 2005, SAFE promulgated the Notice on Issues concerning the Administration of Foreign Exchange in Financing and Return-investments by PRC Residents via Overseas SPVs (国家外汇管理局关于境内居民通过境外特殊目的公司融资及返程投资外汇管理有关问题的通知) (the “**Circular 75**”) which came into effect on 1 November 2005. On 14 July 2014, SAFE promulgated Notice on Relevant Issues Concerning Foreign Exchange Administration for Domestic Residents’ Offshore Investment and Financing and Roundtrip Investment Through Offshore Special Purpose Vehicles (国家外汇管理局关于境内居民通过特殊目的公司境外投融资及返程投资外汇管理有关问题的通知) (the “**Circular 37**”) and its schedules (effective from 14 July 2014) which repealed Circular 75. The aforesaid regulations require every PRC resident who makes a contribution of assets or shares of a PRC domestic company into an overseas SPV to file an “overseas investment foreign exchange registration” and subsequently to amend their records in respect of the “overseas investment foreign exchange registration” with the local foreign exchange authority after the relevant contribution of assets or shares or any subsequent changes in the SPV’s net assets or ownership through equity fund raising, and any equity or loan financing of a PRC domestic enterprise through an SPV.

On 12 August 2007, SAFE promulgated the Notice On the Retaining of Foreign Exchange Earnings of Current Account by Domestic Entity (关于境内机构自行保留经常项目外汇收入的通知), which provides that from 12 August 2007, domestic entities may retain its recurrent foreign exchange earnings according to their needs for operation.

On 29 August 2008, the General Department of the SAFE promulgated the Notice on Improvement on Relevant Operating Issues Concerning the Foreign-invested Enterprises’ Administration of the Payment and Settlement of Capital in Foreign Currency (国家外汇管理局综合司关于完善外商投资企业外汇资本金支付结汇管理有关业务操作问题的通知) (the “**Notice 142**”), which regulates the conversion of foreign currency into RMB by FIEs through restricting how the converted RMB may be used. It requires that RMB converted from the foreign currency dominated capital of a FIE may only be used for purposes within the business scope approved by the applicable government authority and may not be used for equity investments within the PRC unless specifically provided for otherwise. It is also prohibited to use the settled foreign exchange capital for purchasing domestic real estate for any purpose other than its own use, unless the enterprise is a foreign funded real estate enterprise. In addition, SAFE strengthened its oversight over the flow and use of RMB funds converted from the foreign currency dominated capital of a FIE, which the use of such RMB may not be changed without approval from SAFE, and may not be used to repay RMB loans if the proceeds of such loans have not yet been used. Under the Notice 142, FIEs shall authorise an accounting firm to conduct capital verification before applying for the settlement of the foreign exchange capital.

On 9 November 2010, the SAFE promulgated the Notice on Relevant Issues Concerning Strengthening the Administration of Foreign Currency Services (国家外汇管理局关于加强外汇业务管理有关问题的通知) (the “**Notice [2010] 59**”). The implementation of Article 1 has ceased pursuant to the Notice on Improving the Administration of Synthetic Positions of the Banks in Foreign Exchange Settlement and Sale promulgated on April 16, 2012), under which SAFE strengthened its oversight on authenticity examination of settlement of capital raised from overseas listing and converted back.

On 18 July 2011, the General Department of the SAFE promulgated the Supplemental Notice on Improvement on Relevant Operating Issues Concerning the Foreign-Invested Enterprises' Administration of the Payment and Settlement of Capital in Foreign Currency (国家外汇管理局综合司关于完善外商投资企业外汇资本金支付结汇管理有关业务操作问题的补充通知) (the "**Notice 88**"), which regulates foreign exchange payment and settlement system by restricting and strengthening authenticity examination on documents submitted by FIEs. FIEs shall further submit an original copy of invoice or other payment evidence which can prove that the settlement exchange capital has been paid according to the payment command letter, as well as the print document of authentic certificate of network invoice with a seal of the enterprise or its financial department, other than documents and materials which have been submitted according to the Notice 142.

On 19 November 2012, the SAFE promulgated the Notice on Further Improvement on and Adjustment of Foreign Exchange Administration Policies for Direct Investments (国家外汇管理局关于进一步改进和调整直接投资外汇管理政策的通知) (the "**Notice [2012] 59**"), which abolishes some approvals and registration required for foreign exchange items and simplifies some foreign exchange procedures. For example, it abolishes approval required for foreign investors to increase capital of a FIE and for a FIE to conduct investment in the PRC if its earnings are legally obtained in the PRC. Notice [2012] 59 also simplifies procedures for settlement of foreign currency capital, i.e. for some foreign capital items which are not classified under capital items expressly prescribed in current laws and regulations, the bank can directly approve the settlement of foreign currency capital and the corresponding payment after an authenticity examination without any pre-filing procedures before SAFE.

On 24 January 2014, the SAFE promulgated the Notice on Further Improvement and Adjustment of Capital Item Foreign Exchange Administration Policies (国家外汇管理局关于进一步改进和调整资本项目外汇管理政策的通知) (the "**Notice [2014] 2**"). Notice [2014] 2, among others, simplifies the registration of claims against foreign debtors by financing lease companies and relaxes restrictions on granting of loans by PRC companies to foreign entities.

On 4 August 2014, the SAFE promulgated the Notice on Trial Reform of FIE Foreign Exchange Capital Conversion Administration in Certain Regions (国家外汇管理局关于在部分地区开展外商投资企业外汇资本金结汇管理方式改革试点有关问题的通知) (the "**Notice [2014] 36**"). Notice [2014] 36 allows foreign invested enterprises in certain industrial parks, bonded zones and new districts to convert their foreign currency capital into RMB in their own discretion. However, the use of such RMB proceeds is still subject to the applicable restrictions.

On 28 February 2015, the SAFE promulgated the Notice on Further Streamlining and Improving the Administration of Foreign Exchange Policies in Direct Investment (国家外汇管理局关于进一步简化和改进直接投资外汇管理政策的通知) (the "**Notice [2015] 13**"), which further abolishes some approvals and registration required for foreign exchange items and simplifies some foreign exchange procedures. For example, it abolishes the annual inspection of foreign exchange certificate and the foreign exchange registration approval for direct foreign investment. Notice [2015] 13 will come into force from 1 June 2015.

In summary, taking into account the promulgation of the recent new regulations and to the extent the existing provisions stipulated in previous regulations do not contradict these new regulations, the present position under the PRC law relating to foreign exchange control are as follows:

- (a) the previous dual exchange rate system for RMB was abolished and a managed floating exchange rate system based largely on supply and demand with reference to a basket of currencies was introduced. The PBOC, will announce the closing price of foreign currencies against the RMB in the inter-bank foreign exchange market after the closing of the market on each working day, and will make it the central parity for the trading against the RMB on the following working day.
- (b) foreign exchange earnings of domestic entities may be transferred to the PRC or held abroad according to the regulations stipulated by SAFE.
- (c) foreign investment enterprises may have their own foreign currency accounts and are also permitted to retain their recurrent exchange earnings according to their needs of operation and the sums retained may be deposited into foreign exchange bank accounts maintained with designated banks.

- (d) reservation or settlement of capital account foreign exchange earnings to designated banks shall be approved by the foreign exchange control administration unless stated otherwise. Foreign exchange funds from capital accounts shall only be used according to the purpose approved by the foreign exchange control administration and the relevant competent authorities.
- (e) where a foreign enterprise makes a direct investment or carries out the issuance and/or business of securities or other derivatives within the PRC, or where a domestic entity makes a direct investment or carries out the issuance and/or business of securities or other derivatives outside the PRC, it shall go through the registration procedure according to the relevant regulations stipulated by SAFE. A guarantee or a commercial loan provided to the entity outside the PRC by a domestic entity shall be subject to approval and registration with the relevant foreign exchange administration. The utilising of foreign debts by an enterprise shall be in compliance with relevant regulations and go through the foreign debt registration with foreign exchange control administration.
- (f) foreign investment enterprises which require foreign exchange for their ordinary trading activities such as trade services and payment of interest on foreign debts may purchase foreign exchange from designated foreign exchange banks if the application is supported by proper payment notices or supporting documents.
- (g) foreign investment enterprises may require foreign exchange for the payment of dividends that are payable in foreign currencies under applicable regulations, such as distributing profits to their foreign investors. They can withdraw funds in their foreign exchange bank accounts kept with designated foreign exchange banks, subject to the due payment of tax on such dividends. Where the amount of the funds in foreign exchange is insufficient, the enterprise may, upon the presentation of relevant documents, purchase foreign exchange from designated foreign exchange banks.
- (h) foreign investment enterprises may apply to the Bank of China or other designated foreign exchange banks to remit the profits out of the PRC to the foreign parties to equity or cooperative joint ventures or the foreign investors in wholly foreign-owned enterprises if the requirements provided by the PRC laws, rules and regulations are met.
- (i) strict supervision and control by foreign exchange control administration have been imposed upon foreign investment enterprises established in the manner of acquisitions of the PRC enterprises by foreign enterprises with PRC residents as shareholders.

THE LAND SYSTEM OF THE PRC

All land in the PRC is either State-owned or collectively owned, depending on the location of the land. All land in the urban areas of a city or town is State-owned, and all land in the rural areas of a city or town and all rural land are, unless otherwise specified by law, collectively owned. The state has the right to reclaim land in accordance with law if required for the benefit of the public. Although all land in the PRC is owned by the state or by collectives, private individuals and businesses and other organisations are permitted to hold, lease and develop land for which they are granted land use rights.

National legislation

In April 1988, the PRC Constitution (中华人民共和国宪法) (as amended on 14 March 2004) was amended by the National People's Congress to allow for the transfer of land use rights for value. In December 1988, the Land Administration Law of the PRC (中华人民共和国土地管理法) (as amended on 28 August 2004) was amended to permit the transfer of land use rights for value.

Under the Interim Regulations of the PRC on Grant and Transfer of the Right to Use State-owned Urban Land (中华人民共和国城镇国有土地使用权出让和转让暂行条例) (the "**Interim Regulations on Grant and Transfer**") promulgated in May 1990, local governments at or above county level have the power to grant land use rights for specific purposes and for a definite period to a land user pursuant to a contract for the grant of land use rights against payment of a grant premium.

Grant

PRC law draws a distinction between the ownership of land and the right to use land. Land use rights can be granted by the state to the user to entitle the user to the exclusive use of a piece of land for a specified purpose within a specified term and on such other terms and conditions as may be prescribed. Under the Interim Regulations on Grant and Transfer, all local and foreign enterprises are permitted to acquire land use rights unless the law provides otherwise. A premium is payable on the grant of land use rights. The maximum term for which land use rights can be granted are specified in the relevant regulations and vary from 40 to 70 years depending on the purpose for which the land is used:

Use of land	Maximum period in years
Commercial, tourism, entertainment	40
Residential	70
Industrial	50
Education, science, cultural, health and sports	50
Mixed and others	50

There are four methods in which land use rights may be granted, namely by agreement, invitation for bidding, auction or listing-for-sale.

On 11 June 2003, the Ministry of Land and Resources of the PRC promulgated the Regulation on Transfer of State-owned Land Use Rights by Agreement (协议出让国有土地使用权规定). According to this regulation, if there is only one entity interested in using the land, the land use rights (excluding land use rights used for business purposes including industrial, commercial, tourism, entertainment and commodity properties) may be granted by way of agreement. The local land bureau, together with other relevant government departments including the city planning authority, will formulate a plan concerning issues including the specific location, boundary, purpose of use, area, term of grant, conditions of use, conditions for planning and design as well as the proposed land premium, which shall not be lower than the minimum price regulated by the state, and submit such plan to the relevant government for approval. Afterwards, the local land bureau and the person who is interested will negotiate and enter into the grant contract based on the above-mentioned plan. If two or more entities are interested in the land use rights to be granted, such land use rights shall be granted by means of invitation for bidding, auction or listing-for-sale in accordance with the Regulation on Grant of State-owned Land Use Rights by Public Invitation for Bidding, Auction or Listing-for-sale (招标拍卖挂牌出让国有土地使用权规定) (the “Grant Regulations”) promulgated on 9 May 2002 by the State Bureau of Land Resources of the PRC which was revised on 28 September 2007, and came into force on 1 November 2007.

Where land use rights are granted by way of invitation for bidding, auction or listing-for-sale, a public notice will be issued by the local land bureau to specify the location, area and purpose of use of land and the initial bidding price, period for receiving bids and terms and conditions upon which the land use rights are proposed to be granted. The land use rights are granted to the bidder with the highest bid price who satisfies the terms and conditions. The successful bidder will enter into a land grant contract with the local land bureau and pay the relevant land premium within a prescribed period.

Upon signing the land grant contract, the grantee is required to pay the land premium pursuant to the terms of the contract and the contract is then submitted to the relevant local bureau for the issue of the Land Use Rights Certificate. Upon expiration of the term of grant, the grantee may apply for its renewal. Upon approval by the relevant local land bureau, a new contract is entered into to renew the grant, and a grant premium shall be paid. If the term of the grant is not renewed, the land use rights and ownership of any buildings erected on the land will revert to the state without compensation.

In order to control and facilitate the procedure for obtaining land use rights, several local governments have stipulated standard provisions in land grant contracts. Such provisions generally include terms such as use of land, land premium and manner of payment, building restrictions including site coverage, total GFA and height limitations, constructions of public facilities, submission of building plans and approvals, deadlines for completion of construction, town planning requirements, restrictions against alienation before payment of premiums and completion of prescribed development and liabilities for breach of contract. Any change requested by the land user in the specified use of land after the execution of a land grant contract will be subject to approvals from the relevant land bureau and the relevant urban planning department,

and a new land use rights grant contract may have to be signed and the land premium may have to be adjusted to reflect the appreciation of the new use. Registration procedures must then be carried out immediately.

Transfers and leases

After land use rights relating to a particular area of land have been granted by the state, unless any restriction is imposed, the party to whom such land use rights have been granted may transfer, lease or mortgage such land use rights for a term not exceeding the term which has been granted by the state. The difference between a transfer and a lease is that a transfer involves the vesting of the land use rights by the transferor in the transferee during the term for which such land use rights are vested in the transferor. A lease, on the other hand, does not involve a transfer of such rights by the lessor to the lessee. Furthermore, a lease, unlike a transfer, does not usually involve the payment of a premium. Instead, a rent is payable during the term of the lease. Land use rights cannot be transferred, leased or mortgaged if the provisions of the land grant contract, with respect to the prescribed period and conditions of investment, development and use of the land, have not been complied with. In addition, different areas of the PRC have different conditions which must be fulfilled before the respective land use rights can be transferred, leased or mortgaged.

All transfers and mortgages of land use rights must be evidenced by a written contract registered with the relevant local land bureau at municipality or county level. Upon a transfer of land use rights, all rights and obligations contained in the contract pursuant to which the land use rights were originally granted by the state are deemed to be incorporated as part of the terms and conditions of such transfer, depending on the nature of the transaction. Under the Administrative Measure on Lease of Commodity Properties (商品房屋租赁管理办法) promulgated by the Ministry of Housing and Urban-Rural Development in December 2010, the parties to a lease of a building shall enter into a lease contract in writing and go through the filing and registration procedures of the lease contract.

The Law of the PRC on Administration of Urban Properties (中华人民共和国城市房地产管理法) (the “**Urban Property Law**”) was promulgated by the Standing Committee of the National People’s Congress in July 1994 and amended in August 2007. Under Article 38, property that has not been registered and a title certificate for which has not been obtained in accordance with the law cannot be transferred. Under Article 39 of the Urban Property Law, if land use rights are acquired by means of grant, the following conditions must have been met before the land use rights may be transferred: (i) the premium for the grant of land use rights must have been paid in full in accordance with the land grant contract and a Land Use Rights Certificate must have been obtained; (ii) investment or development must have been made or carried out in accordance with terms of the land grant contract: (a) where the investment or development involves building construction projects, more than 25.0 per cent. of the total amount of investment or development must have been made or completed; and (b) where the investment or development involves a large tract of land, conditions for use of the land for industrial or other construction purpose have been confirmed.

Termination

A land use right terminates upon the expiry of the term of grant specified in the land grant contract and the resumption by the state of that right.

The state generally will not withdraw a land use right before the expiration of its term of grant and if it does so for special reasons, such as in the public interest, it must offer proper compensation to the land user, having regard to the surrounding circumstances and the period for which the land use right has been enjoyed by the user.

Upon expiry, the land use right and ownership of the related buildings erected on the land and other attachments may be acquired by the state without compensation. The land user will take steps to surrender the Land Use Rights Certificate and cancel the registration of the certificate in accordance with relevant regulations.

A land user may apply for renewal of the land use rights and, if the application is granted, the land user is required to enter into a new land grant contract, pay a premium and effect appropriate registration for the renewal grant.

Document of Title

In the PRC, there are two registers for properties. Land registration is achieved by the issue of a Land Use Rights Certificate by the relevant authorities to the land user. It is evidence that the land user has obtained land use rights which can be transferred, mortgaged or leased. The building is registered with the issue of a property certificate to the owner. It is evidence that the owner has obtained building ownership rights in respect of the buildings erected on that piece of land. According to the Law of Land Administration (中华人民共和国土地管理法) (the “**Land Law**”) (as amended on 28 August 2004) promulgated by the Standing Committee of the National People’s Congress on 25 June 1986 and implemented on 1 January 1987, and the Measures for Building Registration (房屋登记办法) promulgated by the MOC on 15 February 2008, all duly registered land use rights and building ownership rights are protected by the law.

In connection with these registration systems, properties and land registries have been established in the PRC. In most cities in the PRC, the above systems are maintained separately. However, in some cities such as Shanghai, Shenzhen and Guangzhou, the two systems have been consolidated and a single composite property and Land Use Rights Certificate will be issued evidencing the ownership of both land use rights and the buildings erected on the land.

PROPERTY DEVELOPMENT

Foreign investment in property development

Under the Foreign Investment Industrial Guidance Catalogue promulgated jointly by the MOC and the NDRC in November 2004, the development and construction of ordinary residential units falls within the category of industries in which foreign investment is encouraged, whereas the development of a whole land lot and the construction and operation of high end hotels, villas, premium office buildings and international conference centres falls within the category of industries in which foreign investment is subject to restrictions, while other property development falls within the category of industry in which foreign investment is permitted.

In October 2007, the MOFCOM and the NDRC jointly promulgated the Foreign Investment Industrial Guidance Catalogue (外商投资产业指导目录) (the “**2007 Catalogue**”) which came into effect on 1 December 2007. Compared with the Foreign Investment Industrial Guidance Catalogue (外商投资产业指导目录) promulgated on 30 November 2004 and came into effect on 1 January 2005 (the “**Old Catalogue**”), (i) transactions in property secondary market and property intermediary or broker companies has been added in the 2007 Catalogue and falls within the category of industries in which foreign investment is subject to restrictions; and (ii) development and construction of ordinary residential units has been deleted from the Old Catalogue industries in which foreign investment is encouraged and falls within the 2007 Catalogue industries in which foreign investment is permitted.

Pursuant to the Circular on Strengthening Administration of Approval and Filing of Foreign Investment in Real Estate Industry (Shang Ban Zi Han [2010] No. 1542) (商务部办公厅关于加强外商投资房地产业审批备案管理的通知) (“**MOFCOM [2010] 1542 Circular**”) issued by the General Office of Ministry of Commerce of the PRC on 22 November 2010, real estate enterprises funded by foreign capital are not permitted to make profit by purchasing and reselling real properties in the PRC that are either completed or under construction. In addition, if a non-PRC entity invests in a PRC real estate company, the PRC real estate company is required to apply to the MOFCOM or its local branches for it to be established as a foreign investment enterprise and, typically, the relevant local branches of MOFCOM will then report to the provincial branch of MOFCOM for the subsequent file recording formality of foreign invested real estate enterprises with the MOFCOM (“**Real Estate File Recording Formality**”). On 24 June 2014, MOFCOM and SAFE jointly issued the Notice on Improving Administration of Approval and Filing of Foreign Investment in Real Estate Industry (Shang Zi Han [2014] No.340) (关于改进外商投资房地产备案工作的通知). The MOFCOM has, effective from 1 August 2014, simplified the Real Estate File Recording Formality by authorizing the provincial branch of MOFCOM to directly verify the filing materials and handle the filing. However, the MOFCOM will still conduct random inspections of foreign invested real estate enterprises that have been filed.

In December 2011, the MOFCOM and the NDRC jointly promulgated the Foreign Investment Industrial Guidance Catalogue (外商投资产业指导目录) (the “**2011 Catalogue**”) which came into effect on 30 January 2012. According to the 2011 Catalogue, the construction and operation of villas or golf courses by FIEs are prohibited while the development of a whole land lot, the construction and operation

of high end hotels, premium office buildings and international conference centres as well as transactions in property secondary market and property intermediary or broker companies falls within the category of industries in which foreign investment is subject to restrictions, while other property development falls within the category of industry in which foreign investment is permitted.

On 10 March 2015, the MOFCOM and the NDRC jointly issued a further revised “Foreign Investment Industrial Guidance Catalogue” (外商投资产业指导目录), which will become effective on 10 April 2015, and provided, among others, that the construction of villas or golf courses by FIEs is prohibited while development of a whole land lot, the construction and operation of high end hotels, premium office buildings and international conference centres as well as transactions in property secondary market and property intermediary or broker companies are no longer restricted.

According to the Interim Provisions on Approving Foreign Investment Project (外商投资项目核准暂行管理办法) promulgated by NDRC in October 2004, NDRC shall examine and approve foreign investment projects with total investment of US\$100.0 million or more within the category of industries in which foreign investment is encouraged or permitted and those with total investment of US\$50 million or more within the category of industries in which foreign investment is subject to restrictions as classified in the Foreign Investment Industrial Guidance Catalogue (外商投资产业指导目录), while the local development and reform authorities shall examine and approve the foreign investment projects with total investment less than US\$100.0 million within the category of industries in which foreign investment is encouraged or permitted and those with total investment less than US\$50.0 million within the category of industries in which foreign investment is subject to restrictions as classified in the Foreign Investment Industrial Guidance Catalogue. Foreign investment projects with a total investment of US\$500.0 million or more within the category of industries in which foreign investment is encouraged or permitted and those with total investment of US\$100.0 million or more within the category of industries in which foreign investment is subject to restrictions as classified in the Foreign Investment Industrial Guidance Catalogue are subject to further approval of the State Council based on the examination and approval of the NDRC.

On 17 May 2014, NDRC promulgated the Provisions on Approving Foreign Investment Project (外商投资项目核准和备案管理办法) (“**2014 NDRC Provisions**”) which repealed the Interim Provisions on Approving Foreign Investment Project (外商投资项目核准暂行管理办法) with effect from 17 June 2014. According to the 2014 NDRC Provisions, NDRC will examine and approve encouraged foreign investment projects (with a requirement of majority Chinese shareholding control) with a total investment of more than US\$ 300.0 million and restricted foreign investment projects (except real estate projects) with a total investment of more than US\$50.0 million. The provincial NDRC will examine and approve restricted foreign investment projects with total investment of US\$50.0 million or less or restricted real estate projects and encouraged foreign investment projects (with a requirement of majority Chinese shareholding control) with a total investment of US\$300.0 million or less.

A foreign investor intending to engage in the development and sale of properties may establish a wholly foreign owned enterprise, joint venture or cooperative venture in accordance with the Law of the PRC Concerning Wholly Foreign-owned Enterprises (中华人民共和国外资企业法), the Law of the PRC on Sino-Foreign Joint Ventures (中外合资经营企业法) or the Law of the PRC on Sino-Foreign Cooperative Joint Ventures (中外合作经营企业法) respectively.

Regulations on Regulating Entry and Administration of Foreign Investment in Property Market

The MOC, together with five other ministries and commissions, has issued a new regulation called the Opinions on Regulating the Entry and Administration of Foreign Investments into the Property Market (关于规范房地产市场外资准入和管理的意见) (the “**Opinions**”) on 11 July 2006. The Opinions set out new requirements and restriction on foreign investment in the property market and purchase of properties in the PRC by foreign institutions or individuals. Major provisions of the Opinions, which may have impact on the acquisition of PRC domestic property enterprises or properties in the PRC, are as follows:

- (a) to develop or operate properties in the PRC, the foreign investor must establish a Property FIE in the PRC with a scope of business approved by the PRC authority and the registered capital of the Property FIE shall not be less than 50.0 per cent. of its total investment amount if the total investment amount is more than US\$10.0 million.

- (b) transfer of shares and project of a Property FIE and acquisition of domestic property enterprises by foreign investors shall be examined and approved by MOC and other authorities strictly in accordance with the relevant laws, regulations and policies. The foreign investors shall produce letters guaranteeing performance of the land use rights grant contract, the Permit for Planning of Land for Construction Use, the Permit for Planning of Construction Project, Construction Permit, the Land Use Rights Certificate, documents evidencing the filing of the changes with construction (property) authorities and documents issued by the tax authorities evidencing payment of taxes.
- (c) when acquiring a domestic property enterprise through share transfer and other methods or acquiring the shares of the Chinese party in an equity joint venture enterprise, the foreign investor must properly settle the employees, deal with the bank facilities and make a lump sum of payment of the transfer price using its own capital.
- (d) foreign investors that have invested in properties without receipt of an approval certificate and a business licence shall not carry out activities of property development and operation.
- (e) a Property FIE that has not received full payment of its registered capital and has not obtained the Land Use Rights Certificate or whose project development capital has not reached 35.0 per cent. of the total project investment shall not be permitted to process domestic and foreign loans. The foreign exchange authority shall not approve conversion of foreign borrowings of such enterprises.
- (f) foreign exchange authorities shall examine and approve strictly in accordance with the requirements of the relevant regulations and the inflow and conversion of the capital to be used for purchase of properties by Property FIEs and foreign institutions or individuals. Foreign capital that satisfies the requirements will be allowed to be remitted into the PRC and be converted into RMB. RMB received from transfer of the relevant properties will be allowed to be converted through purchase of foreign currency and be remitted out of the PRC after confirmation of compliance with the relevant laws and regulations and payment of taxes.
- (g) a branch or representative office established in the PRC by a foreign investor (other than Property FIEs), or a foreign individual working or studying in the PRC for more than one year, is permitted to purchase commodity properties located in the PRC only for the purpose of self-residence. Residents of Hong Kong, Macau and Taiwan and overseas Chinese may purchase commodity properties limited to a certain floor area based on their living requirements in the PRC for self-residence purpose.

On 14 August 2006, General Office in the MOFCOM promulgated the “Circular on Thorough Implementation of the Opinions on Regulating the Entry and Administration of Foreign Investments into the Property Market (商务部办公厅关于贯彻落实〈关于规范房地产市场外资准入和管理的意见〉有关问题的通知)” (the “**Circular**”). The Circular, not only reiterates relevant provisions on foreign investment in property industry as prescribed in the Opinions, but also sets forth the definition of Property FIE as “foreign-invested enterprise engaging in construction and operation of a variety of residences such as ordinary residences, apartments and villas, hotels (restaurants), resorts, office buildings, convention centers, commercial facilities, and theme parks, or, land/large-scale development aimed at the above-mentioned projects”.

Property developer

According to the Urban Property Law, a property developer is defined as an enterprise which engages in the development and sale of properties for the purpose of making profits. Under the Development Regulations, in addition to requirements on establishing enterprises, an enterprise which is to engage in development of properties must satisfy the following requirements: 1) its registered capital shall be RMB1.0 million or more; and 2) it must have five or more full-time professional property/construction technicians and two or more full-time accounting officers, each of whom shall hold the relevant qualification certificate. The local government of a province, autonomous region or municipality directly under the central government may, based on local circumstances, impose more stringent requirements on the registered capital and the professional personnel of a property developer.

To establish a property development enterprise, the developer should apply for registration with the administration for industry and commerce on or above the county level. The property developer must also report its establishment to the property development authority in the location of the registration

authority, within 30 days of the receipt of its business licence. Under the Development Regulations, the property development authority shall examine applications for registration of a property developer when it reports its establishment, by considering its assets, professional personnel and business results. A property developer shall only undertake property development projects in compliance with the approved qualification registration.

After a newly established property developer reports its establishment to the property development authority, the latter shall issue a Provisional Qualification Certificate (暂定资质证书) to the eligible developer within 30 days of its receipt of the above report. The validity period of the Provisional Qualification Certificate is one year. The property development authority may extend the period according to the developer's specific operating circumstances, but the extension shall not exceed two years and the extension may not be approved if there is no development project within one year of receipt of the Provisional Qualification Certificate. The property developer shall apply for a Qualification Certificate for Property Development Enterprise (房地产开发企业资质证书) (the "**Qualification Certificate**") issued by the property development authority within one month before expiry of the Provisional Qualification Certificate.

In accordance with the Provisions on Administration of Qualifications of Property Development Enterprises (房地产开发企业资质管理规定) (the "**Provisions on Administration of Qualifications**") promulgated by the MOC on 29 March 2000, a property developer shall apply for a Qualification Certificate and an enterprise may not engage in development and sale of properties without a Qualification Certificate. The construction authority under the State Council oversees the qualifications of property developers throughout the country, and the property development authority under a local government on or above the county level shall oversee the qualifications of local property developers.

In accordance with the Provisions on Administration of Qualifications, property developers are classified into four classes. The approval system is tiered, so that confirmation of class 1 qualifications shall be subject to preliminary examination by the construction authority under the People's government of the relevant province, autonomous region or municipality directly under the central government and then final approval of the construction authority under the State Council. Procedures for approval of developers of class 2 or lower qualifications shall be formulated by the construction authority under the people's government of the relevant province, autonomous region or municipality directly under the central government. A developer that passes the qualification examination will be issued a qualification certificate of the relevant class by the qualification examination authority. The difference between a class 2 and class 3 qualification lies in the more stringent criteria in respect of operating experience in the industry, professional personnel and registered capital, etc. of the property developer. For example, a property developer with a class 2 qualification shall fulfil the following requirements: (1) above RMB20,000,000 of registered capital; (2) over three years of operating experience in property development; (3) more than 150,000 sq m of building area construction, or an equivalent amount of investment in property development in the last three years; (4) 100.0 per cent. quality pass rate of the construction projects (建筑工程质量合格率) for three consecutive years; (5) over an area of 100,000 sq m of building construction during the last year, or an equivalent amount of investment in property development; (6) professional management team consisting no less than 20 persons, majoring in architecture, construction, finance, property and economy; and (7) staff in charge of fields such as engineering technology, finance, statistics, etc. shall be equipped with mid-level professional titles or above. A developer of class 3 shall fulfill the following requirements: (1) above RMB8,000,000 of registered capital; (2) over two years of operating experience in property development; (3) more than 50,000 sq m of building area construction, or an equivalent amount of investment in property development; (4) 100.0 per cent. quality pass rate of the construction projects (建筑工程质量合格率) for three consecutive years; (5) professional management team consisting of no less than 10 persons, majoring in architecture, construction, finance, property and economy; and (6) staff in charge of the fields such as engineering technology, finance, statistics, etc. shall be equipped with required professional titles.

A developer of any qualification classification may only engage in the development and sale of property within its approved scope of business and may not engage in business which is limited to another classification. A class 1 property developer is not restricted as to the scale of property project to be developed and may undertake a property development project anywhere in the country. A property developer of class 2 or lower may undertake a project with a planned GFA of less than 250,000 sq m

and the specific scope of business shall be as confirmed by the construction authority under the people's government of the relevant province, autonomous region or municipality directly under the central government.

On 10 July 2007, the General Affairs Department of SAFE promulgated the Circular on the Distribution of the List of the First Group of Foreign Invested Real Estate Projects which Have Filed with the Ministry of Commerce (the “**Circular 130**”). On 28 April 2013, SAFE issued the Administrative Measures for Foreign Debt Registration (外债登记管理办法) (the “**Foreign Debt Measures**”) and the Foreign Debt Measures Operation Guidelines (外债登记管理操作指引) (the “**Foreign Debt Guideline**”). Further, on 11 May 2013, the General Affairs Department of SAFE issued the Notice on Issuing the Provisions on the Foreign Exchange Administration of Domestic Direct Investment of Foreign Investors and the Supporting Documents (国家外汇管理局关于印发《外国投资者境内直接投资外汇管理规定》及配套文件的通知) (the “**Notice 21**”). In addition, SAFE issued the Foreign Debt Measures Operation Guidelines (外债登记管理操作指引) (the “**Foreign Debt Guideline**”). Circular 130, Foreign Debt Measures, Notice 21 and Foreign Debt Guideline restrict the ability of a foreign-invested property enterprise to raise funds offshore and then inject funds into the companies by way of shareholder loans, stipulating that, among others (a) SAFE will no longer process foreign debt registration, examination and approval of foreign exchange settlements for foreign debt for foreign-invested property enterprises that obtained approval certificates from commercial authorities and filed with MOFCOM on or after 1 June 2007; (b) foreign-invested property enterprises which obtained approval certificates before 1 June 2007 may apply for foreign debt registration only within the balance between total investment and registered capital; and (c) foreign-invested property enterprise failing to fully contribute registered capital, or capital fund (owner's equity) of which constitutes a ratio less than 35.0 per cent., or failing to obtain the Land Use Rights Certificate, is prohibited from raising foreign debt, and SAFE will no longer process foreign debt registration for such foreign-invested property enterprises.

Land for property development

According to the Land Law and the Regulations for the Implementation of the Law of the PRC on Land Administration (中华人民共和国土地管理法实施条例) promulgated by the State Council in December 1998, the State regulates and controls the usage of land, the land register and record system and the land certificate issuing system. When there are approved construction projects which involve the use of State-owned land, the construction entity should first apply to those county level or higher land administration authorities who have the authorisation for the construction land use approval and hand in the documents that are prescribed in law and regulations. After the examination of the land administration authorities, the application must be reported to and approved by the same level government. Whereas occupation of land for construction purposes involves the conversion of agricultural land into land for construction purposes, the examination and approval procedures in this regard shall be required.

The Urban Property Law provides that, except for land use rights which may be obtained through appropriation pursuant to PRC laws or the stipulations of the State Council, land for property development shall be obtained by grant.

The Urban Property Law expressly provides that “Grant of land use rights may be by public auction or competitive bidding or by a mutual agreement between both parties. Land for commercial use, tourism, entertainment and construction of luxury flats shall be sold by invitation for bidding or auction wherever it is feasible, and may be sold by mutual agreement if sale by public auction or competitive bidding is not feasible”. On 30 April, 2001, the State Council promulgated a Notice on Strengthening the Administration of State-owned Land (关于加强国有土地资产管理的通知) (the “**Notice**”), which stipulates that State-owned land use rights shall as far as possible be sold by invitation for bidding or auction. The Notice further stipulates as follows: “The supply of State-owned land shall be made known to the public unless State security or confidentiality requirements are involved. If, after a supply schedule of land for commercial development and other uses is announced, there are two or more prospective investors who intend to develop the same land parcel, the relevant land parcel shall be made available to the market by the government at the municipal or county levels through invitation for bidding or auction. The invitation for bidding and auction of state-owned land use rights shall be conducted openly.”

The Grant Regulations stipulate the legal basis, principles, scope, procedures and legal liability arising from and in connection with the grant of State-owned land use rights by competitive bidding and public auction. Pursuant to the Grant Regulations, land for industrial use, commercial use, tourism, entertainment

and commodity property development shall be assigned by competitive bidding, public auction or listing-for-sale and, in the event that a land parcel for uses other than commerce, tourism, entertainment and commodity development has two or more prospective purchasers after the promulgation of the relevant land supply schedule, the grant of the land parcel shall be performed by competitive bidding, public auction or listing-for-sale. Under the aforesaid regulations, the grantor shall prepare the documents for public auction, competitive bidding or listing-for-sale and shall make an announcement 20 days prior to the day of public auction, competitive bidding or listing-for-sale to announce the basic particulars of the land parcel and the time and venue. The grantor shall conduct a qualification verification of the applicants for public auction, competitive bidding or listing-for-sale, accept an open public bidding to determine the winning of invitation for bidding, or hold an auction to ascertain a winning bidder. The grantor and the winning bidder shall then be confirmed and the grantor and the winning bidder shall then enter into a contract for State-owned land use right grant.

The property development should be in accordance with the provisions of the land use rights grant contract on the usage of the land and commencement date of the project. When a project is not commenced within one year from the date of commencement stipulated in the land use rights grant contract, idle land fees of not more than 20.0 per cent. of the land grant fee may be imposed on the developer. If the delay is more than two years, the land use right may be forfeited to the government without any refund.

On September 8, 2007, the Ministry of Land and Resources (“MLR”) promulgated the Notice on Reinforcing Disposition of Idle Land (关于加大闲置土地处置力度的通知) (the “MLR Notice”). The MLR Notice urges all levels of land authorities to speed up the disposition of unused construction land and to provide status reports on such land to MLR before the end of June 2008. It also provides that owners of unused construction land will be charged a fee equal to 20.0 per cent. of the land grant/allocation fee for their land. Finally, the MLR Notice emphasises the enforcement of the current law, which states that land designated for construction that has been unused for more than two years from the construction commencement date stated in the land grant contract will be forfeited without compensation. Concerning payment of land grant fees, the MLR Notice reiterated that a Land Use Rights Certificate may not be issued prior to the full payment of these fees. The issuance of Land Use Rights Certificates in separate phases according to the percentage of paid-in land grant fees is also prohibited.

On 18 November 2009, the MOF, the MLR, PBOC and the MOS and the National Audit Office collectively promulgated a Notice on Further Strengthening Management on Income and Expenditure in Land Grant (关于进一步加强土地出让收支管理的通知), pursuant to which, land grant fees are to be fully paid within one year of the land grant contract with the initial payment to be no less than 50.0 per cent. of the land grant fees. Upon approval by the relevant authorities, land grant fees of the particular project could be fully paid within two years.

On 8 March 2010, the MLR promulgated the Notice of Ministry of Land and Resources on Strengthening the Supply and Supervision of Land for Property Development (国土资源部关于加强房地产用地供应和监管有关问题的通知), pursuant to which:

- (a) lands for houses of large dwelling size shall be strictly controlled, and land supply to cottage shall be strictly prohibited;
- (b) the use of lands for operational projects such as affiliated business service within construction projects of indemnificatory housing shall be paid on the basis of market price. Where indemnificatory housing is included in the commodity property construction projects, restrictive conditions of indemnificatory housing shall be stipulated definitely in the land grant contracts, namely the sum of the construction area, the assigned land area, the number of sets, the construction area of the dwelling size, the conditions of retraction or repurchase by government after completion, and the requirement that indemnificatory houses and commodity properties be simultaneously under construction;
- (c) the lowest price for land grant shall not be lower than 70.0 per cent. of the benchmark price of the rank where the land to grant locates, and the bid bond shall not be less than 20.0 per cent. of the lowest price for land grant;

- (d) after the land grant is completed, the land grant contract shall be entered into within ten business days, and the down payment amounting to 50.0 per cent. of the land grant price shall be paid within one month after the contract is signed and the remaining payments shall be made in a timely manner in accordance to the contract with the last payment being made no later than one year. The land grant contract shall definitely stipulate the land area, use, plot ratio, construction density, dwelling size area and ratio, deposit, delivery time and method, payment time and method, commencement and completion time for construction and specific determining standards, and breach liability handling. Contracts shall not be signed if any of the above terms is not included; grantors shall be held liable where contracts are signed in violation of regulations. Supply of lands shall be terminated without any refund where contracts are not timely signed by the grantees. Lands shall be retracted where the grant prices are not paid after the signing of the contracts;
- (e) since 1 April 2010, administrative departments of state-owned land resources in cities and counties have set up reporting systems for commencement and completion of construction on lands for properties. Land users shall report in writing to administrative departments of the state-owned land resources at the time of commencement and completion of construction, and terms stipulated in the contracts shall be examined by the departments. Where the projects are not commenced or completed within the time limit stipulated in the contracts, land users shall report the reasons for postponement within fifteen days prior to expiration, and the administrative departments of state-owned land resources in cities and counties may conduct agreed supervision upon the reported matters by adding terms in grant contract and assignment decision letter or entering into supplementary agreements. For those who do not execute the report system, the Non-Execution shall be made public to the society and they shall be restricted to engage in any land purchase activity within at least one year; and
- (f) lands for indemnificatory housing shall not be used for commercial property development. Lands shall be acquired by the government with other lands selected and supplied when change is needed for urban scheme adjustment.

The MLR and the MOHURD jointly promulgated the Notice on Further Strengthening the Control of Land Used for Property Development and Management of Constructions (国土资源部、住房和城乡建设部关于进一步加强房地产用地和建设管理调控的通知) on 21 September 2010, which stipulates that:

- (a) for different kinds of land used for indemnificatory housing that have been already supplied, the nature and the use of the land shall not be altered, the construction standard shall not be enhanced and the dwelling area shall not be increased. For the indemnificatory housing construction project in which change occurs in any of the above items, relevant authority shall not let it go through any procedures and fines shall be imposed as punishment and unlawful income shall be forfeited by law where the properties have been sold as commodity property;
- (b) after the land is granted, any entity or individual is not entitled to alter the scheme or construction condition without authorisation. Where adjustment is needed for non-enterprise related reason, public procedure shall be gone through according to the Law of Urban-rural Planning;
- (c) qualification of land bidders shall be strictly examined. The state-owned land and resources authority shall require the bidder, who takes part in land grant by way of bidding, auction or listing-for-sale, to provide, besides valid identity proof and cash deposit for bidding, letters of commitment that the cash deposit for bidding is not part of any bank loan, shareholder loan, on-lending, and fund-raising as well as creditability certificates from a commercial financial institute;
- (d) in accordance with the Notice of the State Council on Preventing the Soaring of Property Prices In Certain Cities (国务院关于坚决遏制部分城市房价过快上涨的通知), the state-owned land and resources authority shall prohibit the bidder and its controlling shareholders from taking part in the land bidding activities before the case is closed and the investigation and rectification are in place, where the bidder is found and verified to have committed the following behaviour which is against laws and regulations:
 - (i) crimes including obtaining land in use of forged documents and illegally resell land for profit;
 - (ii) unlawful activity including illegal transfer of land-use rights;

- (iii) leaving land unused for more than one year because of the company itself; and
 - (iv) developing land in violation of the conditions stipulated in the grant contract by the development and construction company; and
- (e) decision letter of allocation and grant contract shall be strictly administered. Construction of different kinds of house construction projects shall be commenced within one year from the date of land delivery stipulated in the decision letter of allocation and the grant contract, and completed within three years from the date of commencement of construction. In the event that land is allocated for integrated use, the planning, construction and each relevant condition for commercial and housing purposes shall be respectively and definitely stipulated in the contract.

On 19 December 2010, the MLR issued the Notice on Strictly Implementing the Control Policy Relating to Land Used for Property Development and Promoting the Healthy Development of Land Market (国土资源部关于严格落实房地产用地调控政策促进土地市场健康发展有关问题的通知), pursuant to which:

- (a) where the cities and counties could not complete the 2010 land supply mission for social welfare housing and the total supply of social welfare housing, rebuilding shanty areas housing and small or medium-sized ordinary commodity properties is lower than 70.0 per cent. of the total land supply, the land supply for large-sized high-end ordinary commodity property construction shall be suspended till the end of 2010;
- (b) where the purchase price is more than 1.5 times of the basic price, total transaction price or unit price reaches the highest level ever in bidding, auctioning and listing-for-sale, the local land and resources authorities shall fill in the form and respectively report to the Ministry of Land and Resources and the local land and resource authorities in the upper level within two business days after the execution of sales confirmation or issuance of award notice;
- (c) the land bidder shall not pass the qualification examination where the bidder or its controlling shareholder is found to have committed the following behavior which is against laws and regulations: (i) obtaining land in use by forged documents and illegally reselling land for profit; (ii) illegally transferring land-use rights; (iii) holding idle land for more than one year because of the company itself; and (iv) developing land in violation of the conditions stipulated in the grant contract; and
- (d) changing the land use of social welfare housing project is prohibited. Where the land originally used for social welfare housing is changed to development of commodity properties, relevant income derived from it shall be confiscated and the land use right regarding the same shall be surrendered by the competent land and resources authority for re-grant through bidding, auctioning or listing-for-sale. Adjusting the volume rate without authorisation is strictly prohibited. Where the adjusting volume rate is authorised, the local land and resources authorities shall calculate and determine the supplemental payment of land grant fees according to the market price at the moment the authorisation is granted.

According to the Notice Regarding the Key Works on the Control and Administration of the Use of Land for Urban Residential Property in 2011 (国土资源部关于切实做好2011年城市住房用地管理和调控重点工作的通知) published by the MLR on 5 February 2011: (1) the relevant governmental authorities of the cities and counties responsible for the administration of land resources shall, before granting the land for commodity properties and with reference to the annual price control target and the property price and land price on which the relevant parcel of land is located, determine the range of the minimum price of the grant of the relevant land-use rights; (2) all regions shall strictly implement the rules on the area of land to be granted for commodity properties and shall not grant two or more parcels of land in a package, land located in older urban area without undergoing demolition and resettlement procedures and which does not satisfy the basic development requirement or residential land with plot ratio of less than one; and (3) no registration shall be made for any transfer of land or contractual land development project if the investment contributed by the relevant property developer is less than 25.0 per cent. (not including the land premium).

The MLR issued the Opinion on Insisting and Improving the Granting System of Land Use Rights through Invitation for Bidding, Auction or Listing-for-sale (国土资源部关于坚持和完善土地招标拍卖挂牌出让制度的意见) on 13 May 2011, according to which:

- (a) The house or land prices when granting land use rights of “policy-based houses” by means of listing-for-sale or auction are to be restricted. When granting land use rights by means of “Competing for Land Price with Restricted House Price”, before the land is granted, the land and resources authority at the city or county level shall, together with the housing and construction authority, the price authority and the planning authority, reasonably ascertain the price ceiling of the houses for sale and the standard housing area for the relevant land use rights, based on the sale price of commercial residential houses in the same area, which shall be included in the land grant proposal as a binding condition. Upon obtaining government approval, the relevant land use rights shall be publicly granted by means of listing-for-sale or auction. The persons obtaining land use rights shall be the ones meeting the conditions and promising the highest land price which shall not be lower than the base price. Once land use rights are granted, the abovementioned restricted house sale price, strike price, binding conditions of the transfer of the land use rights, breach of contract and relevant penalty clauses, among other clauses, shall be specified in the letter of confirmation as well as the grant contract. When granting land use rights by means of “Competing for House Price with Restricted Land Price”, before the land is granted, the land and resources authority at the city or county level shall ascertain the granting price of the land use rights to be granted, and the highest controlling price (that should be lower than the market price of commercial residential houses with the same conditions in the same area), shall be included into the land grant proposal. Upon obtaining government approval, the relevant land use rights shall be publicly granted by means of listing-for-sale or auction. The persons obtaining the land use rights shall be the ones promising the lowest house price (that is, the highest price when the developer sells the house). Once land use rights are granted, the abovementioned promised sale price, strike price, binding conditions of the transfer of land use rights, breach of contract and relevant penalty clauses, among other clauses, shall be specified in the letter of confirmation as well as the grant contract.
- (b) The construction area of indemnificatory houses for which land use rights are granted for commercial residential houses by means of listing-for-sale or auction is to be restricted. When the land use rights are granted by means of “Construction Indemnificatory Houses in Residential Land”, the land and resources authority at the city or county level shall, together with the housing and construction authority, the planning authority, the housing administration authority and the housing security authority, ascertain the areas, units, construction progress, conditions of land resumption, buy back price and share method of the ground area and so on of indemnificatory houses with the land use rights to be granted, which shall be included into the land grant proposal. When government approval is granted, relevant land use rights shall be publicly granted by means of listing-for-sale or auction. Once land use rights are granted, strike price and the abovementioned issues relating to the construction of indemnificatory houses shall be included into the letter of confirmation and the grant contract.
- (c) The land development and utilisation condition and land grant price to grant land use rights by means of invitation for bidding are to be evaluated. When the land use rights are granted with the standard of the “Best of General Conditions of Land Utilisation”, the land and resources authority at the city or county level shall confirm the land grant proposal and bidding evaluation standards based on planning conditions and land utilisation standards and follow the area conditions of the land use rights to be granted and the construction requirements made by the government, and shall prepare the bid document and organise the invitation for bidding with the relevant authority with the tender evaluation conditions including important factors in respect of land development and utilisation, such as the land grant price and delivery schedule, development progress, construction requirements, plot ratio of the land and the history of the land grant contract. The winning bidder is to be announced via a public notice by the government.

Regulation on the Implementation of the Bid Invitation and Tendering Law of the PRC (中华人民共和国招标投标法实施条例) was promulgated on 20 December 2011 and implemented on 1 February 2012, which stipulates:

- (a) tenderee shall open bids according to the time and place stipulated in bidding documents. Tenderee shall re-tender when the number of bidders is less than three. If there is a base price for the invitation for bidding, the tenderee should announce the base price when the bid opens. The base price of the invitation for bidding is only used as the reference of bidding evaluation.
- (b) tenderee and winning bidder shall sign a written contract in accordance with relevant laws. Main clauses such as the object, price, quality and performance terms shall be in accordance with the bidding documents. The tenderee shall return the tender bond and bank deposit interests to the winning bidder and other bidders no later than five days after signing the written contract. If the winning bidder shall pay the bid bond, the bid bond shall not be more than 10.0 per cent. of the contract amount of the winning bid.
- (c) a winning bidder shall fulfil his obligations as contracted and complete the winning project. A winning bidder may not transfer the winning project to another person and may not break the winning project into parts for transferring them separately to other persons. A winning bidder may, as contracted or upon consent of the tenderee, subcontract parts of the winning project excluding the main structure and critical work to other persons to complete them. The persons accepting the subcontracts shall have corresponding qualifications and may not subcontract it again to other persons. A winning bidder shall be accountable to the tenderee for the subcontracted projects, and the persons accepting the subcontracts shall jointly and severally be liable for the subcontracted parts.

The MLR promulgated the Notice on Improving the Key Works of Management and Control of Land Used for Property Development in 2012 (关于做好2012年房地产用地管理和调控重点工作的通知) on 15 February 2012, which stipulates:

- (a) the aggregate supply of housing use land in 2012 shall not be less than the average annual supply in the past five years. The land supply of indemnificatory housing, housing rebuilt in shantytowns and small and medium-sized normal commercial housing shall not be less than 70.0 per cent. of the aggregate supply. Indemnificatory housing land shall be guaranteed. Normal commercial housing land shall be reasonably increased. High-grade residential housing land shall be strictly controlled. Villa land shall not be arranged in any form; and
- (b) when signing land grant contract, the agreed land user shall make a written declaration to the land and resources department at or before the beginning and completion of construction. The land and resources department shall supervise the declaration content by adding obligations to the grant contract and land assignment decision or signing supplemental agreement if the agreed land user has not begun or completed the construction within the contract agreed period.

The MLR promulgated the Notice on Tightening the Administration of the Implementation of Overall Land Utilisation Planning (关于严格土地利用总体规划实施管理的通知) on 22 February 2012, which stipulates that:

- (a) the land and resources authorities at all levels shall carry out urban construction while observing the land controlling boundary and controlling area and avoid urban construction scrambling in all, according to the “Three Boundaries and Four Areas”. The “Three Boundaries” are rural-urban construction use land boundary, “expanding” boundary and forbidden construction boundary; the “Four Areas” are the allowed construction area, conditional construction area, restricted construction area and forbidden construction area, stipulated in the land use aggregate planning.
- (b) construction which does not conform with laws and the aggregate planning of land use shall not go through the construction project use land pre-qualification. The land and resources authorities at all levels shall strictly control the planning amendment inside the scope of urban planning controlling scope and outside the expanding boundary of urban planning construction use land. Periodic review and timely amendment system of implementation of land use aggregate planning shall be built and the amendment of land use aggregate planning shall be strictly standardised.

On 1 June 2012, the MLR issued the newly amended Measures for Disposal of Idle Land (闲置土地处置办法) (the “**2012 Measures**”) which came into effect on 1 July 2012. Under the 2012 Measures, any plot of land that is the subject of an Acquiring Process, must be a plot of “clean” land, that is, it must

have satisfied certain conditions at the time of the Acquiring Process including, among others, (a) the resettlement process (including land expropriation and compensation payable to occupants of the land and/or business owners (the “**Affected Persons**”) who have been affected by the acquisition of the site) has been completed by the local government and (b) there is no dispute over the land use right in respect of this plot of land.

Laws and regulations relating to a property development

A summary of the key PRC laws and regulations which apply to the property development process is set out in the table below:

Property development process	Key applicable laws and regulations
Acquisition of land	<ul style="list-style-type: none"> (a) Rules Regarding the Grant of State-Owned Construction Land Use Rights through Invitation for Bidding, Auction and Listing-for-Sale (招标投标挂牌出让国有建设用地使用权规定) (b) Interim Regulations of the PRC on Grant and Transfer of the Right to Use Urban State-owned Land (中华人民共和国城镇国有土地使用权出让和转让暂行条例) (c) Law of the PRC on Administration of Urban Property (中华人民共和国城市房地产管理法)
Project Planning and Pre-construction	<ul style="list-style-type: none"> (a) Law of the PRC Urban and Rural Planning(中华人民共和国城乡规划法) (b) Regulations on Administration of Urban Property Development and Operation (城市房地产开发经营管理条例) (c) Measures for Control and Administration of Grant and Transfer of Right to Use Urban State-owned Land (城市国有土地使用权出让转让规划管理办法) (d) Regulations for the Expropriation of and Compensation for Housing on State-owned Land (国有土地上房屋征收与补偿条例)
Construction	<ul style="list-style-type: none"> (a) Measures for Administration of Granting Permission for Commencement of Construction Works (建筑工程施工许可管理办法) (b) Administrative Measures for Invitation for Bidding for Building Construction and Municipal Infrastructure Facilities Construction (房屋建筑和市政基础设施工程施工招标投标管理办法) (c) Regulations on Administration of Urban Property Development and Operation (城市房地产开发经营管理条例)
Pre-sale and Sale	<ul style="list-style-type: none"> (a) Law of the PRC on Administration of Urban Properties (中华人民共和国城市房地产管理法) (b) Provisions on Administration of Transfer of Urban Properties (城市房地产转让管理规定) (c) Measures for Administration of Sale of Commodity Properties (商品房销售管理办法) (d) Measures for Administration of Pre-completion Sale of Urban Commodity Properties (城市商品房预售管理办法)

Property development process

Key applicable laws and regulations

Completion

- (a) Regulations on Administration of Urban Property Development and Operation (城市房地产开发经营管理条例)
- (b) Measures for the Administration of the Completion and Inspection Filing of Building Construction and the Municipal Infrastructure Facilities Work (房屋建筑和市政基础设施工程竣工验收备案管理办法)

Acquisition of land

The Urban Property Law and the Development Regulations provide that, except for land use rights which may be obtained through allocation pursuant to PRC laws or the stipulations of the State Council, land use rights for a site intended for property development shall be obtained through grants.

Under the Interim Regulations on Grant and Transfer, a system of grant and transfer of the right to use State-owned land is adopted. A land user shall pay a land grant fee to the State as consideration for the grant of the right to use a land site within a certain term, and the land user may transfer, lease out, mortgage or otherwise commercially exploit the land use right within the term of use. Under the Interim Regulations on Grant and Transfer and the Urban Property Law, the land administration authority under the local government of the relevant city or county shall enter into a land use rights grant contract with the land user to provide for the grant of land use right. The land user shall pay the land grant fee as provided by the land use rights grant contract. After payment in full of the land grant fee, the land user shall register with the land administration authority and obtain a Land Use Rights Certificate which evidences the acquisition of land use rights.

Prior to the acquisition of land use rights, a property developer may carry out a feasibility study for a proposed construction project on the land to be acquired. When carrying out the feasibility study for a proposed construction project, a construction entity shall make a preliminary application for construction on the relevant site to the land administration authority of the same level as the project approval authority, in accordance with the Measures for Administration of Examination and Approval for Construction Sites (建设用地审查报批管理办法) and the Measures for Administration of Preliminary Examination of Construction Project Sites (建设项目用地预审管理办法) promulgated by the Ministry of Land and Resources in March 1999 and in June 2001 respectively. After receiving the preliminary application, the land administration authority shall carry out preliminary approval of various matters relating to the proposed construction project in compliance with the overall zoning plans and land supply policy of the State, and shall then issue a preliminary approval report in respect of the project site. The preliminary approval report is the requisite document of approval for the proposed construction project. The land administration authority under the people's government of the relevant city or county may then enter into a land use right grant contract with the land user and issue an Approval for Construction Site (建设用地批准书) to the construction entity.

Project Planning and Pre-construction

The Development Regulations provide that a property development project may be carried out having regard to the overall land use plan, annual construction land schedule, applicable municipal zoning plan and the annual property development scheme. Those projects which should be approved by the planning control authorities in accordance with the relevant rules should also be reported and approved by the planning control authorities and be brought into the annual planning of the investment in fixed assets. Under the State Council's Notice on Stringent Control over High Class Property Development Projects (国务院关于严格控制高档房地产开发项目的通知) issued by the State Council in May 1995, for a high class property project with a gross area of more than 100,000 sq m or a total investment of more than RMB200.0 million or a foreign invested high class property project with total investment of US\$30.0 million or more, the project proposal and commencement of works shall be subject to approval of the State Development Planning Commission (now known as NDRC). For a high class property project with a gross area of more than 20,000 sq m but less than 100,000 sq m or total investment of more than RMB30.0 million but less than RMB200.0 million, the project proposal and commencement of works shall be subject to approval of the Development Planning Commission of the relevant province, autonomous region, municipality directly under the central government or separate-planning city and then filing with

the State Development Planning Commission. A high class property project with foreign investment of more than US\$100.0 million is subject to approval by the State Council based on the recommendation of the State Development Planning Commission.

Under the Measures for Planning Administration of Grant and Transfer of Right to Use Urban State-owned Land (城市国有土地使用权出让转让规划管理办法) promulgated by the MOC in December 1992, the grantee to a land use rights grant contract, i.e. a property developer, shall legally apply for a Permit for Planning of Land for Construction Use from the municipal planning authority with the land use rights grant contract, which permits use planning for the land to be developed by the property developer.

After obtaining a Permit for Planning of Land for Construction Use, a property developer shall organise the necessary survey, planning and design work having regard to planning and design requirements. For the planning and design proposal in respect of a property development project, the relevant report and approval procedures required by the Law of the PRC on Urban and Rural Planning (中华人民共和国城乡规划法), promulgated by the Standing Committee of the National People's Congress on 28 October 2007, and local statutes on municipal planning must be followed and a Permit for Planning of Construction Projects must be obtained from the municipal planning authority.

The Regulations for the Administration of Demolition and Removal of Urban Housing (城市房屋拆迁管理条例) was repealed as the Regulation on the Expropriation of and Compensation for Buildings on State-owned Land (国有土地上房屋征收与补偿条例) (the "**Regulation**") came into effect on January 21, 2011. The Regulation, as promulgated by the State Council and effective on January 21, 2011, provides that those expropriated owners of buildings located on state-owned land, are entitled to fair indemnification. Compensation agreements shall be entered into between those expropriated owners and the relevant PRC governmental authorities responsible for house expropriation regarding the compensation methods, compensation amount, payment terms and other relevant issues. In the event that no compensation agreement is reached within the time limit, the city or county government may make an administrative decision on the indemnification according to the application of the relevant PRC governmental authorities responsible for house expropriation and publish government notice within the area of the expropriation. Indemnification shall be made prior to the relocation. No enterprise or individual may compel the expropriated owners to relocate by means of violence, threat or other illegal methods. Property developers are prohibited from participating in relocation arrangements.

The Measures of Appraisal in Expropriation of House on State-owned Land (国有土地上房屋征收评估办法) was promulgated and implemented on 3 June 2011, which stipulates that:

- (a) the value of the collected house is the sum which transaction parties familiar with the situation would agree upon at the time of evaluation in a fair deal. The impacts of lease, pledge and sequestration of collected house are not considered.
- (b) the market value of the house in the use of exchange and the ownership rights shall be confirmed through evaluation. The relevant time when evaluating the value of a collected house is the day the house collection decision is posted. The relevant time when evaluating the value and ownership of the house in the use of exchange shall be the same as the relevant time used in evaluating the collected house.
- (c) in valuing the collected house, factors such as the place, use, construction structure, construction area and the land use rights of the collected house shall be considered. The parties shall negotiate to confirm the value of the interior decoration of the collected house, moving fees of machinery equipment and materials and the compensation for the losses of stopping production of business; if negotiations fall through, the parties can appoint an institution which evaluates property prices to perform an evaluation.

Construction

After a property developer has obtained the Permit for Planning of Land for Construction Use and the Permit for Planning of Construction Project, the site is ready for the commencement of construction works. Where the progress of demolition and relocation of existing buildings complies with the relevant requirements and funds for construction are available, the property developer shall apply for a Construction Permit from the construction authority under the local people's government above the county

level in accordance with the Measures for Administration of Granting Permission for Commencement of Construction Works (建筑工程施工许可管理办法) promulgated by the MOC in October 1999 and as amended in July 2001.

Under the Administrative Measures for Bid Invitation and Tendering for Building Construction and Municipal Infrastructure Facilities Construction (房屋建筑和市政基础设施工程施工招标投标管理办法) (the “**Tender Regulations**”) promulgated in June 2001 which states that, a Tender Appraisal Committee should be set up for the appraisal of the tender for construction works for the project. According to the Tender Regulations, the Tender Appraisal Committee to be organised by the property developer shall include its representatives and relevant specialists selected by the property developer from a list certified by the construction administration authorities. The number of members of the Tender Appraisal Committee shall be an odd number and shall consist of at least five members. The relevant specialists shall make up no less than two-thirds of the membership. In accordance with the Tender Regulations, if the estimated price of a single construction contract amounts to RMB2.0 million or more or the total investment of the project is RMB30.0 million or more, the property developer is required to undertake a bidding process for the award of the construction contracts. The property developer will set the tender conditions according to the written tender report provided by the Tender Appraisal Committee, and after the tender, the property developer (through a subsidiary) and the successful tenderer shall sign a written contract according to the terms of the tender. The quality and timeliness of the construction are usually warranted in these contracts. Typically, these construction contracts provide for progress payments to be made by the property developer to the construction companies at agreed phases of completion of the constructions works.

The Development Regulations also provide that a property developer shall record in the Property Development Project Manual (房地产开发项目手册) any major event(s) which occur during the course of construction and periodically submit the same to the property development authority for its records.

Pre-sale and sale

Commodity properties are properties for sale and include residential and commercial properties. Under the Measures for Administration of Sale of Commodity Properties (商品房销售管理办法) promulgated by the MOC in April 2001, sale of commodity properties can include both post-completion and pre-completion sales. Commodity properties may be put to post-completion sale only when the pre-conditions for such sale have been satisfied. Before the post-completion sale of a commodity property, a property developer shall submit the Property Development Project Manual and other documents evidencing the satisfaction of pre-conditions for post-completion sale to the property development authority for its record.

Any pre-completion sale of commodity properties shall be conducted in accordance with the Measures for Administration of Pre-completion Sale of Urban Commodity Properties (城市商品房预售管理办法) (“**Pre-completion Sale Measures**”) promulgated by the MOC in July 2004, and the Development Regulations. The Pre-completion Sale Measures provides that pre-completion sale of commodity properties is subject to certain procedures. According to the Development Regulations and the Pre-completion Sale Measures, a permit shall be obtained before a commodity property may be put to pre-completion sale. A developer intending to sell a commodity property before its completion shall make the necessary pre-completion sale registration with the property development authority of the relevant city or county to obtain a Pre-Sale Permit. A commodity property may only be sold before completion provided that: (1) the land grant fee has been paid in full for the grant of the land use rights involved and a Land Use Rights Certificate has been obtained; (2) a Permit for Planning of Construction Project and a Permit for Planning of Land for Construction Use have been obtained; and (3) the funds invested in the development of the commodity properties put to pre-completion sale represent 25.0 per cent. or more of the total investment in the project and the progress of construction works and the completion and delivery dates have been ascertained.

Under the Pre-completion Sale Measures and Urban Property Law, the pre-sale proceeds of commodity properties may only be used to fund the property development costs of the relevant projects.

On 13 April 2010, the Ministry of Housing and Urban-Rural Development promulgated the Notice on Further Strengthening the Supervision and Administration of Property Market and Improving The Presale System of Commercial Properties (关于进一步加强房地产市场监管完善商品住房预售制度有关问题的通知), which stipulates that:

- (a) for the commodity property projects which have not obtained the Pre-Sale Permits, property development enterprises shall not conduct any presale activity, or collect fees from purchasers in the nature of deposit or reservation fee in forms of subscription, reservation, number arrangement and VIP card distribution and shall not engage in any sales exhibition. Property development enterprises shall carry out one-time publications of the sources of all houses permitted to sell and the price of each house within ten days, and sell the houses strictly at the prices reported and definitely posted. Property enterprises shall not sell the houses to any third party, of which the titles have been reserved by themselves, prior to the initial registration of the titles, or pre-sell the commodity properties in the methods of return-cost sale or after-sale lease arrangement or engage in any false transaction;
- (b) the smallest scale set by a Pre-Sale Permit shall not be smaller than a building, and the Pre-Sale Permit shall not be proceeded by floor or unit;
- (c) property development enterprises shall sell commodity properties according to the presale plans for commodity properties. Major alteration in the presale plans shall be filed with the competent authority and made public;
- (d) real-name system shall be strictly implemented in the sale of commodity properties, and changes to the names of the purchasers without permission are not allowed after subscription. Presale shall be rescinded if the purchaser does not enter into a presale contract within the time limit after subscription, and the houses upon rescission shall be sold to the public; and
- (e) the conditions of delivery and use of commodity properties include that the construction is completed and accepted as qualified after inspection and reported to the local competent authority, the affiliated basic facilities and public facilities have been built up fulfilling the use requirements, the installation of device in residence for household heat metering in northern areas satisfies the design requirements, the policy of residence quality guaranty and residence use instruction has been carried out, the party to assume liabilities for commodity property quality has been decided definitely, and the front-end property management has been carried out. Property development enterprises shall show the proof of the above to the purchasers at the time of delivery of the commodity properties for use.

On 4 November 2010, the Ministry of Housing and Urban-Rural Development and the SAFE collectively promulgated the Notice on Further Regulating the Administration on House Purchase by Overseas Organisations and Individuals (关于进一步规范境外机构和个人购房管理的通知), which stipulates that, except as otherwise stated in laws and regulations, an overseas individual shall solely purchase one unit of owner-occupied residential house, and an overseas organization with a branch or representative office set up in the PRC shall solely purchase non-residential house necessary for business operations in the city where it is registered.

The Regulations on Sales of Commodity Properties at Expressly Marked Price (商品房销售明码标价规定) (the “**Regulation**”) as promulgated by the NDRC on 16 March 2011 and with effect from 1 May 2011 provide that property development enterprises and intermediary agencies (collectively, the “**Sellers and the Agencies**”) shall, during the period of selling newly built commodity properties, publish and mark the prices of the commodity properties and closely related factors thereof as well as the pricing standards. The Regulation stipulates that the Sellers and the Agencies shall mark the price of each commodity properties with one price only. For property development projects that have obtained the Pre-Sale Permits or are registered as finished houses, the Sellers and the Agencies shall publish the availability of all houses that are permitted to be sold and the price of each house within a specified time frame. The Sellers and the Agencies shall not sell the house at a price higher than the marked price and shall not collect charges not specified. Meanwhile, intermediary agencies shall sell second and commodity properties with reference to the Regulation. In the event that the Sellers and the Agencies do not expressly mark the price or publish their charges, or commit fraud through the marking of price or pricing artifices, local competent authorities of county-level or above shall have the right to penalise the Sellers and the Agencies accordingly.

Completion

Pursuant to the Development Regulations and the Measures for the Administration of the Completion and Inspection Filing of Building Construction and the Municipal Infrastructure Facilities Work (房屋建筑和市政基础设施工程竣工验收备案管理办法) promulgated by the MOC in April 2000 and amended by the Ministry of Housing and Urban-Rural Development in October 2009, after the completion of the property development project, the property developer should apply for the project completion and inspection to the county level or higher local property administration authorities. A property development project may only be delivered to the buyer after passing the necessary completion inspection, and may not be delivered before the necessary completion inspection is conducted or without passing such completion inspection. For residential housing or other building complex project, a comprehensive completion inspection shall be conducted upon completion of the whole project and where such a project is developed in phases, a completion inspection may be carried out for each completed phase. The property developer should file the project completion inspection and acceptance within 15 days from the pass of the completion inspection.

Pursuant to the Urban Property Law, the ownership of the properties and the relevant land use right should be transferred simultaneously. In the event that the purchasers acquire the property ownership certificates, the property development enterprises are no longer entitled to the relevant land use right.

Transfer of property

According to the Urban Property Law and the Provisions on Administration of Transfer of Urban Properties (城市房地产转让管理规定) promulgated by the MOC on 7 August 1995 and amended in August 2001, a property owner may sell, give as gift or otherwise legally transfer property to another person or legal entity. When transferring a building, the ownership of the building and the land use rights to the site on which the building is situated are transferred concurrently. The parties to a transfer shall enter into a property transfer contract in writing and register the transfer with the property administration authority having jurisdiction over the location of the property within 90 days of the execution of the transfer contract.

Where the land use rights were originally obtained by grant, the property may only be transferred on the condition that: (1) the land grant fee has been paid in full for the grant of the land use rights as provided by the land use rights grant contract and a Land Use Rights Certificate has been obtained; (2) development has been carried out according to the land use rights grant contract; and (3) in the case of a project in which buildings are being developed, development representing more than 25.0 per cent. of the total investment has been completed, or in case of a whole land lot development project, construction works has been carried out as planned, water supply, sewerage, electricity supply, heat supply, access roads, telecommunications and other infrastructure or utilities have been made available, and the site has been levelled and made ready for industrial or other construction purposes.

If the land use rights were originally obtained by grant, the term of the land use rights after transfer of the property shall be the balance of the original term provided by the land use rights grant contract after deducting the time that has been used by the former land users. In the event that the transferee intends to change the usage of the land provided in the original land use rights grant contract, consent shall first be obtained from the original grantor and the planning administration authority under the local government of the relevant city or county and an agreement to amend the land use rights grant contract or a new land use rights grant contract shall be signed in order to, among others, adjust the land grant fee accordingly.

If the land use rights were originally obtained by allocation, transfer of the property shall be subject to the approval of the government vested with the necessary approval power as required by the State Council. After the People's government vested with the necessary approval power approves such a transfer, the transferee shall complete the formalities for transfer of the land use rights, unless the relevant statutes require no transfer formalities, and pay the transfer price according to the relevant statutes.

Warranty and Maintenance of Buildings

Under the Construction Law of the PRC (中华人民共和国建筑法) promulgated by the Standing Committee of the National People's Congress on 1 November 1997, Measures on Administration of Sale of Commodity Properties (商品房销售管理办法) promulgated by the MOC in April 2001, Rules on the Implementation of the Quality Guarantee and Residence Usage Specification for Residential Properties (商品住宅实行住宅质量保证书和住宅使用说明书制度的规定) promulgated by the MOC on 12 May 1998, Regulations on Quality Management of Construction Projects (建设工程质量管理条例) promulgated by

the State Council on 30 January 2000, when a property developer delivers newly built residential houses, it should provide the Residence Usage Specification and Residence Quality Guarantee. The Residence Quality Guarantee is the legal document stipulating the warranty and maintenance obligations a property developer should bear for the already sold residential houses and it can be a supplementary agreement to the commodity property purchase contract.

According to Measures on the Warranty and Maintenance of Building Construction Projects (房屋建筑工程质量保修办法) promulgated by the MOC on 30 June 2000 and other laws, regulations, under the natural usage, the warranty and maintenance period to different parts of the construction projects should not be shorter than the following:

- (a) the reasonable using period as stipulated by the project designing documents for the groundwork foundation and main body structure project;
- (b) five years for the waterproofing project of the surface, the toilet and rooms having waterproof requirements, the leakage prevention of the outside metope;
- (c) two heating periods/cooling periods for the heating and cooling system;
- (d) two years for the electrical and gas pipeline, water supply pipe and drainpipe, equipment fixing; and
- (e) two years for the fitment project.

The warranty and maintenance period of other parts may be determined by parties at their discretion.

Property development loans

Pursuant to the Guidance on Risk Management of Property Loans Granted by Commercial Banks (商业银行房地产贷款风险管理指引) issued by CBRC in August 2004, commercial banks may not provide any loan in any form for a project without the Land Use Rights Certificate, the Permit for Planning of Land for Construction Use, the Construction Land Planning Permits and the Construction Permit. Pursuant to the Development Regulations and the Notice of the State Council on Adjusting the Capital Ratios of Fixed Asset Investment Projects in Some Industries (关于调整部分行业固定资产投资项目资本金比例的通知) promulgated by the State Council in April 2004, the capital ratio of the property development projects has been increased from 20.0 per cent, to 35.0 per cent. Accordingly, any property developer applying for property development loans shall have at least 35.0 per cent. of capital required for the development and commercial banks should maintain a strict loan system for considering applications for property development loans.

In addition to the above, a foreign investor engaged in property development or operating property in the PRC would have to establish a foreign investment property enterprise in the PRC with a registered capital of not less than 50.0 per cent, of its total investment amount if the total investment amount is more than US\$10.0 million, and shall not be permitted to process domestic and foreign loans if it has not received full payment of its registered capital or has not obtained the Land Use Rights Certificate or whose project development capital has not reached 35.0 per cent, of the total project investment, pursuant to the new regulation Opinions on Regulating the Entry and Administration of Foreign Investments into the Property Market (关于规范房地产市场外资准入和管理的意见) issued on 11 July 2006. Please refer to the section titled "New Regulation on Regulating Entry and Administration of Foreign Investment in Property Market" for further details of the new regulation.

In accordance with the Notice on Adjustment of Investment Capital Ratios for Fixed Asset Projects (国务院关于调整固定资产投资项目资本金比例的通知) promulgated by the State Council on 25 May 2009, the minimum capital proportion for low-income housing projects and commodity property projects is 20.0 per cent., and the minimum capital proportion for other types of property development projects is 30.0 per cent.

Mortgages of properties

Under the Urban Property Law and the Measures for Administration of Mortgages of Urban Properties (城市房地产抵押管理办法) promulgated by the MOC on 9 May 1997 and amended in August 2001, when a mortgage is created on the ownership of a building legally obtained, a mortgage shall be

simultaneously created on the land use right of the land on which the building is situated. The mortgagor and the mortgagee shall sign a mortgage contract in writing. A system has been adopted to register the mortgages of properties. After a property mortgage contract has been signed, the parties to the mortgage shall register the mortgage with the property administration authority at the location where the property is situated. A property mortgage contract shall become effective on the date of registration of the mortgage. If a mortgage is created on the property in respect of which a Building Ownership Certificate (房屋所有权证) has been obtained legally, the registration authority shall make an entry under the "third party rights" item on the original Building Ownership Certificate and then issue a Certificate of Third Party Rights to a Building (房屋他项权证) to the mortgagee. If a mortgage is created on a commodity property put to pre-completion sale or on works in progress, the registration authority shall record the details on the mortgage contract. If construction of a property is completed during the term of a mortgage, the parties involved shall re-register the mortgage of the property after issuance of the certificates evidencing the rights and ownership to the property.

Restrictions on the grant of residential development loans and individual property purchase loans by banks

The PBOC issued the Notice on Further Strengthening the Management of Property Credit Business (中国人民银行关于进一步加强房地产信贷业务管理的通知) in June 2003 to specify the requirements for banks to provide loans for the purposes of residential development, individual home mortgage and individual commodity properties as follows:

- (a) property development loans should be granted to property developers who are qualified for property development, rank high in credibility and have no overdue payment for construction. For property developers with commodity properties of high vacancy rate and debt ratio, strict approval procedures shall be applied for their new property development loans and their activities shall also be in the focus of attention;
- (b) commercial banks shall not grant loans to property developers to pay off land premium;
- (c) commercial banks may only provide housing loans to individual buyers when the main structural buildings have been topped out. When a borrower applies for individual home loans for his first residential unit, the first instalment remains to be 20.0 per cent. In respect of his loan application for additional purchase of residential unit(s), the percentage of the first instalment shall be increased; and
- (d) when a borrower applies for mortgaged loan of individual commodity property, the Mortgage Ratio shall not be more than 60.0 per cent. In addition, the term of loan may not be more than 10 years and the commodity property shall be duly completed and inspected.

In the Notice on Facilitating the Continuously Healthy Development of Property Market (国务院关于促进房地产市场持续健康发展的通知) issued by the State Council in August 2003, a series of measures are implemented for the government to control the property market. They include, but are not limited to, strengthening the construction and management of affordable housing, increasing the supply of ordinary commodity properties and controlling the construction of high-end commodity properties. In addition, the government also implemented a series of measures relating to the provision of loans for housing development. They include, but are not limited to, putting more effort at the provision of loans, improving the guarantee mechanism of individual home loans and strengthening the monitor of property loans. It is expected that the notice will have a positive effect on the development of the PRC property market in the long run by facilitating the continuous growth of the property market.

On 23 May 2007, the MOFCOM and the SAFE promulgated the Notice on the Reinforcement and Regulation of Approval and Supervision of Foreign Direct Investments in the Property Industry (关于进一步加强、规范外商直接投资房地产业审批和监管的通知), as summarised below:

- (a) impose strict control on acquisition or investment on domestic property enterprises by way of return investment (including same effective controller). Foreign investors shall not change the domestic effective controller for the purpose of circumventing approval procedure related to foreign-invested properties;

- (b) in Property FIE, Chinese investors parties shall not, in any way, enter into provisions of warranty with regard to allocating fixed turns, express or disguised, to any party;
- (c) Property FIE incorporated upon approval by local approval bodies should be filed to MOFCOM immediately; and
- (d) Foreign exchange administration bodies, designated foreign exchange banks shall not process sale and settlement of foreign exchange under capital items, for Property FIE that fail to complete filing procedure with MOFCOM or to pass joint inspection for FIEs.

PBOC and CBRC jointly issued the Notice on Strengthening Commercial Property Credit Management (关于加强商业性房地产信贷管理的通知) and the Supplemental Notice on Strengthening Commercial Property Credit Management (关于加强商业性房地产信贷管理的补充通知) (collectively, the “**Notices**”) on 27 September 2007 and 5 December 2007 respectively. The Notices puts forward requirements on the entitled subject matter, for the purposes of strengthening loan management in association with: (i) property development, (ii) land reserve, (iii) housing consumption and (iv) purchase of commerce building, together with credit enquiry in property credit management, monitoring of property loan, risk management and so forth.

Pursuant to the Notices, commercial banks shall not grant loans, in any form, to: (i) projects where its capital fund (owner’s equity) constitutes a ratio less than 35.0 per cent., or, projects without Land Use Rights Certificates, the Permit for Planning of Land for Construction Use, the Permit for Planning of Construction Project and the Construction Permit; to (ii) property development enterprise that has been hoarding land and housing resources, as detected and verified by land resources departments and construction authorities. Also, commercial banks are not allowed to either accept commodity property with a vacancy exceeding three years as collateral or grant to property development enterprise any sums of loans to serve as land grant premium.

On 8 March 2011, the General Office of CBRC issued the Notice on Promoting Housing Financial Services and Strengthening Risk Management (中国银监会办公厅关于做好住房金融服务加强风险管理的通知), pursuant to which:

- (a) after concluding an irrevocable written contract with a borrower, if the contract has come into effect, the banking financial institution must grant the individual housing loan as agreed to in the contract;
- (b) in principle, if a banking financial institution has accepted and approved a borrower’s loan application and the borrower has unilaterally signed the individual housing loan contract in the interview process, the banking financial institution shall continue to sign the contract and follow the contractual stipulations after confirming that the contract has no legal flaw, the income is sufficient to cover the risk and it meets the conditions for loans;
- (c) in handling the individual housing loan business before the promulgation of 2011 Notice 1, banking financial institutions shall strictly observe the Notice on Resolutely Curbing the Soaring of Housing Prices in Some Cities and the Notice on Improving the Differential Housing Loan Policy, and reasonably determine the proportion of down payment, loan interest rate, etc. in light of the risk status; and
- (d) in handling the individual housing loan business after the promulgation of 2011 Notice 1, banking financial institutions shall proactively assist relevant departments in strictly implementing the policies of local governments on purchase restriction and properly communicate with them and make necessary explanations to them, in strict compliance with the provision that with respect to families that purchase second residential properties through loans, the down payment shall not be less than 60.0 per cent., and the loan interest rate shall not be less than 1.1 times of the benchmark rate.

In respect of loan for individual housing consumption, commercial banks are only allowed to grant housing loans to individuals whose purchases are commodity properties with topped-off main structures. Where an individual purchases the first set of commodity apartment for self residence purpose, (i) of a construction area below 90 sq m, the initial payment percentage (the “**Initial Percentage**”) shall be fixed at no less than 20.0 per cent. (including RMB and foreign currency loans, idem. hereinafter); (ii)

of a construction area above 90 sq m, the Initial Percentage shall be fixed at no less than 30.0 per cent. Where an individual and his/her family (which would include husband and wife and their minor offspring) has purchased commodity apartment by means of such loan, and proceeds to purchase a second set (inclusive) or more, the Initial Percentage shall be no less than 40.0 per cent. and the interest rate shall not be under 110.0 per cent. of the benchmark interest rate as determined and announced by PBOC during same period and in same bracket. Further, the Initial Percentage and the interest rate shall both multiply substantially with the increase with the sets of purchase and the increase percentage shall be determined by commercial banks, at their own discretion, according to principles of loan risk management. However, the repayment expense for housing loan per month shall not exceed 50.0 per cent. of the individual borrower's monthly income.

In respect of commercial building loan, commercial buildings purchased by loan shall be buildings that have satisfied procedural requirements of completion inspection and acceptance. For such purchase, the Initial Percentage shall be no less than 50.0 per cent., the loan term shall not exceed ten years and the interest rate shall not be under 110.0 per cent. of the benchmark interest rate as announced by PBOC during same period and in same bracket, while the Initial Percentage, the loan term and the interest rate shall be determined by commercial banks, at their own discretion, according to principles of loan risk management. Where loan application is made in the name of "commercial and residence building", the Initial Percentage shall be no less than 45.0 per cent.; the loan term and the interest rate shall be arranged according to relevant regulations on loan management of commercial building.

According to the Notice on Widening the Floating Downward Range of Interest Rate for Commercial Individual Housing Loan (关于扩大商业性个人住房贷款利率下浮幅度等有关问题的通知), with effect from 27 October 2008, the minimum rate for commercial individual housing loan has been decreased to 70.0 per cent. of the corresponding benchmark lending rate and the minimum amount of down payment has been adjusted to 20.0 per cent. of the purchase price. Financial institutions may give favourable terms for interest rate and down payment proportion for loan applications for first owner-occupied ordinary residential units or for the improvement of owner-occupied ordinary residential units. The financial institutions shall appropriately increase the requirements for loan application for non-owner-occupied, non-ordinary residential units. The requirement that the monthly repayment amount for housing loans shall not exceed 50.0 per cent. of the borrower's monthly income remains unchanged.

On 20 December 2008, the State Council promulgated the Various Opinions on Promoting the Healthy Development of Property Market (关于促进房地产市场健康发展的若干意见). Commercial banks shall, according to the principles and supervision requirements for credit, (i) increase credit support for the construction of small or medium-sized ordinary commodity properties at low or medium price, especially projects under construction and (ii) provide financing support and relevant financial services for the projects relating to merger or reorganization by competent and reputable property development enterprises.

On 7 January 2010, the General Office of the State Council promulgated the Notice of the General Office of the State Council on Promoting the Stability and Health of the Property Market Development (国务院办公厅关于促进房地产市场平稳健康发展的通知), which stipulates that:

- (a) purchase loans for the second house shall be strictly administrated, and for the family (including the borrower, and the spouse and the minor children thereof) who have purchased one (or more) house(s) with the use of the loan and apply for the second (or above) house, down payment ratios of the loans shall not be lower than 40.0 per cent., and the loan interest rates shall be fixed strictly based on risks;
- (b) the capital fund requirements for property projects shall be strictly implemented, loans are prohibited to the property development enterprises or development projects which do not conform to the credit policy; and
- (c) the smallest scale set by a Pre-Sale Permit shall be determined reasonably in the consideration of local actualities, and the Pre-Sale Permit shall not be proceeded by floor or unit. Property development enterprise which have obtained Pre-Sale Permits shall put the sources of all houses sold into one-time publications within the time limits, and shall sell the houses strictly at the prices reported and definitely posted.

According to the Notice on the Second House Determining Standards in Regulating Commercial Loans for Individual Housing (关于规范商业性个人住房贷款中第二套住房认定标准的通知) promulgated on 26 May 2010 jointly by the Ministry of Housing and Urban-Rural Development, the PBOC and the CBRC, the number of family houses for residents in commercial loans for personal housing shall be determined by the number of the complete sets of houses actually owned under the name of the family who plan to purchase (including the borrower, and the spouse and the minor children thereof, the same as below).

Lenders shall implement the Second (or above) House Differential Credit Policy towards borrowers if one of the below circumstances occurs:

- (a) borrowers apply for house-purchase loans for the first time, if their family have registered one (or more) complete set(s) of houses according to the housing registration information system (including the Presale Contract Registration Recording System, the same as below) governing the areas where the houses to purchase locate;
- (b) borrowers having purchased one (or more) house(s) with the use of loans apply for house-purchase loans again; or
- (c) the lender positively believes the family of the borrower have already had one (or more) house(s) after due diligence search in forms of credit record reference, face-to-face test and face-to-face interview (residence visit if necessary).

Where non-local residents can provide local tax certificate or social insurance payment certificate for one year or more in the application for housing loans, lenders shall implement the differential housing credit policy according to the third article of this Notice. Where non-local residents cannot provide local tax certificate or social insurance payment certificate for one year or more in the application for housing loans, lenders shall implement the Second (or above) House Differential Credit Policy; commercial banks may suspend housing loans, according to the risk status as well as relevant local government policies, to the areas in which the prices for commodity properties are too high or go up too fast, or the housing supply is too tight.

On 30 March 2015, the PBOC, the CBRC and the MOHURD jointly issued the Notice Regarding Several Issues of Personal Housing Loans (关于个人住房贷款政策有关问题的通知) (effective from the same date), stating that (i) the minimum down payment for the second property (being common property for self occupation (普通自住房)) of a family is reduced to 40.0 per cent.; (ii) the down payment for the first common property for self occupation of a family is reduced to 20.0 per cent. if financed by housing provident fund loan (住房公积金贷款); and (iii) the down payment for the second common property for self occupation of a family is reduced to 30.0 per cent. if financed by housing provident fund loan and there is no outstanding housing loan for the first property.

This Notice Regarding Several Issues of Personal Housing Loans partially repealed and prevailed over the previous Notices regarding control of the minimum down payment percentage to the extent of any inconsistency.

Property management

Pursuant to the Regulations on Property Management (物业管理条例) promulgated by the State Council in June 2003 and amended on 26 August 2007 and the Regulation on Administration of Property Management Enterprise Qualification (物业服务企业资质管理办法) promulgated by the MOC in March 2004 and amended on 26 November 2007, a property management enterprise shall undergo an assessment of its qualifications by the qualification approval authority. An enterprise which passes such a qualification assessment will be issued a Qualification Certificate evidencing the qualification classification by the authority. No enterprise may engage in property management without undergoing the qualification assessment conducted by the authority and then obtaining a Qualification Certificate.

The amended Property Management Regulations expand the rights of owners within those developments in several ways:

First, property owners are given final say on renovation and reconstruction decisions (including parking areas, elevators, storage rooms, and pipes). Previously, developers and property managers had the right to make most of these decisions.

Second, property owners are given more authority concerning owners' voting rights. Previously owners' voting rights for the initial owners' meeting were decided by the local government, by taking into account the construction area, the number of units, and other factors. Pursuant to the new Property Management Regulations, owners themselves determine the distribution of voting rights.

Third, the amendments change the quorum requirements for owners' meetings. Previously, (i) quorum for an owners' meeting required the presence of owners who collectively held a majority of the entire voting rights, and (ii) decisions at owners' meeting were adopted by the affirmative vote of owners representing either a majority or two-thirds of the voting rights, depending on the nature of the matter. Now (x) quorum for an owners' meeting requires the presence of a majority of owners who collectively occupy a majority of the total construction area, and (y) decisions will be adopted only upon the affirmative vote of either a majority or two-thirds of the owners occupying a majority or two-thirds of the total construction area of the entire property, respectively, depending on the nature of the matter.

Fourth, the new Property Management Regulations state that owners are bound by the decisions passed at owners' meetings and by owners' committees. However, should the decision at an owners' meeting or by an owners' committee infringe upon an owner's legal rights, the new Property Management Regulations grant such affected owner recourse through the courts to apply for the rescission of the decision.

Insurance

There is no mandatory provision in the PRC laws, regulations and government rules which require a property developer to take out insurance policies for its property developments. However, PRC commercial banks may require the property developer to purchase insurance if the commercial bank intends to grant a development loan to the property developer. According to the Measures for the Administration of Property Development Loan (中国银行房地产开发贷款管理办法) issued by the Bank of China on 21 May 1998, the borrower of a development loan shall take designated insurance as required by the lender from the insurance company before the signing of the loan agreement.

Major taxes applicable to property developers

Business Tax

Pursuant to the Interim Regulations of the PRC on Business Tax (中华人民共和国营业税暂行条例) promulgated by the State Council in December 1993 and amended in November 2008, the tax rate of the transfer of immovable properties, buildings and other attachments to land is 5.0 per cent.

LAT

Pursuant to the Provisional Regulations of the PRC on LAT (中华人民共和国土地增值税暂行条例) (the "**Provisional Regulations**") promulgated by the State Council on 13 December 1993 and effected on 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (中华人民共和国土地增值税暂行条例实施细则) (the "**Detailed Implementation Rules**") which was promulgated and effected on 27 January 1995, any appreciation amount gained from taxpayer's transfer of property shall be subject to LAT. LAT is calculated based on a 4-band excess progressive tax rate: (i) for the portion with appreciation not exceeding 50.0 per cent. of the deductible amount, the applicable tax rate is 30.0 per cent.; (ii) the applicable tax rate for the portion with appreciation exceeding 50.0 per cent. but not exceeding 100.0 per cent. of the deductible amount is 40.0 per cent.; (iii) the applicable tax rate for the portion exceeding 100.0 per cent., but not exceeding 200.0 per cent. of the deductible amount is 50.0 per cent.; and (iv) the applicable tax rate for the portion exceeding 200.0 per cent. of the deductible amount is 60.0 per cent. The related deductible items aforesaid include the following:

- (a) amount paid for obtaining the land use right;
- (b) costs and expenses for development of land;
- (c) costs and expenses of new buildings and ancillary facilities, or estimated prices of old buildings and constructions;
- (d) related tax payable for transfer of property; and

- (e) other deductible items as specified by the MOF.

According to the requirements of the Provisional Regulations, the Detailed Implementation Rules and the Notice issued by the MOF in respect of the Levy and Exemption of LAT for Development and Transfer Contracts signed before 1 January 1994 (关于对一九九四年一月一日前签订开发及转让合同的房地产征免土地增值税的通知) which was announced by the MOF on 17 January 1995, LAT shall be exempted under any one of the following circumstances:

- (a) taxpayers constructing ordinary standard residences for sale (i.e. residences built in accordance with the local standard for general civilian-use residential properties. Deluxe apartments, villas, resorts etc. are not under the category of ordinary standard residences), where the appreciation amount does not exceed 20.0 per cent. of the sum of deductible items;
- (b) properties taken over and repossessed according to laws due to the construction requirements of the State;
- (c) due to re-deployment of work or improvement of living standard, individuals transferring residential properties which such individuals have been living in for five years or more, after obtaining tax authorities' approval;
- (d) property transfers which were signed before 1 January 1994, regardless of when the properties were transferred; or
- (e) either when the property development contracts were signed or when the project proposal has been approved before 1 January 1994 and that capital was injected for development in accordance with the conditions agreed, the LAT shall be exempted if the properties are transferred within five years after 1 January 1994 for the first time. The date of signing the land transfer agreement shall be the date of signing the property development contract. Particular property projects which are approved by the government for the development of the whole piece of land and long-term development, of which the properties are transferred for the first time after the five-year tax-free period, after auditing being conducted by the local financial and tax authorities, and approved by MOF and STB, the tax-free period would then be appropriately prolonged.

After the enactment of the Provisional Regulations and the Detailed Implementation Rules, due to the longer period for the property development and transfer, many districts, while they were implementing the regulations and rules, did not force the property development enterprises to declare and pay the LAT. Therefore, in order to assist the local tax authorities in the collection of LAT, the MOF, STB, MOC and SLAB had separately and jointly issued several notices, such as the Notice on Several Issues Concerning the Levy and Administration of LAT (关于土地增值税若干征管问题的通知), to restate the following: After property transfer agreements are signed, the taxpayers should declare the tax to the local tax authorities where the property are located, and pay the LAT in accordance with the amount as calculated by the tax authority and the time as required. For those who fail to acquire proof as regards the tax paid or the tax exemption from the tax authorities, the property administration authority shall not process the relevant title change procedures, and shall not issue the property title certificate.

The STB also issued the Notice in respect of the Proper Handling of Administration Work Relating to the Levy of LAT (国家税务总局关于认真做好土地增值税征收管理工作的通知) on 10 July 2002 to request local tax authorities: (i) to modify the management system of LAT collection and operation details; (ii) to build up a sound taxpaying declaration system for LAT; and (iii) to modify the methods of pre-levying for the LAT. That notice also pointed out that for property development contracts which were signed, or where the project proposal was approved, before 1 January 1994 and capital has already been injected for development, the LAT exemption for properties which are transferred within five years from 1 January 1994 for the first time would expire, and such tax shall be levied again.

According to the Notice on Several Issues of the Levy and Administration of LAT (关于土地增值税若干征管问题的通知) promulgated jointly by the SAT and the SLAB on 10 January 1996 and the Notice on Issues related to the Levy and Administration of the LAT (关于土地增值税征收管理有关问题的通知) promulgated by the SAT and the MOC in April 1996, the taxation authorities all over the country should establish a whole system of the levy and administration of the LAT in accordance with the related regulations and the above two notices.

On 28 December 2006, the STB issued the Notice to Regulate the LAT Settlement of Property Development Enterprise (国家税务总局关于房地产开发企业土地增值税清算管理有关问题的通知) (the "Notice"), which further regulates the settlement procedures and conditions of LAT, and stipulates that LAT shall be settled on a project basis or, for development projects which are developed in phases, on a phase by phase basis. The Notice also stipulates that the LAT for ordinary standard residences and non-ordinary residences shall be determined differently.

The Notice stipulates that property development enterprises shall settle LAT where:

- (a) the construction and sale of the property project is completed;
- (b) a property project which has not been completed and on which settlement of LAT has not been conducted is transferred; and
- (c) the land use right is transferred directly.

In addition, the relevant PRC tax authority may require a property development enterprise to settle the LAT in the following circumstances:

- (a) the property project has passed completion inspection, the aggregate GFA which has been transferred has exceeded 85.0 per cent. of the aggregate sellable GFA, or, where such proportion is less than 85.0 per cent., the remaining sellable GFA has been leased or reserved for self-use;
- (b) the property development enterprise has obtained and held the Pre-Sale Permit for three years and has not completed the sales of the property project; and
- (c) the property development enterprise has applied to revoke its tax registration before settling the LAT; or
- (d) in any other circumstances stipulated by the relevant provincial tax authorities.

Where the property development enterprise utilises its properties for the purpose of staff welfare, award, investment, allotment to shareholders, etc., which results in the transfer of property ownership, LAT shall be levied accordingly. However, if the property development enterprise reserves some of the properties for its own use, for lease or other commercial purposes, and the property ownership remains unchanged, LAT shall not be levied.

If a property development enterprise transfers its properties after it has settled the LAT, it shall also be required to declare and pay LAT accordingly.

On 25 May 2010, the Notice of the SAT on Strengthening the Levy and Administration of LAT (国家税务总局关于加强土地增值税征管工作的通知) was promulgated by the SAT, stipulating that:

- (a) to give full play to the adjusting role of the land added-value tax at the pre-levy stage, tax authorities at all places shall adjust the present pre-levy rates. Except for the indemnificatory housing, the pre-levy rates shall not be lower than two per cent. in the eastern provinces, not lower than 1.5 per cent. in the central and the north-eastern provinces, and not lower than one per cent. in the western provinces. All places shall determine proper pre-levy rates on the basis of the different types of properties (division of areas shall be governed by relevant documents of the State Council); and
- (b) in order to regulate the assessment work, the assessment-based levy rate shall not be lower than five per cent., as is the general rule. All provincial tax authorities shall, according to the local actualities, formulate assessment-based levy rates for different types of property.

Deed Tax

Pursuant to the Interim Regulations of the PRC on Deed Tax (中华人民共和国契税暂行条例) promulgated by the State Council in July 1997, the transferee, whether an individual or otherwise, of the title to a land site or building in the PRC shall be the obliged taxpayer for deed tax. The rate of deed tax is three to five

per cent. The governments of provinces, autonomous regions and municipalities directly under the central government may, within the foresaid range, determine and report their effective tax rates to the MOF and the SAT for the record.

Land Use Tax

Pursuant to the Interim Regulations of the PRC on Land Use Tax in respect of Urban Land (中华人民共和国城镇土地使用税暂行条例) promulgated by the State Council in September 1988, the land use tax in respect of urban land is levied according to the area of relevant land. On 31 December 2006, the State Council amended the Interim Regulations of the PRC on Land Use Tax in respect of Urban Land, which stipulated that commencing from 1 January 2007, the land use tax shall be applicable to all foreign investment enterprises and foreign enterprises that use land in the PRC, and the annual land use tax rate shall be revised to a higher rate but within the ranges as set out below:

Metropolis	:	RMB1.5 per sq m to RMB30.0 per sq m
Medium-sized city	:	RMB1.2 per sq m to RMB24.0 per sq m
Small city	:	RMB0.9 per sq m to RMB18.0 per sq m
Town, county	:	RMB0.6 per sq m to RMB12.0 per sq m

The provincial government shall determine the applicable tax rate within the foregoing criteria.

Buildings Tax

Under the Interim Regulations of the PRC on Buildings Tax (中华人民共和国房产税暂行条例) promulgated by the State Council in September 1986, buildings tax shall be 1.2 per cent. calculated on the basis of the original value of a building discounted by 10.0 per cent., to 30.0 per cent., and 12.0 per cent. of the rent proceeds if the building is leased. Such buildings tax shall be applicable to PRC domestic enterprises.

Stamp Duty

Under the Interim Regulations of the PRC on Stamp Duty (中华人民共和国印花税暂行条例) promulgated by the State Council in August 1988, stamp duty shall be levied at the rate of 0.05 per cent. of the amounts stated therein for all building transfer instruments, including those relating to property ownership transfers; stamp duty shall be levied on a per-item basis at an annual rate of RMB5 per item for permits and certificates relating to rights, including property title certificates and Land Use Rights Certificates.

Municipal Maintenance Tax

Under the Interim Regulations of the PRC on Municipal Maintenance Construction Tax (中华人民共和国城市维护建设税暂行条例) promulgated by the State Council in February 1985, any taxpayer, whether an individual or otherwise, subject to or paying product tax, value-added tax or business tax shall be required to pay municipal maintenance tax. The tax rate shall be seven per cent. for a taxpayer whose domicile is in an urban area, five per cent. for a taxpayer whose domicile is in a county and a town, and one per cent. for a taxpayer whose domicile is not in any urban area or county or town, based on the amount of product tax, value-added tax or business tax actually paid by the taxpayer.

Education Surcharge

Under the Interim Provisions on Imposition of Education Surcharge (征收教育费附加的暂行规定) promulgated by the State Council in April 1986 (lastly revised by the State Council in January 2011), any taxpayer, whether an individual or otherwise, subject to or paying consumption tax, value-added tax or business tax shall pay an education surcharge, unless such obliged taxpayer is required instead to pay a rural area education surcharge as provided by the Notice of the State Council on Raising Funds for Schools in Rural Areas (国务院关于筹措农村学校办学经费的通知). Education surcharge was calculated and levied at a rate of two per cent. on the actual amount of consumption tax, value-added tax and business tax paid by the taxpayer before 1 October 2005. After 1 October 2005, education surcharge shall be calculated and levied at a rate of three per cent. on the actual amount of consumption tax, value-added tax and business tax paid by the taxpayer.

On 18 October 2010, the State Council promulgated the Notice on the Unification of Systems of Municipal Maintenance Construction Tax and Educational Surcharge Imposed Upon Domestic-Invested Enterprise, FIE and Individual (关于统一内外资企业和个人城市维护建设税和教育费附加制度的通知), pursuant to

which, from 1 December 2010 on, the systems of municipal maintenance tax and educational surcharge imposed upon domestic-invested enterprise, FIE and individual shall be unified, municipal maintenance tax and educational surcharge shall start to be imposed upon FIE, foreign enterprise and foreign individual.

Pursuant to the Notice of Allowed Reduction of Income Tax on Foreign Enterprise's Interest and Other Incomes from Sources within the Territory of the PRC (关于外国企业来源于我国境内的利息等所得减征所得税问题的通知) promulgated by the State Council in November 2000 (implemented on 1 January 2000), since 1 January 2000, for the foreign enterprises without permanent establishment within the territory of the PRC, its interest, rent, royalty for the right of special permission and other incomes obtained from the PRC; or which have an organisation or place, but with such abovementioned incomes which have no actual connection with such permanent establishment, will pay corporate income tax at a reduced rate of 10.0 per cent.

In March 2007, the PRC National People's Congress adopted the Enterprise Income Tax Law (企业所得税法) (the "**New Income Law**"), which became effective on January 1, 2008. Under the new tax law, a unified enterprise income tax rate is set at 25.0 per cent. for both domestic enterprises and FIEs, with the exception of those enterprises who enjoy the preferential tax according to the laws and regulations. However, there would be a five-year transition period for enterprises currently enjoying a preferentially lower income tax rate under the current tax laws and administrative regulations. In addition, under the New Income Law, enterprises established under the laws of foreign jurisdictions but whose "de facto management body" is located in the PRC are treated as "resident enterprises" for PRC tax purposes, and is subject to PRC income tax on their worldwide income. While at the same time the New Income Law also addresses the following enterprise income including but not limited to the followings, shall be exempted from income tax: (1) income from equity investment income such as dividend and bonus between qualified resident enterprises, and income from equity investment such as dividend and bonus obtained from resident enterprises by non-resident enterprises that have set up institutions or offices in the PRC with an actual relationship with such institutions or offices. On 6 December 2007, the Implementation Rules on the Enterprise Income Tax Law (企业所得税法实施条例) was promulgated by the State Council and it came into force on 1 January 2008.

According to New Income Law and its implementing regulations, income such as dividends, rental, interest and royalty from the PRC derived by a non-resident enterprise which has no permanent establishment in the PRC or has permanent establishment but the income has no relationship with such permanent establishment is subject to a 10.0 per cent. withholding tax, subject to reduction as provided by any applicable double taxation treaty, unless the relevant income is specifically exempted from tax under the applicable income tax laws, regulations, notices and decisions which relate to foreign enterprises and their investors.

MEASURES ON STABILISING HOUSING PRICE

The General Office of the State Council promulgated the Notice on Stabilising Property Price (国务院办公厅关于切实稳定住房价格的通知) on 26 March 2005, requiring measures to be taken to prevent housing prices from increasing too fast and to promote the healthy development of the property market. The Opinions on the Stability of Residential Property Prices (关于做好稳定住房价格工作的意见) jointly issued by the MOC, NDRC, the MOF, the MLR, PBOC, the SAT and the CBRC on 30 April 2005 provides that:

- (a) where the housing price grows too fast, while the supply of ordinary commodity properties with medium or low price and economical houses is insufficient, the housing construction should mainly involve projects of ordinary commodity properties with medium or low price and economical houses. The construction of low-density, high-quality houses shall be strictly controlled. With respect to construction projects of medium-or-low-price ordinary commodity properties, before supplying the land, the municipal planning authority shall, according to controlling detailed planning, set forth such conditions for planning and design as height, plot ratio and green space, while the property authority, together with other relevant authorities, shall set forth such controlling requirements as sale price, type and area. Such conditions and requirements will be set up as preconditions of land transfer to ensure the supply of houses with medium or low prices and houses with medium or small area. The local government must strengthen the supervision of the Permit for Planning of

Construction Project. Housing projects that have not been commenced within two years must be examined again, and those that turn out to be not in compliance with the planning permits will be revoked; and

- (b) where the price of land for residential use and residential housing grow too quickly, the proportion of land for residential use to the total land supply should be appropriately increased, and the land supply for the construction of ordinary commodity property with medium or low prices and economical houses should be especially increased. Land supply for villa construction shall continue to be suspended, and land supply for high-end housing property construction shall be strictly restricted.

The General Office of the State Council promulgated the Opinions on Adjustment of Housing Supply Structure and Stabilisation of Property Prices (关于调整住房供应结构稳定住房价格的意见) on 24 May 2006. There are some “must-meet” requirements that will affect residential property development companies and purchasers of residential properties in the PRC. The regulation stipulates that:

- (a) commencing 1 June 2006, for newly approved and developed commodity properties, the ratio of houses with a built up area of no more than 90 sq m should comprise at least 70.0 per cent. of the total construction area. If there are special situations existing in the municipality directly under the Central Government, or a city directly under State planning and provincial capital, the relevant developer should apply to the MOC for approving any adjustments on the above-mentioned ratio. For projects whose developers have already obtained the approval without the Construction Permit, should the ratio of houses with a built up area of no more than 90 sq m fall short of the above-mentioned ratio, the developer should adjust the ratio to satisfy the new requirements;
- (b) commencing 1 June 2006, if the purchaser transfers the residential house within five years of the date of purchase, business tax will be levied on the basis of the sales income on the residential house; if the person transfers the common residential house after five years from the date of purchase, no business tax will be levied; and if the person transfers the uncommon residential house after five years from the date of purchase, business tax will be levied on the difference between the sales income of the residential house and the original purchase price;
- (c) commencing 1 June 2006, the initial payment for the personal housing mortgage loan shall be at least 30.0 per cent. of the total purchase price of the house. If the person purchases a house with a built up area of no more than 90 sq m for his/her own residence, the initial payment must be at least 20.0 per cent. of the total purchase price of the house;
- (d) not less than 70.0 per cent. of residential properties shall be medium-sized or small-sized units designed for middle or lower markets;
- (e) no mortgage may be created over a residential properties which has been vacant for more than three years; and
- (f) high fees will be levied for land left idle for more than one year and land use rights of land left idle for more than two years will be taken back.

In accordance with the Notice of the MOF and the SAT on the Deed Tax Policy for the First-time Ordinary House Purchase (财政部、国家税务总局关于首次购买普通住房有关契税政策的通知) promulgated on 9 March 2010 jointly by the MOF and the SAT, the deed tax preferential policy for the first-time ordinary house purchase does not apply to the joint purchasers where two or more people jointly purchase an ordinary house of 90 sq m or less and at least one of them has been recorded for house purchase.

On 17 April 2010, the State Council promulgated the Notice of the State Council on Notice of the State Council on Preventing the Soaring of Property Prices In Certain Cities (国务院关于坚决遏制部分城市房价过快上涨的通知) (the “**Notice of April**”), pursuant to which:

- (a) (i) the down payment percentage of the loan shall not be lower than 30.0 per cent., where the family (including the borrower, and the spouse and the minor children thereof, the same as below) purchases their first house of which the construction area of the dwelling size is 90 sq m or above;
- (ii) the down payment percentage shall not be lower than 50.0 per cent., and the loan interest

rate shall not be lower than 1.1 times of the benchmark interest rate, where the family purchases the second house with the use of the loan; the down payment percentages and the loan interest rates shall be increased in large scale, which are determined independently by commercial banks according to the principal of risk management, where the family purchases the third (or above) house;

- (b) commercial banks may suspend housing loans for the purchase of the third or above house, according to the risk status, to the areas in which prices for commercial residential housing are too high or go up too fast, or the housing supply is too tight and suspend the housing loans for the non-residents who cannot provide local tax certificate or social insurance payment certificate for one year or more. The local people's governments may take temporary measures, on the basis of actualities, to limit the number of houses in certain period;
- (c) enterprises which violate laws or regulations are restricted from purchasing new lands; state-owned enterprises and state-holding enterprises, which are not mainly doing business in properties, are strictly prohibited from engaging in commercial land development and property business; commercial banks shall not extend loans to new development projects where the property development enterprises set aside lands and engage in land speculation; and
- (d) for the property development projects which have obtained Pre-Sale Permits or gone through the sale recording process for completed houses, sources of all houses sold shall be put into one-time publications within the time limits, and shall be sold strictly at the prices reported and definitely posted.

On 29 September 2010, the MOF, the SAT and the MOHURD collectively issued the Notice on Adjustment in Preferential Policy on Deed Tax and Personal Income Tax arising from Properties Transactions (关于调整房地产交易环节契税个人所得税优惠政策的通知), according to which:

- (a) where individual purchases ordinary house which would be the only house of the family (including the purchaser, and spouse and minor offspring thereof, same as below), the applicable deed tax is deducted by 50.0 per cent.; where individual purchases ordinary house of 90 sq m or below which would be the only house of the family, the applicable deed tax is one per cent.;
- (b) the abovementioned preferential policy does not apply where the ordinary house purchased by individual does not meet the above requirements; and
- (c) no deduction of personal income tax applies again where the tax payer sells his house for self-habitation and then purchases another house within one year.

The PBOC and the CBRC jointly promulgated the Notice of the PBOC and the CBRC on Improving the Differential Housing Loan Policy (中国人民银行、中国银行业监督管理委员会关于完善差别化住房信贷政策有关问题的通知) on 29 September 2010, which stipulates that:

- (a) all commercial banks shall cease to extend loans for purchase of the third or more house by resident family; and cease to extend housing loans to non-local resident who fails to provide local payment certificate of tax or social insurance of more than one year;
- (b) in the event of purchase of commodity properties in use of loan, down payment ratio shall be adjusted to 30.0 per cent. and above; in the event of the family which purchases their second house in use of loan, the regulations that neither the down payment percentage shall be less than 50.0 per cent. nor the loan ratio be less than 110.0 per cent. of the bench mark interest rate shall be strictly implemented;
- (c) all commercial banks shall reinforce the administration of consumer loan which shall not be used for house purchase; and
- (d) in the event of the property development enterprise having a record of non-compliance with laws or regulations in leaving land unused, altering land use and nature, postponing commencement and completion of construction and hesitating in selling houses so as to drive up prices, all commercial banks shall cease to grant loans to its new development project and extend loan term.

On 30 September 2010, the MOHURD, the MLR and MOS jointly promulgated the Notice on Further Implementation and Realization of Notice of Guo Fa [2010] No. 10 issued by the State Council (关于进一步贯彻落实国发[2010]10号文件的通知), pursuant to which:

- (a) in those cities where property prices have escalated and property supply is tight, local authorities shall implement measures to limit the property purchase of related parties in certain period of time;
- (b) speeding up the building tax reform trial work, and gradually extend to the whole country; and
- (c) to those property developers that violates laws and regulations such as: (i) holding idle land; (ii) changing the land use; (iii) delaying the commencement and completion of development; and (iv) intentionally holding properties for future sale, the offering of stocks and securities as well as new purchase of land shall be suspended.

On 2 November 2010, Ministry of Housing and Urban-rural Development, MOF, PBOC and CBRC collectively promulgated the Notice on Regulating Housing Fund and Individual Housing Loan Policy (关于规范住房公积金个人住房贷款政策有关问题的通知), pursuant to which:

- (a) speculation on house purchase through the use of individual housing loan with housing fund is strictly prohibited;
- (b) as for the purchase of the first ordinary house for self-residence purpose in use of individual housing loan with housing fund, where the dwelling floor area of the house is 90 sq m or below, the down payment of the loan shall not be less than 20.0 per cent.; where the dwelling floor area is more than 90 sq m, the down payment of the loan shall not be less than 30.0 per cent.;
- (c) as for the second house purchased through the use of individual housing loan with housing fund, the down payment shall not be less than 50.0 per cent., and the loan interest rate shall not be less than 110.0 per cent. of that of the first house purchased in use of individual housing loan with housing fund in the corresponding time period; and
- (d) housing fund and individual housing loan shall not be extended for their purchase of the third or further houses.

On 26 January 2011, the General Office of the State Council issued the Notice on Further Strengthening the Regulating and Control of the Property Market (国务院办公厅关于进一步做好房地产市场调控工作有关问题的通知), pursuant to which:

- (a) 10 million units of social welfare housing and rebuilding shanty areas housing will be constructed in the whole country in 2011 and the supply of public rental housing shall be increased;
- (b) the minimum down payment in respect of mortgage loans on purchases of second residential properties by families is increased to 60.0 per cent. of the purchases price and the applicable mortgage rate must be at least 1.1 times of the relevant benchmark lending rate published by the PBOC;
- (c) if there is no Construction Permit obtained for the land approved for property use for commencement of development for more than two years, it shall be forfeited to the government and the penalties for being idle for more than one year shall be imposed;
- (d) local resident families who have owned one residential property and within a non-local resident families who can provide documentation evidencing their payment certain time period of tax or social security in the locality are generally limited to one residential property purchase (including newly-built commodity property and second-hand residential property); and
- (e) local resident families who have owned two or more units of residential property, non-local residents families who have owned one or more units of residential property and non-local resident families who fail to provide documentation evidencing their payment within a certain time period of tax or social security in the locality are prohibited from purchasing residential property in the relevant administrative areas.

On 27 January 2011, the MOF and the SAT collectively promulgated a Notice on Adjusting the Business Tax Policy of Housing Transfer by Individuals ("**2011 Business Tax Notice**") (关于调整个人住房转让营业税政策的通知), pursuant to which, with effect from 27 January 2011:

- (a) transfer of residential property by individuals who have held them for less than five years are subject to business tax calculated on a gross basis;
- (b) transfer of non-ordinary residential property by individuals who have held them for five years or more are subject to business tax calculated on a net basis; and
- (c) transfer of ordinary residential property by individuals who have held them for five years or more are exempted from business tax.

On 26 February 2013, the General Office of the State Council issued a Notice On Further Control of Property Market (关于继续做好房地产市场调控工作的通知), pursuant to which, the State Council reiterated the enforcement of credit control and restrictions on purchase of second and subsequent properties by a household as introduced by previous regulations.

The SAT and the MOF promulgated the Notice Regarding Adjustment of Business Tax for Second Hand Property Transactions ("**2015 Business Tax Notice**") (关于调整个人住房转让营业税政策的意见) on 30 March 2015 (effective from 31 March 2015). The 2015 Business Tax Notice repealed 2011 Business Tax Notice and stipulates that: (i) if the purchaser transfers the residential house within two years of the date of purchase, business tax will be levied on the basis of the sales income on the residential house; (ii) if the person transfers the common residential house (普通住房) after two years from the date of purchase, no business tax will be levied; and (iii) if the person transfers the uncommon residential house (非普通住房) after two years from the date of purchase, business tax will be levied on the difference between the sales income of the residential house and the original purchase price.

MAJOR ENVIRONMENTAL PROTECTION REQUIREMENTS

In accordance with the Environmental Protection Law of the PRC (中华人民共和国环境保护法) adopted by the Standing Committee of the NPC on 26 December, 1989 (as amended by the Standing Committee of the NPC on 24 April 2014 and effective from 1 January 2015), the Administration Supervisory Department of Environmental Protection of the State Council sets the national guidelines for the discharge of pollutants. The provincial and municipal governments of provinces, autonomous regions and municipalities may also set their own guidelines for the discharge of pollutants within their own provinces or districts in the event that the national guidelines are inadequate.

A company or enterprise which causes environmental pollution and discharges other pollutants which endanger the public should implement environmental protection methods and procedures into their business operations. This may be achieved by setting up a system of accountability within the company's business structure for environmental protection and adopting effective procedures to prevent environmental hazards such as waste gases, water and residues, dust powder, radioactive materials and noise arising from production construction and other activities from polluting and endangering the environment. The environmental protection system and procedures should be implemented simultaneously with the commencement of and during any production, construction or other activities undertaken by the company. Any company or enterprise which discharges environmental pollutants should report and register such discharge with the Administration Supervisory Department of Environmental Protection and pay any fines imposed for the discharge. A fee may also be imposed on the company for the cost of any works required to restore the environment to its original state. Companies which have caused severe pollution to the environment are required to restore the environment or remedy the effects of the pollution within a prescribed time limit.

If a company fails to report and/or register the environmental pollution caused by it, it will receive a warning or be penalised. Companies which fail to restore the environment or remedy the effects of the pollution within the prescribed time limit will be penalised or have their business licences revoked. Companies or enterprises which have polluted and endangered the environment must bear the responsibility for remedying the effects of the pollution, as well as to compensate any losses or damages suffered as a result of such environmental pollution.

Under the Regulations on the Administration of Environmental Protection of Construction Project (建设项目环境保护管理条例) promulgated by the State Council on 29 November 1998, the development of each construction project is subject to the environment impact assessment, and the developer should submit to the competent administrative authorities the environmental impact statement which assess the pollution the construction project is likely to produce and its impact on the environment and stipulate the preventive and curative measures. Only after the assessment has been completed and approval from the competent authorities obtained can the developer commence construction.

Pursuant to the Provisions on the Inspection and Acceptance of Environmental Protection of Construction Projects (建设项目竣工环境保护验收管理办法) promulgated by the State Environmental Protection Administration of the PRC on 27 December 2001 and implemented on 1 February 2002, each construction project completed is subject to the inspection of the competent environmental protection administrative authorities, and only after the construction project has passed the inspection and approval has been obtained that work on the project can commence.

THE GUARANTEE INDUSTRY AND ENTRUSTED LOAN IN THE PRC

1. *The Guiding Notice*

On 25 February 2009, the Department of Foreign Investment Administration of MOFCOM issued the Guiding Notice for Approval of Foreign Investors to Invest in the Guarantee Industries (外商投资担保业务审批指引) (the “**Guiding Notice**”). According to the Guiding Notice, foreign investors with exemplary credit ratings and relevant industry experience and with net assets in excess of RMB50.0 million for the preceding year are permitted to establish a limited liability company in the PRC in the form of a joint venture with a Chinese partner or a wholly foreign owned enterprise (where foreign investors’ net assets for the preceding year exceeding US\$50.0 million), in each case to be engaged in the provision of guarantee services. Such foreign invested guarantee companies must have a registered capital of at least US\$10.0 million, all of which must be contributed in cash.

The scope of business of a guarantee company includes, among others, the provision of investment and consultancy services relevant to guarantees. Where a guarantee company proposes to establish a branch office in a new city or province, approval must be obtained from the guarantee company’s original approval authority. The supervisory authority over finance guarantee companies are the supervisory departments as designated by the government at the provincial, autonomous region or county level.

2. *The General Rules on Credit*

The General Rules on Credit (贷款通则) (the “**General Rules**”) were promulgated by the PBOC on 28 June 1996 and came into effect on 1 August 1996. The General Rules define a “loan provider” as a PRC owned financial institution established in the PRC that engages in the provision of interest bearing loans. One type of loan defined in and regulated in accordance with the General Rules is an entrusted loan. Entrusted loans are an arrangement whereby the capital for a loan is supplied by a government department, an enterprise or a natural person (the “**capital provider**”) and entrusted to a financial institution as the loan provider. Entrusted loans are made by the loan provider to a specified borrower for a particular purpose and in an amount, for a term and at an interest rate determined by the capital provider. The term “specified borrower” (确定的贷款对象) describes the party specified by the capital provider as the person who will receive the amount of an entrusted loan (the “**loan recipient**”).

The General Rules do not contain any restriction or prohibition on the provision of entrusted loans to specified borrowers who are related parties to the capital provider. While the loan provider exercises supervision over and receives repayment from the loan recipient, the loan provider does not assume any risk of default in repayment by the loan recipient. In accordance with the General Rules and the relevant judicial interpretation from the Supreme People’s Court of the PRC, in an entrusted loan arrangement, the relationship between the loan provider and the capital provider is that of trustee and trustor and the relationship between the loan provider and the loan recipient is that of lender and borrower. No creditor/debtor relationship exists between the capital provider and the loan recipient. The General Rules require that loan providers must be authorised by and have been granted a Financial Institution Licence (金融机构法人许可证) or a Financial Institution Operation Licence (金融机构营业许可证) from the PBOC and must have registered with the State

Administration for Industry and Commerce (工商行政管理部门). The General Rules further stipulate that enterprises which are not authorised and registered as loan providers must not breach the laws of the PRC by engaging in intercompany loan transactions or the provision of loans through unauthorised means. An intercompany loan is a loan provided directly from one company to another where the loan provider is not authorised and registered as loan provider. The General Rules provide that the People's Bank of China may impose sanctions on an intercompany loan provider and enforce a penalty of up to 500.0 per cent. of the income received from the provision of the loan.

3. *The Interim Measures for the Administration of Financial Guarantee Companies*

In accordance with Article 8 of the Interim Measures for the Administration of Financial Guarantee Companies (融资性担保公司管理暂行办法), which was promulgated by the China Banking Regulatory Commission, the National Development and Reform Commission, MOFCOM and seven other Ministries of the PRC on 8 March 2010, the establishment of a financial guarantee company or a branch thereof is subject to the receipt of approval and the issue of a financial guarantee services licence from the relevant provincial level supervisory authority. As at the Latest Practicable Date, Jiangsu Economic and Information Technology Commission has promulgated the Notice on Issuance of Jiangsu Administrative Approval Guidelines of Financial Guarantee Companies (江苏省经济和信息化委员会关于印发江苏省融资性担保公司行政许可工作指引的通知) to regulate the issuance of the financial guarantee services licence in Jiangsu province.

According to Article 26 of the Interim Measures, the amount of fees that may be collected by financial guarantee companies for the provision of guarantee services may be determined with reference to the level of risk involved in the transaction and through negotiations between the financial guarantee provider and person for whom the guarantee is provided. There is no restriction on foreign investment in the loan guarantee business. The balance of financial guarantee liability of a loan guarantee company shall not exceed ten times of the company's net assets.

4. *The Administrative Measures on Foreign Investment in the Finance Lease Business*

According to the Administrative Measures on Foreign-invested in the Lease Industry (外商投资租赁业管理办法), announced by MOFCOM and which came into effect on 5 March 2005, foreign investors in a foreign invested lease enterprise or a foreign invested financial lease enterprise must have minimum total assets of US\$5.0 million. A foreign invested financial lease enterprise must have a minimum registered capital of US\$10.0 million and must employ specialised staff and senior management possessing relevant qualifications and a minimum of three years' relevant professional experience. Where the enterprise takes the form of a limited liability company, the term of operation of the company will generally not exceed 30 years. For the establishment of a foreign invested financial lease enterprise, preliminary application has to be made to and accepted by the relevant provincial level commerce authorities and sent on to MOFCOM. MOFCOM will then decide whether to issue an Approval Certificate for a Foreign-invested Enterprise (外商投资企业批准证书).

Stock Option Rules

The Administration Measures on Individual Foreign Exchange Control (个人外汇管理办法) were promulgated by the PBOC on 25 December 2006, and their Implementation Rules, issued by the SAFE on 5 January 2007, became effective on 1 February 2007. Under these regulations, all foreign exchange matter involved in employee stock ownership plans and stock option plans participated in by onshore individuals, among others, require approval from the SAFE or its authorised branch. Furthermore, the Notices on Issues concerning the Foreign Exchange Administration for Domestic Individuals Participating in Stock Incentive Plans of Overseas Publicly-Listed Companies (个人参与境外上市公司股权激励计划外汇管理有关问题的通知) (the "**Stock Option Rules**"), were promulgated by SAFE on 15 February 2012, which replaced the Application Procedures of Foreign Exchange Administration for Domestic Individuals Participating in Employee Stock Ownership Plans or Stock Option Plans of Overseas Publicly-Listed Companies (境内个人参与境外上市公司员工持股计划和认股期权计划等外汇管理操作规程) issued by SAFE on 28 March 2007. Pursuant to the Stock Option Rules, PRC residents who are granted shares or stock options by companies listed on overseas stock exchanges based on the stock incentive plans are required to register with SAFE or its local branches, and PRC residents participating in the stock incentive plans of overseas listed companies shall retain a qualified PRC agent, which could be an onshore entity participating in such stock incentive plans or another qualified institution selected by such onshore entity,

to conduct the SAFE registration and other procedures with respect to the stock incentive plans on behalf of these participants. Such participants must also retain an overseas entrusted institution to handle matters in connection with their exercise of stock options, purchase and sale of corresponding stocks or interests, and fund transfer. In addition, the PRC agents are required to amend the SAFE registration with respect to the stock incentive plan if there is any material change to the stock incentive plan, the PRC agents or the overseas entrusted institution or other material changes. The PRC agents shall, on behalf of the PRC residents who have the right to exercise the employee share options, apply to SAFE or its local branches for an annual quota for the payment of foreign currencies in connection with the PRC residents' exercise of the employee share options. The foreign exchange proceeds received by the PRC residents from the sale of shares under the stock incentive plans granted and dividends distributed by the overseas listed companies must be remitted into the bank accounts in the PRC opened by the PRC agents before distribution to such PRC residents. In addition, the PRC agents shall file each quarter the form for record-filing of information of the domestic individuals participating in the stock incentive plans of overseas listed companies with SAFE or its local branches.

SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following tables set out the Group's consolidated statements of financial position as at 31 December 2012, 31 December 2013, 31 December 2014 and 31 March 2015, and consolidated statements of profit or loss for the financial year ended 31 December 2012 ("FY2012"), 31 December 2013 ("FY2013"), and 31 December 2014 ("FY2014") and the three months ended 31 March 2014 ("1Q2014") and 31 March 2015 ("1Q2015"). The financial information below has been derived from, and should be read in conjunction with, the Group's audited consolidated financial statements for FY2012, FY2013 and FY2014 and the unaudited financial information of the Group for 1Q2014 and 1Q2015, including the notes thereto. The financial statements of the Group have been drawn up in accordance with IFRS.

SELECTED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Consolidated Statements of Financial Position

As at 31 December 2012, 2013 and 2014 and 31 March 2015

	Group			Unaudited 31 Mar 2015 \$'000
	Audited	Audited	Audited	
	31 Dec 2012 \$'000	31 Dec 2013 \$'000	31 Dec 2014 \$'000	
Non-current assets				
Property, plant and equipment	7,729	81,023	116,517	126,284
Intangible assets	34	-	-	-
Investment properties	120,885	80,137	80,979	161,908
Lease prepayments	71,208	3,009	-	-
Other receivables	34,365	8,038	118,671	124,270
Deferred tax assets	5,586	10,303	8,951	8,516
	<u>239,807</u>	<u>182,510</u>	<u>325,118</u>	<u>420,978</u>
Current assets				
Lease prepayments	1,504	44	-	-
Development properties	321,417	333,839	559,522	607,430
Inventories	-	32	458	513
Trade and other receivables	100,297	128,103	276,105	357,129
Cash and cash equivalents	97,415	311,154	131,797	76,125
	<u>520,633</u>	<u>773,172</u>	<u>967,882</u>	<u>1,041,197</u>
Total assets	<u>760,440</u>	<u>955,682</u>	<u>1,293,000</u>	<u>1,462,175</u>
Equity attributable to equity holders of the Company				
Share capital	363,317	363,317	736,404	736,404
Reserves	13,003	92,563	158,070	201,243
	<u>376,320</u>	<u>455,880</u>	<u>894,474</u>	<u>937,647</u>
Non-controlling interests	5,903	-	-	5,505
Total equity	<u>382,223</u>	<u>455,880</u>	<u>894,474</u>	<u>943,152</u>
Non-current liabilities				
Deferred tax liabilities	22,097	12,165	13,036	13,440
Loans and borrowings	115,847	-	83,003	181,065
	<u>137,944</u>	<u>12,165</u>	<u>96,039</u>	<u>194,505</u>
Current liabilities				
Trade and other payables	176,102	460,302	280,865	302,388
Loans and borrowings	37,170	-	-	-
Current tax payable	27,001	27,335	21,622	22,130
	<u>240,273</u>	<u>487,637</u>	<u>302,487</u>	<u>324,518</u>
Total liabilities	<u>378,217</u>	<u>499,802</u>	<u>398,526</u>	<u>519,023</u>
Total equity and liabilities	<u>760,440</u>	<u>955,682</u>	<u>1,293,000</u>	<u>1,462,175</u>

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

Consolidated Statements of Profit or Loss

	Group				
	----- Audited -----	----- Unaudited -----			
	FY2012	FY2013	FY2014	1Q2014	1Q2015
	\$'000	\$'000	\$'000	\$'000	\$'000
Continuing operations					
Revenue	148,006	157,532	153,211	7,420	12,650
Cost of sales	(82,997)	(110,537)	(96,096)	(3,334)	(2,069)
Gross profit	65,009	46,995	57,115	4,086	10,581
Other gains	329	6,468	909	-	278
Administrative expenses	(7,510)	(8,992)	(17,764)	(7,220)	(3,732)
Selling expenses	(2,249)	(3,923)	(4,908)	(961)	(1,455)
Other (expenses)/ income	(5,111)	16,406	(7,801)	(6,214)	4,822
Results from operating activities	50,468	56,954	27,551	(10,309)	10,494
Finance income	1,530	2,564	15,073	1,499	5,320
Finance costs	-	-	(2,104)	-	(913)
Net finance income	1,530	2,564	12,969	1,499	4,407
Profit/(loss) before income tax	51,998	59,518	40,520	(8,810)	14,901
Income tax expense	(20,944)	(11,887)	(18,816)	(365)	(4,007)
Profit/(loss) from continuing operations	31,054	47,631	21,704	(9,175)	10,894
Discontinued operations:					
Profit from discontinued operations (net of tax)	1,441	-	-	-	-
Profit/(loss) for the year/period	32,495	47,631	21,704	(9,175)	10,894
Attributable to:					
Equity holders of the Company	33,710	47,991	21,704	(9,175)	10,730
Non-controlling interests	(1,215)	(360)	-	-	164
Profit/(loss) for the year/period	32,495	47,631	21,704	(9,175)	10,894

Financial Review of Performance

Statement of Financial Position Review – 31 December 2013 versus 31 December 2012

The Group's total non-current assets decreased from S\$239.8 million as at 31 December 2012 to S\$182.5 million as at 31 December 2013. The decrease in non-current assets is mainly due to the decrease in lease prepayments and investment properties as a result of the disposal of subsidiaries in FY2013. In addition, the movement for property, plant and equipment and investment properties from S\$7.7 million and S\$120.9 million as at 31 December 2012 to S\$81.0 million and S\$80.1 million as at 31 December 2013 respectively is mainly due to the reclassification of M Hotel Chengdu.

Total current assets increased from S\$520.6 million as at 31 December 2012 to S\$773.2 million as at 31 December 2013. This was mainly due to increase in cash and cash equivalents from S\$97.4 million as at 31 December 2012 to S\$311.2 million as at 31 December 2013. This arises from the receipts in advance from the Millennium Waterfront project, an advance from the Issuer's former immediate holding company, FSCL, receipts of unsecured entrusted loan principal from a subsidiary of a controlling shareholder and receipts from the disposal of subsidiaries.

Total liabilities increased from S\$378.2 million as at 31 December 2012 to S\$499.8 million as at 31 December 2013. Total liabilities comprised mainly trade payables, receipts in advance, accruals, other payables, value added tax, business tax and other tax payables, non-trade amount due to FSCL, current tax payable and loans and borrowings.

The increase was mainly due to trade payables increasing from S\$26.5 million as at 31 December 2012 to S\$37.9 million as at 31 December 2013. Trade payables mainly relate to construction costs payable on our property development projects. The amount includes a 5.0 per cent. retention sum withheld from our main contractors which is payable two to five years after the completion of the projects.

Receipts in advance mainly relate to cash receipts from the pre-sale of Millennium Waterfront. As at 31 December 2013, the receipts in advance increased from S\$66.9 million as at 31 December 2012 to S\$139.3 million.

Non-trade amount due to FSCL increased from S\$63.6 million as at 31 December 2012 to S\$262.9 million as at 31 December 2013.

Loans and borrowings

As at 31 December 2012, the Group recorded loans from an affiliated corporation and a shareholder of FSCL amounting to S\$153.0 million in aggregate. The loans were fully repaid in FY2013. The Group had no gross bank borrowings outstanding as at 31 December 2013.

Statement of Financial Position Review – 31 December 2014 versus 31 December 2013

The Group's total non-current assets increased from S\$182.5 million as at 31 December 2013 to S\$325.1 million as at 31 December 2014.

Property, plant and equipment increased from S\$81.0 million as at 31 December 2013 to S\$116.5 million as at 31 December 2014, being an increase of S\$35.5 million. This increase was mainly due to additions to construction in progress for the Millennium Waterfront Hotel amounting to S\$30.7 million. Other receivables (non-current) increased by S\$110.7 million, from S\$8.0 million as at 31 December 2013 to S\$118.7 million as at 31 December 2014. This increase was mainly due to disbursements of loans for an aggregate amount of S\$106.3 million (RMB500.0 million) to the Chengdu Wenjiang government, to fund, among others, the compensation for resettlement of occupants on land which includes those that the Group intends to bid for. The loans are unsecured, bear interest at 13.0 per cent. per annum and are for a tenure of three years.

Total current assets increased from S\$773.2 million as at 31 December 2013 to S\$967.9 million as at 31 December 2014.

Development properties increased by S\$225.7 million, from S\$333.8 million as at 31 December 2013 to S\$559.5 million as at 31 December 2014, mainly due to the capitalisation of land grant premium and related acquisition taxes amounting to S\$196.5 million for East River Plot One of the Star of East River in Dongguan, and construction costs incurred for the Millennium Waterfront project offset by profit recognition on the sales of the Chengdu Cityspring and Millennium Waterfront projects as well as the relinquishment of the Group's land use right to a parcel of land in Wenjiang district, Chengdu, Sichuan province, the building thereon and the related assets on site (collectively, the "**Chengdu Wenjiang Interest**").

Trade and other receivables increased by S\$148.0 million, from S\$128.1 million as at 31 December 2013 to S\$276.1 million as at 31 December 2014. The increase was mainly due to the increase of prepaid taxes of S\$3.2 million, the net disbursement of short term entrusted loans to third parties amounting to S\$138.4 million (RMB651.0 million), bringing the total property financing loan portfolio as at 31 December 2014 to S\$170.3 million (RMB801.0 million), and a loan to the Chengdu Wenjiang government of S\$51.5 million (RMB242.5 million). This is partially offset by the repayment of loan principal and related interest accrued thereon of S\$35.3 million by the Chengdu Wenjiang government, partial receipt of outstanding proceeds of S\$10.8 million from the disposal of a subsidiary in FY2013 and full repayment of an entrusted loan of S\$8.4 million by a former subsidiary, Dongguan Junxuan Enterprise Limited.

Total current liabilities decreased from S\$487.6 million as at 31 December 2013 to S\$302.5 million as at 31 December 2014.

Trade and other payables decreased by S\$179.4 million, from S\$460.3 million as at 31 December 2013 to S\$280.9 million as at 31 December 2014, mainly due to the capitalisation of a loan from FSCL amounting to S\$262.9 million in FY2014. This was partially offset by the increase in receipts in advance from the

Millennium Waterfront project of S\$61.9 million and trade payables of S\$21.8 million. Receipts in advance of the Group as at 31 December 2014 amounted to S\$200.2 million, compared to S\$139.3 million as at 31 December 2013.

Loans and borrowings

The Group had gross bank borrowings amounting to S\$84.6 million outstanding as at 31 December 2014, mainly to fund the acquisition of East River Plot One and development costs of the Millennium Waterfront project.

Statement of Financial Position Review – 31 March 2015 versus 31 December 2014

The Group's total non-current assets increased from S\$325.1 million as at 31 December 2014 to S\$421.0 million as at 31 March 2015.

Property, plant and equipment increased from S\$116.5 million as at 31 December 2014 to S\$126.3 million as at 31 March 2015, being an increase of S\$9.8 million. This increase was mainly due to additions to construction in progress for the Millennium Waterfront Chengdu Hotel amounting to S\$8.2 million. Investment properties nearly doubled, from S\$81.0 million as at 31 December 2014 to S\$161.9 million as at 31 March 2015. The increase is mainly due to acquisition of a 33.0 per cent. owned subsidiary incorporated in the Netherlands on 18 February 2015, which owns the Zuiderhof I, an office building in Amsterdam carried at S\$78.2 million (EUR 52.0 million) as at 31 March 2015.

Total current assets increased from S\$967.9 million as at 31 December 2014 to S\$1,041.2 million as at 31 March 2015.

Development properties increased by S\$47.9 million, from S\$559.5 million as at 31 December 2014 to S\$607.4 million as at 31 March 2015, mainly due to increase in development costs for ongoing PRC development projects, being the Star of East River Project in Dongguan and the Millennium Waterfront project in Chengdu, partially offset by profit recognition on the sales of the Chengdu Cityspring and Millennium Waterfront projects.

Trade and other receivables increased by S\$81.0 million, from S\$276.1 million as at 31 December 2014 to S\$357.1 million as at 31 March 2015. The increase is mainly due to the net disbursement of short term entrusted loans to third parties amounting to S\$65.9 million, bringing the total property financing loan portfolio as at 31 March 2015 to S\$242.0 million (RMB1,101.0 million) from S\$170.3 million (RMB801.0 million) as at 31 December 2014.

Total current liabilities increased from S\$302.5 million as at 31 December 2014 to S\$324.5 million as at 31 March 2015.

Trade and other payables increased by S\$21.5 million, from S\$280.9 million as at 31 December 2014 to S\$302.4 million as at 31 March 2015, mainly due to the increase in receipts in advance from the Millennium Waterfront project of S\$41.2 million, partially offset by the decrease in trade payables and accrued operating expenses of approximately S\$13.6 million and S\$6.0 million respectively. Receipts in advance of the Group as at 31 March 2015 amounted to S\$241.4 million, compared to S\$200.2 million as at 31 December 2014.

Loans and borrowings

Gross bank borrowings increased by S\$99.8 million, from S\$84.6 million as at 31 December 2014 to S\$184.4 million as at 31 March 2015. S\$75.6 million of this increase was due to the financing of the acquisition of the Zuiderhof I building in Amsterdam, with the balance due to the financing of the development of the Millennium Waterfront project and the Star of East River Project.

Foreign currency risk management

The Group is exposed to volatility of the RMB due to its operations in the PRC. Therefore, any depreciation in the RMB against the Singapore dollar will adversely affect the Group's earnings, net assets and value of any dividends paid to shareholders in S\$ or may require the Group to use more RMB

funds to service the same amount of any S\$ debt. Fluctuations in RMB exchange rates are affected by, amongst others, changes in political and economic conditions and the PRC's foreign exchange regime and policy.

With the Group's entry to the Dutch property market in the current quarter, whilst the Group tries to fully hedge its currency exposure by financing all its Dutch acquisitions with Euro-denominated borrowings, the Group's earnings are still exposed to the volatility of the Euro against S\$.

As at 31 March 2015, the Group has a cumulative translation gain of S\$116.3 million recorded as part of the reserves in its shareholders' equity. This has mainly arisen from the translation of the net assets and income and expenses of the Group's foreign operations in the PRC to S\$ at the exchange rates prevailing at the end of each reporting period. The Group has been benefitting from favourable exchange rate movements between the RMB and S\$ so far.

The Group does not currently have a formal hedging policy with respect to its foreign exchange exposure and have not used any financial hedging instruments to actively manage its foreign exchange risk. The Group will continue to monitor its foreign exchange exposure and may employ hedging instruments to manage its foreign exchange exposure should the need arise. The cost of such hedging instruments may fluctuate significantly over time and can outweigh the potential benefit from the reduced exposure to currency volatility. There is no assurance as to the effectiveness and success of any hedging action that the Group might or might not take.

Income Statement Review – FY2013 versus FY2012

Revenue

In FY2013, the Group's revenue from sale of properties increased by S\$5.5 million from S\$141.9 million in FY2012 to S\$147.4 million in FY2013. FY2013 revenue consists mainly of S\$79.4 million revenue from the sale of the Group's mixed-use development site under construction in Humen Town, Dongguan, Guangdong province (the "**Humen Zhenbiao Project**") in September 2013 and revenue of S\$65.8 million recognised on the sale of properties in Chengdu Cityspring. The Group recognised the sale of nine residential units and 583 commercial units in Chengdu Cityspring and 329 car park lots in FY2013 and recognised revenue of S\$2.2 million from the sale of 11 high-rise residential units and four villas in Lianzhou Cityspring.

In FY2012, the Group recognized revenue of S\$135.2 million on the sale of nine residential units in Chengdu Cityspring and recognized revenue of S\$6.3 million from the sale of six high-rise residential units, 15 villas and one commercial unit in Lianzhou Cityspring.

The Group experienced a decrease in rental income by 30.0 per cent. or S\$0.3 million from S\$1.0 million in FY2012 to S\$0.7 million in FY2013. The decrease in rental income in FY2013 was mainly due to the net decrease in total lettable area by 21,442 sq m from 31,365 sq m in FY2012 to 9,923 sq m in FY2013. This was in turn due to the divestment of the Group's 70.0 per cent. equity interest in Fogang Cityspring project which owns an investment property with lettable area of 17,975 sq m partially offset by 6,456 sq m of new lettable area in commercial units within Chengdu Cityspring in FY2013. The commercial units held for rental in Chengdu Cityspring were completed in April 2013. Rental income contribution from Chengdu Cityspring was not significant in FY2013 as the majority of the leases only commenced in late FY2013.

As at 31 December 2013, the total lettable area of the Group's investment properties comprise 6,456 sq m for Chengdu Cityspring and 3,467 sq m for Humen International Cloth Centre Phase 1 and approximately 96.3 per cent. and 43.6 per cent. of the lettable area for these properties respectively were leased out.

The Group's revenue from property financing increased by S\$4.0 million from S\$4.4 million in FY2012 to S\$8.4 million in FY2013. The increase in revenue from property financing was mainly due to an increase in interest income on entrusted loans to third parties by S\$3.6 million from S\$1.7 million in FY2012 to S\$5.3 million in FY2013. The increase in interest income on entrusted loans to third parties was mainly due to four new entrusted loans amounting to RMB317.5 million in aggregate that were disbursed to third parties in FY2013. These new loans carried interest rates ranging from 18.0 per cent. to 21.6 per cent. per annum.

The Group also recorded financial consultancy fee of S\$0.5 million in FY2013 compared to S\$0.5 million in FY2012 arising from the new entrusted loans. Interest income on vendor financing arrangements amounted to S\$0.1 million in FY2013 (compared to S\$0.2 million in FY2012) as the Group continued to provide financing to only selected purchasers of its development properties.

Cost of sales

The Group's cost of sales increased by S\$27.5 million from S\$83.0 million in FY2012 to S\$110.5 million in FY2013. The increase in such costs of sales was mainly due to the recognition of costs of the residential units, commercial units and car parks lots in Chengdu Cityspring (amounting to S\$57.8 million) that were delivered to purchasers, as well as land costs and construction costs of S\$50.6 million recognised on the sale of the Humen Zhenbiao Project.

Gross profit

The Group's gross profit decreased by S\$18.0 million or 27.7 per cent. from S\$65.0 million in FY2012 to S\$47.0 million in FY2013. The decrease in the Group's gross profit in FY2013 was mainly due to the lower gross profit generated from Chengdu Cityspring.

The decrease in the Group's gross profit in FY2013 from Chengdu Cityspring was mainly due to a decrease in aggregate GFA delivered and the fair value gain of S\$12.4 million recognised in prior years on the commercial units delivered.

Other gains

The Group recorded other gains of S\$6.5 million in FY2013 compared to other gains of S\$0.3 million in FY2012. The increase in other gains was mainly due to net gain on disposal of subsidiaries of S\$6.4 million recorded in FY2013, as compared to a gain on dissolution of a subsidiary of S\$0.3 million recognised in FY2012.

Administrative expenses

The Group's administrative expenses increased by S\$1.5 million or 20.0 per cent. from S\$7.5 million in FY2012 to S\$9.0 million in FY2013. The increase in administrative expenses was mainly due to an increase in staff costs of S\$0.9 million as the Group increased its staff strength in tandem with the increase in its business activities.

Selling expenses

The Group's selling expenses increased by S\$1.7 million or 77.3 per cent. from S\$2.2 million in FY2012 to S\$3.9 million in FY2013. This was mainly due to increased sales activities for the pre-sale launches of residential units of Millennium Waterfront project in FY2013. Commissions paid to sales agents increased by S\$0.8 million from S\$0.4 million in FY2012 to S\$1.2 million in FY2013, and advertisement and promotion expenses increased by S\$0.7 million from S\$1.6 million in FY2012 to S\$2.3 million in FY2013.

Other (expenses)/income

The Group recorded other income of S\$16.4 million in FY2013 compared to other expenses of S\$5.1 million in FY2012.

In FY2013, other income of S\$16.4 million mainly comprised reversal of impairment loss on other receivables of S\$21.1 million and fair value gain on the Group's investment properties of S\$5.5 million. This was offset by service fees charged by FSCL of S\$8.3 million, amortisation of lease prepayment of S\$0.7 million and the pre-opening expenses of S\$0.9 million and hotel base stocks written-off of S\$0.7 million in relation to the opening of M Hotel Chengdu.

In FY2012, the Group recorded a fair value loss on its Chengdu Cityspring investment properties of approximately S\$3.9 million, write-down of development properties of approximately S\$0.2 million, amortisation on lease prepayments of approximately S\$1.5 million, service fees of approximately S\$4.5 million and other miscellaneous expenses of approximately S\$1.2 million, which were offset by the reversal of impairment on loan receivables of approximately S\$5.9 million and net exchange gain of approximately S\$0.3 million.

Adjusted profit before tax

The adjusted pre-tax profit of the Group in FY2013 was S\$39.1 million after adjusting for the initial public offer (“IPO”) expenses of S\$0.7 million and reversal of impairment loss on other receivables of S\$21.1 million.

The adjusted pre-tax profit of the Group in FY2012 was S\$46.1 million after adjusting for reversal of impairment loss on other receivables of S\$5.9 million.

The adjusted pre-tax profit of the Group decreased by 15.2 per cent. or S\$7.0 million to S\$39.1 million in FY2013 mainly due to lower gross profit generated from Chengdu Cityspring.

Income tax expense

Notwithstanding the higher profit before income tax of S\$59.5 million in FY2013 as compared to FY2012, the Group's income tax expense decreased by S\$9.4 million from S\$21.3 million (including the income tax expense on the profit from discontinued operations) in FY2012 to S\$11.9 million in FY2013. The lower income tax expense for FY2013 was mainly due to tax effect of S\$1.8 million for the recognition of previously unrecognised tax losses and tax effect of S\$7.6 million in relation to income not subject to tax. This was partially offset by LAT of S\$3.9 million and the tax effect of expenses not deductible for tax purposes of S\$3.2 million.

Income Statement Review – FY2014 versus FY2013

Revenue

Revenue from the sale of properties decreased mainly due to lower revenue contributed from the relinquishment of the Chengdu Wenjiang Interest of S\$45.5 million in FY2014, compared to the revenue recognised from the sale of the Humen Zhenbiao Project of S\$79.3 million in FY2013.

In addition, the Chengdu Cityspring project recognised lower revenue of S\$8.3 million on 53 commercial units and 61 car park lots in FY2014, compared to S\$65.8 million on nine residential units, 583 commercial units and 329 car park lots in FY2013. This was offset by the net revenue recognised from the sale of 746 residential units of Plot B of the Millennium Waterfront project amounting to S\$76.1 million.

Revenue from the property financing business increased by 131.2 per cent. or S\$11.1 million, from S\$8.4 million in FY2013 to S\$19.5 million in FY2014. This increase was mainly due to a S\$13.8 million increase in interest income from secured entrusted loans to third parties, partially offset by a S\$2.5 million decline in interest income from entrusted loans to a subsidiary of a controlling shareholder which was fully repaid in December 2013. The third party entrusted loan portfolio amounted to S\$170.3 million (RMB801.0 million) as at 31 December 2014 compared to S\$31.3 million (RMB150.0 million) as at 31 December 2013.

Cost of sales

Cost of sales decreased by 13.1 per cent. or S\$14.4 million from S\$110.5 million in FY2013 to S\$96.1 million in FY2014. This was in line with the decrease in revenue from the sale of properties in FY2014.

Gross profit

The Group's gross profit for FY2014 increased by 21.5 per cent. or S\$10.1 million, from S\$47.0 million in FY2013 to S\$57.1 million in FY2014. This increase was mainly due to higher gross profit generated from the property financing business.

The Group's higher gross profit margin of 37.3 per cent. for FY2014, as compared to 29.8 per cent. for FY2013, was mainly due to the increased contribution from the higher yielding property financing business.

Other gains

In FY2014, the Group recorded S\$0.9 million of other gains mainly from the disposal of lease prepayments and property, plant and equipment associated with the Chengdu Wenjiang Interest being relinquished.

The overall pre-tax profit arising from the relinquishment of the Chengdu Wenjiang Interest amounted to S\$13.2 million.

In FY2013, the Group recorded S\$6.5 million of other gains, S\$6.4 million of which arose from the net gain on disposal of subsidiaries during the financial year.

Administrative expenses

Administrative expenses grew by 97.6 per cent. or S\$8.8 million from S\$9.0 million in FY2013 to S\$17.8 million in FY2014, mainly attributable to a non-cash share-based charge of S\$4.7 million in connection with the Issuer's issuance of 25,800,000 ordinary shares to certain management staff and employees of the Group at par value in March 2014, prior to the Issuer's IPO on the SGX-ST. The charge represented the difference between the fair value and the par value of the new shares issued. The accounting for the share-based charge does not have an impact on the Group's total equity.

In addition, higher staff costs of S\$4.0 million were incurred as a result of increased headcount for M Hotel Chengdu and the property development operations in Chengdu, Sichuan province and Dongguan, Guangdong province. M Hotel Chengdu had its soft opening in September 2013.

Selling expenses

There was an increase in selling expenses from S\$3.9 million in FY2013 to S\$4.9 million in FY2014 (25.1 per cent. or S\$1.0 million increase). This was in line with the increase in sales activities of the Group including higher sales commissions paid based on the higher sales collections achieved for the year.

Other (expenses)/income

In FY2014, the Group recorded other expenses of S\$7.8 million, mainly comprising IPO expenses of S\$3.5 million, service fees charged by FSCL of S\$5.7 million prior to the IPO and fair value loss on investment properties of S\$0.6 million. This was offset by the reversal of accrual for construction costs for M Hotel Chengdu which were no longer required of S\$2.8 million.

In FY2013, other income of S\$16.4 million was recorded, mainly comprising reversal of impairment loss on other receivables of S\$21.1 million and fair value gain on the Group's investment properties of S\$5.5 million. This was partially offset by service fees charged by FSCL of S\$8.3 million in FY2013, amortisation of lease prepayment of S\$0.7 million, pre-opening expenses of S\$0.9 million and hotel base stocks written off of S\$0.7 million in relation to M Hotel Chengdu.

Adjusted profit before tax

The adjusted pre-tax profit of the Group in FY2014 was S\$48.7 million after adjusting for the IPO expenses of S\$3.5 million and non-cash share-based charge of S\$4.7 million.

The adjusted pre-tax profit of the Group in FY2013 was S\$39.1 million after adjusting for the IPO expenses of S\$0.7 million and reversal of impairment loss on other receivables of S\$21.1 million.

The adjusted pre-tax profit of the Group hence increased by 24.6 per cent. or S\$9.6 million from FY2013 to FY2014, which mainly arises from the profit recognition of the Millennium Waterfront project and higher income contributed from the property financing business.

Income tax expense

The Group recorded total income tax expense of S\$18.8 million on profit before tax of S\$40.5 million in FY2014. This tax expense includes land appreciation tax of S\$4.8 million and deferred tax charge of S\$2.7 million on the reversal of deferred tax assets in relation to development and investment properties as the Group foresees that it is no longer probable for the related tax benefits to be realised. After adjusting for these charges, the tax effect of non-deductible expenses of S\$3.2 million and tax effect of land appreciation tax of S\$1.2 million as well as reversal of overprovision in respect of the prior year of S\$0.7 million in FY2014, the effective tax rate of the Group will be approximately 24.4 per cent. for the current year.

Income Statement Review – 1Q2015 versus 1Q2014

Revenue

Revenue of the Group in 1Q2015, increased by 70.5 per cent. or S\$5.2 million from S\$7.4 million in 1Q2014 to S\$12.6 million in 1Q2015. The increase in 1Q2015 is mainly due to increase in rental income from investment properties, revenue from hotel operations and revenue from property financing by S\$0.7 million, S\$0.3 million and S\$5.7 million respectively, offset by decrease in revenue from sale of properties by S\$1.5 million.

Rental income from investment properties increased by 203.8 per cent. or S\$0.7 million from S\$0.4 million in 1Q2014 to S\$1.1 million in 1Q2015. The increase is mainly due to contribution from Zuiderhof I building in Amsterdam.

Revenue from hotel operations increased by 64.9 per cent. or S\$0.3 million from S\$0.4 million in 1Q2014 to S\$0.7 million in 1Q2015. The increase is mainly due to improved performance from M Hotel Chengdu.

Revenue from property financing increased by 186.5 per cent. or S\$5.7 million from S\$3.0 million in 1Q2014 to S\$8.7 million in 1Q2015. This is mainly due to higher interest income generated on secured entrusted loans to third parties due to a larger average loan portfolio of S\$199.3 million in 1Q2015 as compared to S\$67.1 million in 1Q2014.

Revenue from sale of properties is recognised when the construction of the properties has been completed and ready for delivery to the purchasers pursuant to the sale and purchase agreements and collectability of related receivables is reasonably assured. Revenue from sale of properties in 1Q2014 amounted to S\$3.6 million and was contributed by sales recognition of 18 commercial units and 40 car park lots from the Chengdu Cityspring project. The revenue decreased by S\$1.5 million to S\$2.1 million in 1Q2015, which was contributed from the sales recognition of 2 residential units, 1 commercial unit and 13 car park lots from the Chengdu Cityspring project and 9 residential units from the Millennium Waterfront project.

Cost of sales

Cost of sales mainly comprises land costs, development expenditure, borrowing costs, hotel-related depreciation charge, and other related expenditure. Cost of sales decreased by 37.9 per cent. or S\$1.2 million from S\$3.3 million in 1Q2014 to S\$2.1 million in 1Q2015. The decrease in cost of sales is in line with the decrease in revenue from sale of properties in 1Q2015.

Gross profit

The Group's gross profit increased by 159.0 per cent. or S\$6.5 million from S\$4.1 million in 1Q2014 to S\$10.6 million in 1Q2015. The increase was mainly due to the gross profit of S\$5.7 million from property financing and S\$0.7 million from higher rental income from investment properties.

The Group's gross profit margin for each business segment has increased and the overall gross profit margin has increased from 55.1 per cent. for 1Q2014 to 83.6 per cent. for 1Q2015. This is mainly due to 82.4 per cent. of the Group's gross profit for 1Q2015 was from the property financing segment which contributed 100.0 per cent. gross profit margin, whereas in 1Q2014 only 74.5 per cent. of the total gross profit was generated from the property financing segment.

Other gains

In 1Q2015, the Group recorded S\$0.3 million of other gains mainly from the liquidation of a subsidiary.

Administrative expenses

The Group's administrative expenses mainly comprise staff costs, rental expenses and depreciation charge in relation to non-hotel assets, professional fees, and other expenses such as office, telecommunications and travelling expenses, stamp duties and other indirect PRC taxes.

The S\$3.5 million decrease in administrative expenses or 48.3 per cent. to S\$3.7 million in 1Q2015 is mainly due to a share based charge of S\$4.7 million in connection with the Company's issuance of 25,850,000 ordinary shares to certain management staff and employees of the Group at par value

incurred in 1Q2014, offset by the increase in staff costs of S\$1.2 million in 1Q2015, arising from by the increase in headcount for M Hotel Chengdu and the property development operations in Chengdu and Dongguan.

Selling expenses

The Group's selling expenses mainly comprise staff costs of our sales and marketing staff, advertising and promotion expenses, sales commissions paid to external sales agents and other expenses. These expenses increased by 51.4 per cent. or S\$0.5 million from S\$1.0 million in 1Q2014 to S\$1.5 million in 1Q2015, mainly due to marketing activities to promote the Millennium Waterfront project during 1Q2015.

Other (expenses)/income

In 1Q2015, the Group recorded S\$4.8 million of other income mainly comprising a S\$4.1 million net investment return from a PRC government linked entity and S\$0.6 million of reversal of overprovision for IPO expenses.

In 1Q2014, the Group recorded S\$6.2 million of other expenses mainly comprising a S\$5.7 million service fees charged by FSCL.

Adjusted profit before tax

The adjusted pre-tax profit of the Group in 1Q2015 was S\$14.3 million after adjusting for the reversal of overprovision for IPO expenses of S\$0.6 million.

The adjusted pre-tax loss of the Group in 1Q2014 was S\$3.9 million after adjusting for the IPO expenses of S\$0.2 million and non-cash share-based charge of S\$4.7 million.

The significant turnaround in the pre-tax performance of the Group from a net loss position in 1Q2014 to a net profit position in 1Q2015 was mainly attributable to higher income contributed from the property financing business and rental income from investment properties of S\$5.7 million and S\$0.7 million respectively, and recognition of a net investment return from a PRC government linked entity of S\$4.1 million in 1Q2015. The positive movement was further attributed to a service fee of S\$5.7 million charged by FSCL in 1Q2014 (1Q2015: nil).

Income tax expense

Income tax expense increased by S\$3.6 million in 1Q2015 in line with the increase in profit from operating activities. The Group recorded total income tax expense of S\$4.0 million on profit before tax of S\$14.9 million in 1Q2015. After adjusting for the net tax effect of S\$0.1 million due to non-deductible expenses and non-taxable income in 1Q2015, the effective tax rate of the Group would be approximately 25.1 per cent. for the current period.

The Group recorded income tax expense of S\$0.4 million despite a loss before tax of S\$8.8 million in 1Q2014. The income tax expense included recognition of a deferred tax credit of S\$0.2 million. After adjusting for the tax effect of non-deductible expenses of S\$2.8 million in 1Q2014, the effective tax rate of the Group would be approximately 25.3 per cent. for 1Q2014.

RISK FACTORS

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

The risk factors set out below do not purport to be complete or comprehensive of all the risk factors that may be involved in the business, assets, financial condition, performance or prospects of the Issuer and its respective subsidiaries or the properties owned by the Group or any decision to purchase, own or dispose of the Securities. Additional risk factors which the Issuer is currently unaware of may also impair its business, assets, financial condition, performance or prospects. If any of the following risk factors develop into actual events, the business, assets, financial condition, performance or prospects of the Issuer and/or the Group could be materially and adversely affected. In such cases, the ability of the Issuer to comply with its obligations under the Trust Deed and the Securities may be adversely affected. Further, the market price of the Securities could decline, and investors may lose all or part of their investments in the Securities. 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 Securities may require in investigating the Issuer or the Group, prior to making an investment or divestment decision in relation to the Securities issued under the Programme. Neither this Information Memorandum nor any document or information (or any part thereof) delivered or supplied under or in relation to the Programme or the Securities (or any part thereof) is intended to provide the basis of any credit or other evaluation and should not be considered a recommendation by the Issuer, the Arrangers or any of the Dealers that any recipient of this Information Memorandum or any such other document or information (or such part thereof) should subscribe for or purchase or sell any of the Securities.

This Information Memorandum is not, and does not purport to be, investment advice. A prospective investor should make an investment in the Securities only after it has determined that such investment is suitable for its investment objectives. Determining whether an investment in the Securities is suitable is a prospective investor's responsibility, even if the investor has received information to assist it in making such a determination. Each person receiving this Information Memorandum acknowledges that such person has not relied on the Issuer, its subsidiaries, its associated companies (if any) and/or its joint venture companies (if any), the Arrangers, 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 the Securities should determine for itself the relevance of the information contained in this Information Memorandum and any such other document or information (or any part thereof) and its investment or divestment should be, and shall be deemed to be, based solely on its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness of the Issuer and its subsidiaries, associated companies (if any) and/or joint venture companies (if any), the terms and conditions of the Securities and any other factors relevant to its decision, including the merits and risks involved. A prospective investor should consult with its legal, tax, financial and/or other advisers prior to deciding to make an investment in the Securities.

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

GENERAL RISKS RELATING TO THE GROUP'S BUSINESSES

The Group is dependent on the performance of the PRC property market and in particular, the Chengdu and Dongguan property markets, which are cyclical in nature

The Group's key property development projects are generally located in Chengdu in Sichuan province and Dongguan in Guangdong province in the PRC:

- The Group's property development projects in Chengdu contributed an aggregate of approximately 91.3 per cent., 41.8 per cent. and 84.8 per cent. respectively to its revenue (net of business tax) for FY2012, FY2013 and FY2014.
- The Group's property development projects in Dongguan contributed an aggregate of approximately 4.6 per cent., 51.8 per cent. and 0.0 per cent. respectively to the Group's revenue (net of business tax) for FY2012, FY2013 and FY2014.
- In addition, the Group's property development projects in (a) Chengdu and (b) Dongguan respectively accounted for approximately (a) 88.0 per cent., 17.0 per cent. and 63.3 per cent. and (b) 3.5 per cent., 62.8 per cent. and 0.0 per cent. of its gross profit/(loss) for FY2012, FY2013 and FY2014.

Accordingly, the Group's business is dependent on the performance and growth of the PRC property market and in particular, the Chengdu and Dongguan property markets which are in turn cyclical in nature and may be adversely affected by economic, political, social and regulatory factors. These factors include, among others, the regional and local economic climate, local property conditions and perceptions of property purchasers with respect to the convenience and attractiveness of the development, competition from other developments, changes in market rates for comparable sales and increased business and operating costs. For example, the occurrence of any of the aforementioned factors may have an adverse effect on the demand and the selling prices of the Group's property development projects as well as the demand and rental rates for the Group's properties held for income, thereby materially and adversely affecting the Group's business, operations, results of operations, financial position and prospects.

The Group is therefore vulnerable to any downturn in the residential and commercial property markets in the PRC and in particular, Chengdu and Dongguan. The cyclical nature of the residential and commercial property markets in the PRC and in particular, in Chengdu and Dongguan are primarily due to changes in the supply and demand of such properties. There can be no assurance that any measures which the Group may take to mitigate the adverse effects of the cyclical nature of the residential and commercial property markets in the PRC and in particular, Chengdu and Dongguan, on the Group's business will be successful. A downturn in the property market in the PRC and in particular, Chengdu and Dongguan, may materially and adversely affect the Group's business, operations, results of operations, financial position and prospects.

The appraised value of the Group's property portfolio and the properties over which the Group has secured mortgages in connection with its property financing business may be different from their actual realisable value and is subject to change

The appraised value of the Group's property portfolio, as well as the properties over which the Group has secured mortgages in connection with its property financing business, is based on various assumptions that may be inherently subjective or uncertain.

In respect of the Group's property development and property holding businesses, the assumptions on which the appraised value of its properties are based, include the following:

- (a) unless otherwise stated, the transferable land use rights of the properties for their respective terms at nominal annual land use fees have been granted and that any premium payable has already been fully paid;
- (b) reliance has been made on the information and advice regarding the title to each of the properties and the interests of the Group in the properties;

- (c) the Group has enforceable title to each of the properties and has free and uninterrupted rights to use, occupy or assign the properties for the whole of the respective outstanding land use term as having been granted;
- (d) unless otherwise stated, each of the properties is free from encumbrances, restrictions and outgoings of any onerous nature which could affect their values;
- (e) no allowance has been made for any charges, mortgages or amount owing on the properties nor any expenses or taxation which may be incurred in effecting sale; and
- (f) estimated price inflations or deflations by special terms or circumstances such as a typical financing, sale and leaseback arrangement, special considerations or concessions granted by any party associated with the sale or any element of special value have been excluded.

Therefore, the appraised value of the Group's property portfolio and the properties over which it has secured mortgages in connection with its property financing business should not be taken as their actual realisable value or a forecast of their realisable value.

Unforeseeable changes to the development of the Group's property portfolio as well as national and local economic conditions may affect the value of the properties which the Group owns. Furthermore, fair value gains on investment properties which the Group holds for income that are included in its consolidated income statements reflect unrealised capital gains in the estimated fair value of such properties at the relevant reporting date and do not generate any actual cash inflow to the Group unless and until such properties are sold at or above such estimated values. Favourable or unfavourable changes in the assumptions of market conditions used would result in changes to the fair value of the Group's investment properties which it holds for income and corresponding adjustments to the amount of gains or losses reported in its consolidated income statements in the future. Accordingly, the occurrence of any of the aforementioned events may materially and adversely affect the Group's business, operations, results of operations, financial position and prospects.

The Group may not be able to identify and acquire suitable land sites for future developments at commercially acceptable prices or complete the acquisitions of land sites for its proposed pipeline

In respect of the Group's property development and holding business, it may not be able to identify and acquire suitable land sites at commercially acceptable prices for development and/or income purposes.

The Group believes that it needs to continuously identify and acquire suitable land sites for future development in order to sustain the growth of the Group's property development and property holding businesses. In the PRC, the supply of land is largely controlled by the relevant government authorities. Accordingly, the Group's ability to acquire land use rights as well as the corresponding acquisition costs of such land use rights depend on factors beyond the Group's control, such as government policies with respect to land supply, development, pricing, as well as competition posed by other property developers.

Although the Group has previously been able to acquire suitable land sites at commercially acceptable prices, there can be no assurance that it will continue to be able to do so. In the event that the Group is unable to identify and acquire suitable land sites at commercially acceptable prices, for future development, its business, operations, results of operations, financial position and prospects may be adversely affected.

In addition, if the Group is unable to compete with its competitors and successfully win the tender or unable to secure the land plots at competitive prices, the Group may not be able to complete the acquisition of the Dongguan City Projects, the SSCIP Project and the Wenjiang Lake Project sites. If this should occur, the Group may not be able to realise the expected profits from these developments although the Group would have incurred certain financing expenses such as upfront and commitment fees in connection with banking facilities which it has secured as well as other operational expenses in connection with the proposed development of these projects. Accordingly, this may result in the Group's business, operations, results of operations, financial position and prospects being materially and adversely affected.

The Group entered into a framework agreement on 18 April 2014 for the proposed development of the Dongguan City Projects. On 29 April 2014, the Group entered into a land grant contract to acquire the Land Use Rights to a site area of 37,104 sq m, which is part of the Star of East River Project. On 2 July 2013 and 25 March 2014, separate memoranda of understanding were entered into in relation to the acquisition of various land plots on which the SSCIP Project and the Wenjiang Lake Project were to be developed respectively.

Although the Issuer's Directors believe that reasonable due diligence investigations have been conducted with respect to each of these land plots prior to its proposed acquisitions, there can be no assurance that the Group's due diligence, surveys or inspections (or the relevant review, due diligence or inspection reports on which the Group has relied upon) would have revealed all defects or deficiencies affecting properties that the Group has interests in or manages, including to the title thereof. In particular, there can be no assurance as to the absence of latent or undiscovered defects, deficiencies or inaccuracies in such reviews, surveys or inspection reports, any of which may have a material adverse impact on the Group's business, operations, results of operations, financial position and prospects. In addition, laws and regulations (including those in relation to properties) may have been breached and certain regulatory requirements in relation to the Dongguan City Projects, the SSCIP Project and the Wenjiang Lake Project may not have been complied with, which the Group's due diligence investigations were unable to uncover. As a result, the Group may incur financial or other obligations in relation to such breaches or non-compliance and the framework agreement, the memoranda of understanding and/or the land grant contract, as the case may be, in respect of the acquisition of the sites of the Dongguan City Projects, the SSCIP Project and the Wenjiang Lake Project may not be able to be completed partially or as a whole. As such, the Group may have to withdraw such acquisition plans and this could materially and adversely affect its business, operations, results of operations, financial position and prospects.

The Group incurs substantial capital outlay for land acquisitions and construction activities

The Group is engaged in the development of residential and commercial properties. The Group's property developments require substantial capital outlay for land acquisition and for the construction of its properties. It may take more than one year from the time a suitable land site has been acquired before positive operating cash flows are generated through pre-sale or sale proceeds derived from the Group's property developments.

The Group's developments differ in size and scale, and the time taken to complete such property developments may range from approximately three to more than five years. Accordingly, there may be a mismatch of cash flows, between the time the Group incurs its capital outlay and the timing of the receipt of its pre-sale or sale proceeds.

In order to finance the capital outlay required in connection with the Group's operations, it relies largely on internal resources, pre-sale proceeds from its on-going property development projects as well as existing facilities from banks and financial institutions.

Although the Group has obtained financing support and has been able to rely on its internal resources as well as pre-sale proceeds from its on-going property development projects to fund its other projects, there can be no assurance that the Group will be able to continue to obtain or rely on such financing support in the future. As such, in the event that the Group is unable to obtain the required financing and does not have sufficient cash flow to fund its projects and/or working capital requirements, the Group's business, operations, results of operations, financial position and prospects may be materially and adversely affected.

The Group may be adversely affected by increasing competition

The property development industry in the PRC is rapidly evolving. This is apparent from the competition posed by existing property developers, as well as the emergence of new players in the property development industry. As such, the Group may have to compete with new players when acquiring land sites for development in suitable locations and at commercially acceptable prices. As certain of these property developers, including overseas listed foreign developers and top-tier domestic property developers, are more established than the Group and may have greater brand recognition, financial, technical, marketing and other resources, they may be able to operate more successfully than the Group. Accordingly, if the Group is unable to compete effectively, its business, operations, results of operations, financial position and prospects could be materially and adversely affected.

Furthermore, increased competition amongst property developers in the PRC may also result in, among others, increased land acquisition costs, the Group being outbid during the Acquiring Process when tendering for land sites, over-supply of properties in the PRC, downward pressure on property prices caused by factors including the lowering of prices in the Group's competitors' developments which are located in the vicinity of the Group's developments, additional requirements in the approval and review of new property developments by the relevant government authorities, increased construction costs and difficulty in obtaining high quality contractors and qualified employees. An occurrence of any such factors, either individually or in aggregate, may materially and adversely affect the Group's business, operations, results of operations, financial position and prospects.

As the Group's property holding business currently includes hospitality assets, the Group also faces competition in the hospitality industry. The level of competition in Chengdu where the Group's M Hotel Chengdu operates is affected by various factors, including changes in economic conditions, both locally and regionally, changes in the local and regional population, the supply and demand for hotel rooms, changes in travel patterns and preferences, and an increase in the supply of hotels in Chengdu. In addition, there can be no assurance that new or existing competitors will not offer significantly lower room rates than the Group's room rates, offer greater convenience services or amenities or significantly expand or improve their facilities in Chengdu, thereby adversely affecting the demand for the Group's hotel rooms.

In addition, the financing industry in which the Group operates its property financing business is highly fragmented and very competitive. The Group believes that the market will become more competitive as the financing industry matures and consolidates. The Group competes with other secured financing providers as well as banks and other financial institutions. Several of the Group's competitors have larger and more established customer bases and substantially greater financial, marketing and other resources than the Group does. As the Group's property financing business is significantly dependent on the interest rates it offers to the borrowers, and given that the Group is not the only player in the property financing market in the PRC, there can be no assurance that entities which are also engaged in the property financing business will not offer significantly lower interest rates than the Group's interest rates. If the Group does not successfully compete against other secured financing providers, banks and financial institutions, its business, operations, results of operations, financial position and prospects may be materially and adversely affected.

The Group may suffer losses as a result of foreign currency fluctuations

The Group is exposed to volatility in the currencies in which it operates, borrows, holds capital and earns revenue, including RMB, Euro and Singapore dollars. For instance, any depreciation in the RMB against the Singapore dollar will adversely affect the Group's earnings and net assets or require the Group to use more RMB funds to service the same amount of any Singapore dollar debt. Fluctuations in RMB exchange rates are affected by, among others, changes in political and economic conditions and the PRC's foreign exchange regime and policy.

The Group does not currently have a formal hedging policy with respect to its foreign exchange exposure and has not used any financial hedging instruments to actively manage its foreign exchange risk. It will continue to monitor its foreign exchange exposure and may employ hedging instruments to manage its foreign exchange exposure should the need arise. The cost of such hedging instruments may fluctuate significantly over time and can outweigh the potential benefit from the reduced exposure to currency volatility. There is no assurance as to the effectiveness and success of any hedging action that the Group might or might not take.

The Group is dependent upon its experienced and established management team

The Group's success to date has been largely attributable to the contributions of its management team guided by its Board. The Group's management team has been instrumental in formulating and implementing its business strategy, corporate development, sales and marketing strategies and overall management of the Group.

The Group's management team also possesses an extensive business network, the necessary experience and requisite market knowledge. The Group's continued success is highly dependent on its ability to retain the services of the management team. The Group has not taken out any key management insurance to mitigate the potential adverse effects on its business that may be caused by the loss of the services of key members of the Group's management team. As such, the loss of the services of the Group's management team without timely or suitable replacements, or at all, may lead to the loss

or deterioration of management capability and important business relations which may have a material and adverse impact on the Group's business, operations, results of operations, financial position and prospects.

The Group may not have sufficient insurance coverage against potential losses and claims arising from its operations and certain events

Currently, in the PRC in which the Group chiefly operates, there are no stipulated regulations that require entities of the Group to take up any specific insurance before being allowed to operate, except for motor vehicle insurance and employee-related social insurance such as elderly, medical and work injury insurance, which the Group has purchased accordingly.

In respect of the Group's property development entities operating in the PRC, other than the aforementioned insurance coverage, the Group has requested the main contractors engaged by the Group for the construction of its property development projects to take up insurance coverage for the risks associated with the development during the construction phase and they have the obligation to take up the requisite insurance before the commencement of construction, such as workers' injury as well as loss and damage of construction materials or machinery brought in by the main contractors.

In respect of the Group's property holding entities, other than the aforementioned insurance coverage, for the Group's properties on its portfolio which are in the PRC, the Group has purchased property insurance including fire insurance for the properties which are held for income in Dongguan and Chengdu, including the commercial units in Humen International Cloth Centre, M Hotel Chengdu and the commercial units in Chengdu Cityspring. Such property insurance coverage has been extended to include losses and damage arising from earthquakes, typhoons, labour strikes and other natural disasters. M Hotel Chengdu has also procured insurance coverage for machinery breakdown, public liability, employer liability and cash and cash in transit according to the requirements stipulated in the hotel management agreement with the M&C Group. Certain of the Group's Dongguan subsidiaries, namely, First Sponsor Guangdong and Guangdong Advertisement, have also purchased public liability insurance, as well as cash and cash-in-transit insurance. Additional insurance coverage for these subsidiaries had been obtained taking into account whether it would be economically viable to do so given the potential for such risks materialising.

In respect of the Zuiderhof I building in the Netherlands, the Group has also purchased property insurance including fire insurance, as advised by its local property managers. The Group will continue to monitor the property insurance coverage of properties acquired as part of its property holding business in other regions beyond the PRC as the Group continues to explore opportunities for growth and expansion of its property holding business in markets other than the PRC, as advised by their local property managers and with reference to typical property insurance of similar buildings within close proximity.

In respect of the Group's property financing business, except for the property insurance that the Group's borrowers are typically required to purchase in respect of the mortgaged property as required by the respective agent banks, no other insurance coverage has been taken up.

Notwithstanding that the relevant insurance coverage as set out above has been obtained, the Group may still be susceptible to losses and incur liabilities arising from any unforeseeable events, such as the collapse of a building or fire occurring at the Group's project sites, and the Group's inability to ensure that the main contractors will comply with the insurance coverage requirements imposed on them under the construction contracts that the Group has entered into with these parties. Insurance against earthquakes, typhoons, labour strikes and other natural disasters has not been taken up in respect of the Group's properties under development as well as properties which are mortgaged pursuant to the Group's property financing business. Accordingly, any future losses, damages or liabilities incurred as a result of the aforementioned events, which are not adequately covered by the Group's insurance, could materially and adversely affect the Group's business, operations, results of operations, financial position and prospects.

The Group may be adversely affected by natural disasters, the occurrence of epidemics and other acts of God

Natural disasters, epidemics and other acts of God which are beyond the Group's control may adversely affect the economy, infrastructure and livelihood of the people in the PRC and other parts of the world in which the Group operates. Regions in which the Group operates in may, from time to time, be affected

by flood, earthquake, rainstorm or drought. For instance, the Group's properties situated in Sichuan province are susceptible to floods, earthquakes and/or any other calamities. Although the Group has not previously suffered any material damage or significant liabilities arising from floods, earthquakes or other calamities, there can be no assurance that this will continue to be the case. The occurrence of such natural calamities in the regions where the Group's properties are located could adversely affect its businesses in such regions. In addition, such events could also delay the Group's property completion schedule or result in damage to its properties under development, the properties it holds for income as well as properties over which the Group has secured mortgages in connection with its property financing business. Any significant disruption in the supply of public utilities or the occurrence of fire, flood or other calamities could also result in an interruption to, delay in, or require the Group to cease its operations. It is possible that this could result in additional expenditure which may materially and adversely affect the Group's business, operations, results of operations, financial position and prospects.

In addition, past occurrences of epidemics, depending on their scale, have had varying degrees of impact on the national and local economies in the regions in which the Group operates in. A recurrence of SARS or an outbreak of any other epidemics, including the spread of viruses such as Ebola, H7N9 avian influenza virus and H1N1 swine influenza virus, especially in the regions in which the Group operates, may materially and adversely affect its business, operations, results of operations, financial position and prospects.

The Group may from time to time be involved in legal and other proceedings, including those initiated by an independent third party, arising from its operations which could result in damage to the Group's reputation and loss of customer goodwill

The Group may, from time to time, be involved in disputes with various parties involved in the development and sale of its properties such as contractors, sub-contractors, suppliers, construction companies, purchasers of the Group's properties and lessees. These disputes may result in legal and other proceedings at various stages of, among others, the Group's property development projects, and may cause the Group to suffer costs and delays as well as divert its resources and management's attention and time away from its business and operations.

The Group may also from time to time in the course of its operations be involved in investigations undertaken by various regulatory bodies, which may result in administrative proceedings and unfavourable decisions being taken against the Group. In such an event, the progress of development and/or construction of the Group's projects may be delayed and the Group may as a result suffer financial losses which will in turn materially and adversely affect its business, operations, results of operations, financial position and prospects.

The Group typically engages independent third party property management companies as property managers of its completed developments. Accordingly, should there be any allegations by customers who have purchased units in its developments, of fraud, negligence, wilful default, breach of applicable laws or regulations or breach of the terms of the agreements under which such property management companies provide their management services for the Group's developments, against these property management companies, the Group's reputation may be adversely affected. This may affect the sale of the Group's future property developments and consequently result in a material and adverse effect on its business, operations, results of operations, financial position and prospects.

In respect of the Group's property financing business, in the event any receivables become bad or doubtful, the Group may need to commence enforcement proceedings against the asset which had been secured as collateral. This process may be time consuming, in addition to the fact that the outcome may also be unfavourable to the Group. Accordingly, the Group may be unable to enforce its collateral rights, which may adversely affect its business, operations, results of operations, financial position and prospects.

The increase of negative public awareness of such disputes, allegations or legal proceedings would also affect the Group's reputation in the markets where it operates. Accordingly, this could adversely impact the Group through the loss of goodwill with its customer base and as a result of which, the Group's customers may choose its competitors for their property developments, hotels, investment properties and/or property financing.

The Group may suffer disruptions to its business and operations if any of the legal representatives of its PRC subsidiaries performs any unauthorised actions or does not follow the instructions of its Board

Each of the legal representatives of the Group's PRC subsidiaries may also serve as executive directors of these entities. As such, they have broad powers and responsibilities which include determining the operational and investment plans of the company, and developing company plans with respect to mergers, divisions, dissolutions or changes in corporate structure.

In April 2010, several entities which were then subsidiaries and existing subsidiaries of the Group commenced legal proceedings against Mr. Cheung Ping Kwong, who was the then chief executive officer and legal representative of a majority of the PRC entities which were then subsidiaries and existing subsidiaries of the Group for, among others, unlawfully taking unilateral control of the company seals and other corporate documents (including permits and licences) (the "**FSG Documents**") of all the entities comprised by First Sponsor Guangdong and its subsidiaries (the "**FSG Group**") as well as two related companies of First Sponsor Guangdong (together with the FSG Group, the "**FSG Entities**"). In addition, Mr. Cheung had also, among others: (a) terminated the employment of FSCL's various appointees in First Sponsor Guangdong without proper authority; (b) denied the Group access to the accounts of the FSG Entities; (c) disposed of the equity interest in several entities within the FSG Group which held properties and certain biological assets including trees and plants in the PRC, including the Group's 80.0 per cent. equity interest in Dongguan Huiying (which owned the Interest in Humen Property) and the Group's 85.0 per cent. interest in the Huizhou Entity which then owned the Huizhou Interest; and (d) acquired an interest in an entity in Dongguan, Guangdong province (the "**Dongguan Entity**") and certain land and properties in Xi'an, Shaanxi province (the "**Xi'an Property**") without proper authorisation.

By April 2010, Mr. Cheung was removed from all his positions within the FSG Entities due to the actions he had undertaken without proper authorisation.

In December 2010, settlement agreements were entered into respectively between, (i) M&C NZ and a subsidiary of Tai Tak as well as (ii) Mr. Cheung and Guangdong Huiying Group Limited pursuant to which, among others, (a) Mr. Cheung transferred his 20.0 per cent. shareholding interest in the Issuer to FSCL; (b) the FSG Group re-acquired the Interest in Humen Property and the Huizhou Interest and (c) the interest in the Dongguan Entity and the Xi'an Property was disposed of.

In accordance with the Settlement Agreements, all legal proceedings by and against Mr. Cheung had also been withdrawn.

The Group has adopted a policy to govern any change in the legal representatives of its PRC subsidiaries whereby the legal representative of each of its PRC subsidiaries should not be resident in the PRC to make it more difficult for the legal representative to have access to the company seals which are kept in the PRC. However, there can be no assurance that such measures will be adequate in preventing a similar occurrence of the Group's legal representatives taking unilateral control of the company seals or other corporate documents, which are in fact placed under dual control (excluding the legal representatives), or entering into any unauthorized transaction on behalf of the Group's PRC subsidiaries. In the event that any of the Group's legal representatives takes unauthorised actions or transactions on behalf of the Group's PRC subsidiaries, its business, operations, results of operations, financial position and prospects may be materially and adversely affected.

The Group may be affected by the conduct of its employees, business partners and counterparties

The Group's existing policies prohibit its employees from offering, making improper payments or providing benefits to third parties. However, there can be no assurance that the Group's employees, business partners and counter-parties will not conduct their business dealings in a manner which would violate such policies. If the Group or any of its business partners or counter-parties are not in compliance with relevant laws giving effect to or enforcing such policies, the Group may be subject to criminal and civil penalties and other remedial measures, which may materially and adversely affect the Group's reputation, business, operations, results of operations, financial position and prospects.

The Group is subject to risks as a result of labour strikes and protests

There have been several occasions of labour strikes across the PRC, in which the Group chiefly operates in. For instance, in Guangdong province, which has a number of labour-intensive factory operations, there were strikes during which workers deliberately blocked roads and bridges to further their demands to raise their pay and to seek payment of arrears in their wages and/or to improve their working conditions.

Although the Group's business has never been affected by such labour strikes or protests, there can be no assurance this would not occur in the future. In the event of any occurrence of labour strikes, protests or disputes against the Group, the time taken to complete its projects, the cost of its property developments as well as the operational costs of the Group's property holding business may be delayed or increased (as the case may be), thereby materially and adversely affecting its business, operations, results of operations, financial position and prospects.

The Group is dependent on the network, contacts and support of the Issuer's key controlling shareholders, namely, the M&C Group and Tai Tak

The Group's businesses are dependent on the networks and contacts of the Issuer's key controlling shareholders. For instance, the Group's recent property holding business diversification in the Netherlands leveraged on Tai Tak's business network and experience of more than 20 years in the Netherlands.

However, there can be no assurance that the Issuer's controlling shareholders will continue to support the Group or to allow the Group to rely on their networks, contacts and support in the future. Any unexpected withdrawal of their networks, contacts and support may materially and adversely affect the Group's business, operations, results of operations, financial position and prospects.

The Group may encounter difficulties with joint ventures that it may enter into in the future

The Group expects in the future to have interests in joint venture entities or arrangements in connection with its property development and property holding plans when suitable opportunities arise. Should any disagreements arise between the Group and its future joint venture partners regarding the business and operations of any future joint venture, there can be no assurance that it will be able to resolve them in a timely manner and in a manner that will be in the Group's best interest.

In particular, the Group's future joint venture partners may: (a) have economic or business interests or goals that are inconsistent with the Group; (b) be unable or unwilling to fulfil their obligations; (c) have financial difficulties; or (d) have disputes with the Group as to the scope of their responsibilities and obligations. Any of these and other factors may materially and adversely affect the performance of its future joint ventures, which may in turn materially and adversely affect the Group's business, operations, results of operations, financial position and prospects.

RISKS RELATING TO THE GROUP'S PROPERTY DEVELOPMENT BUSINESS

The Group may be subject to legal and business risks in the event it is unable to obtain relevant approvals, permits or certificates from the relevant PRC government authorities

PRC property developers must comply with various requirements mandated by applicable laws and regulations. In order to develop and complete a property development together with its ancillary facilities located therein, a property developer must obtain the requisite permits, licences, certificates and other approvals from the relevant administrative authorities at various stages of the property development process, including land use rights documents, permits in respect of planning, construction and pre-sale of the units and certificates or confirmation of completion and acceptance. Each permit, licence, certificate or approval is dependent on the satisfaction of certain conditions.

In accordance with the Regulations on Administration of Urban Property Development and Operation (城市房地产开发经营管理条例) (the "Development Regulations") and Provisions on the Administration of Qualification for Property Development Enterprises (房地产开发企业资质管理规定), property developers in the PRC are required to obtain the relevant class of qualification certificates for the development of certain types of properties and certain sizes of property developments. The Development Regulations provide that when a property developer engages in the development and sale of properties without any qualification certificates or beyond its qualification, it must rectify such default within the time limit set by the property development authorities under the local government on or above the county level. A fine of

between RMB50,000 and RMB100,000 will also be imposed. If the property developer fails to rectify the default within the time limit, its business licence may be revoked by the Administration for Industry and Commerce (工商行政管理部门). All temporary qualification certificates are subject to inspections. Upon satisfaction of various requirements under the Development Regulations, formal qualification certificates will be issued. The property developer's registered capital, property development investments, history of property development, quality of property construction, expertise of the management or any illegality on the part of the developer will be taken into account by the local authorities in deciding whether the developer shall pass the annual inspection.

Any failure by the Group to obtain or material delays in obtaining any of the relevant permits, licences, certificates or approvals may result in delays in the completion of its projects, increased costs and lower returns on investments than originally expected. For instance, the Group commenced construction before obtaining the Construction Permit in respect of Plot G of Millennium Waterfront and is in the process of applying for the drilling permit in respect of Plot G, to commence preliminary investigations in relation to a proposed hot spring which will form part of the Millennium Waterfront Chengdu Hotel. As at the Latest Practicable Date, the drilling permit has not been obtained. In the event the Group is in breach of the relevant PRC laws requiring construction to commence only after obtaining the Construction Permit in respect of Plot G of Millennium Waterfront, the Group may have to pay a penalty for a sum amounting to one to two per cent. of the value of the construction contract entered into between the Group and the relevant contractor.

In respect of the Group's properties for sale, the occurrence of any of the aforementioned risks may cause delays in completion which may, among others, result in the purchasers of the properties making claims against the Group for losses or terminating the sale and purchase agreements and claiming losses resulting from the delay. Under such circumstances, the Group's business, operations, results of operations, financial position and prospects may be materially and adversely affected.

The land use rights for the Group's future property developments will not be formally vested until it has received the formal Land Use Rights Certificates

Under current PRC land grant policies, the relevant authorities will typically not issue the formal Land Use Rights Certificate for a plot of land until (a) the developer has paid the land grant premium in full, (b) the resettlement process for occupants of the land and/or business owners who have been affected by the acquisition of the site has been completed by the local government, and (c) other land grant conditions have been satisfied. Accordingly, the land use rights for these property developments and any land that the Group may acquire in the future will not be formally vested in the Group until it has received the corresponding formal Land Use Rights Certificates.

There can be no assurance that the Group will not encounter difficulties arising from a delay in the issuance of or a failure to obtain, the formal Land Use Rights Certificates in the future. In the event that the Group is unable to obtain, or encounter delays in obtaining, the formal Land Use Rights Certificates from the relevant authorities, due to unforeseen circumstances which are beyond its control, the Group will have to incur additional costs, which may materially and adversely affect its business, operations, results of operations, financial position and prospects.

The Group's ability to fund its property development business may be adversely affected if it is unable to collect certain accounts receivables

On 21 November 2013, the Issuer and its subsidiary, First Sponsor Guangdong, entered into the Zhongtang Agreements with the Zhongtang Local Government and the Management Company, an affiliate company of the Zhongtang Local Government, in relation to the proposed development of the Dongguan Zhongtang Project. The Group had made a payment of the Initial Fund of RMB100.0 million in November 2013 to the Management Company to facilitate the resettlement of affected residents and/or businesses which are carried out on properties located on this land site as well as for expenses incurred in connection with the initial phase of the Dongguan Zhongtang Project.

On 14 January 2015, the Issuer entered into the Termination Agreement with First Sponsor Guangdong, the Zhongtang Local Government and the Management Company to, *inter alia*, terminate the Zhongtang Agreements. The opportunity remains open for the Group to participate in the tender process for the land

use rights relating to the Dongguan Zhongtang project. The Group will monitor the PRC property market and determine, in particular with regard to the Dongguan Zhongtang Project, before deciding whether to participate in such an acquisition process at the relevant time.

Pursuant to the Termination Agreement, the Management Company shall, among other things, refund the Initial Fund to First Sponsor Guangdong no later than 25 November 2015, and pay a return on the Initial Fund to First Sponsor Guangdong at the rate of 10 per cent. per annum, for the period from 26 November 2014 to the date on which the Initial Fund has been fully repaid, no later than 25 November 2015 (the “**Investment Return**”). The Management Company has also paid a one-off sum of RMB16.5 million to the Group in January 2015 which was also recorded as part of its other income in 1Q2015.

In addition, the Group had on 25 March 2014 entered into two separate loan agreements with the Chengdu Wenjiang government, pursuant to which the Group advanced amounts of RMB500.0 million and RMB240.0 million to the Chengdu Wenjiang government to fund, among others, the resettlement of the occupants of a portion of the land site with a site area of approximately 110,667 sq m located on the site of the proposed Wenjiang Lake Project. These loans are unsecured and for tenures of three years and one year respectively, and are interest-bearing under the terms of their respective agreements. The Group had further on 30 March 2015 signed supplementary loan agreements with the Chengdu Wenjiang government to reschedule the lump sum interest payments under the abovementioned loan agreements, which will be repaid in instalments up to 30 November 2016.

The Group usually plans its working capital for its property development business in advance by taking into consideration, among others, all its receivables. In the event that the Management Company is unable to repay the Group the Initial Fund and the Investment Return and/or the Group is unable to collect the principal loan amounts and interest accrued thereon under the loan agreements with the Chengdu Wenjiang government, when these respective amounts are due, the Group may not have adequate financial resources to fund its property development business, thereby adversely affecting its business, operations, results of operations, financial position and prospects. In the event the Management Company or the Chengdu Wenjiang government defaults on the Group’s agreements with them, the Group may have to initiate legal proceedings against the defaulting party to enforce its rights under such agreements. However, there can be no assurance that the outcome of any such legal proceedings would be on terms which are favourable to the Group. In such an event, the Group’s business, operations, results of operations, financial position and prospects may be materially and adversely affected.

In addition, as the aforementioned monies could have originally been allocated by the Group towards other uses, the Group may have lost the opportunity to deploy the funds for other commercially viable purposes.

The Group may have to bear additional costs if there are disputes regarding the resettlement process

On 1 June 2012, the Ministry of Land and Resources of the PRC (中华人民共和国国土资源部) (“**MLR**”) issued the newly amended Measures for Disposal of Idle Land (闲置土地处置办法) (the “**2012 Measures**”) which came into effect on 1 July 2012. Under the 2012 Measures, any plot of land that is the subject of an Acquiring Process, must be a plot of “clean” land, that is, it must have satisfied certain conditions at the time of the Acquiring Process including, among others, (a) the resettlement process (including land expropriation and compensation payable to occupants of the land and/or business owners (the “**Affected Persons**”) who have been affected by the acquisition of the site) has been completed by the local government and (b) there is no dispute over the land use right in respect of this plot of land.

However, there can be no assurance that disputes regarding compensation will not arise after the completion of the resettlement process by the local government and/or even after the land use right in respect of the relevant plot of land has been acquired through an Acquiring Process and construction has commenced. For instance, in 2013, after the Group had acquired the land use rights for the land plot on which the Millennium Waterfront was to be developed and construction was about to commence, several individuals who used to occupy a part of the land requested for more compensation from the local government than was being offered. In order to proceed with the development, the Group had to seek the assistance of the local government to resolve this issue. Although the Group was not required to pay any compensation to these individuals as this was the obligation of the local government, this resulted in a delay to the construction of the development. If there are similar occurrences in the future when the

Group is developing a plot of land, the whole construction process may be delayed and accordingly the Group's business, operations, results of operations, financial position and prospects may be materially and adversely affected.

The Group may have to bear the costs and expenses for generation of electrical power and the provision of water supply if the supply of electrical power and water to its property development projects is disrupted

The Group has an arrangement with the local government for the supply of electrical power and water to Chengdu Cityspring and Plot B of the Millennium Waterfront. Upon completion of the construction of the other plots of Millennium Waterfront, the Group also intends to secure the supply of electrical power and water from the local government to the development. To fulfil its obligations to supply electrical power and water, the Group understands that the local government may use its own sources or tap into the sources of other entities to supply electrical power and water to the Group's developments.

In the event that there is a disruption in the supply of electrical power and water to its developments for any reason, the Group will have to incur costs and expenses to arrange for the supply of any interim electrical power and water to its developments. The Group may not be able to pass such costs to the purchasers or occupants of units in its developments as the obligation relating to the provision of power supply and water is that of the developer under the terms of the sales contracts with the Group's customers. As a result, the Group's business, operations, results of operations, financial position and prospects may be materially and adversely affected.

There is a possibility that the Group's land use rights may be forfeited or that the Group may be penalised by the PRC government if the Group fails to comply with the terms of the land use rights grant contracts or rules imposed by the local government

Under PRC law, if a developer fails to comply with or develop land according to the terms of the land use rights grant contract or rules imposed by the local government (including those relating to payment of land grant premium, land use or timeline with respect to commencement and completion of development of the land), the relevant government authority may issue a warning, impose a penalty on the developer or forfeit the land use rights granted to the developer.

Specifically, under current PRC laws and regulations, if the Group fails to pay any outstanding land premiums by the stipulated deadline, the Group may be subject to a late payment penalty at the rate of 0.1 per cent. of the unpaid land premium per day. If the Group fails to fully pay the land premiums within 60 days after the land grant contract becomes effective, the grantor is entitled to terminate the land grant contract and claim for indemnities.

If the Group fails to commence development for more than one year from the commencement date stipulated in the land grant contract, the land authorities may serve a decision on levy of idle land fee on the Group and impose an idle land fee of up to 20.0 per cent. of the land premium. If the Group fails to commence development for more than two years, the land is subject to forfeiture unless the delay in development is caused by a government action or by *force majeure*.

In addition, even if the Group commences development of the land in accordance with the land grant contract, if the area of the developed land is less than one-third of the area of the total site area of the land, or if the total capital expenditure is less than one-fourth of the total investment of the project, and the development of the land is suspended for more than one year without government approval, the land may still be treated as idle land. In the Notice on Promoting the Saving and Intensification of Use of Land (国务院关于进一步促进节约集约用地的通知) promulgated by the State Council in January 2008, the aforesaid policy was reinforced. This notice states, among others, that the MLR and other authorities are required to conduct research on and commence drafting of implementation rules concerning the levy of land appreciation fees on idle land. The MLR issued a Notice on Strengthening the Administration of Construction Land and Promoting the Utilisation of Approved Land that Has Been Granted Approval but is Not Being Utilised (关于严格建设用地管理促进批而未用土地利用的通知) in August 2009, which reiterates the current rules regarding idle land. In September 2010, the MLR and the Ministry of Housing and Urban-Rural Development of the PRC (中华人民共和国住房和城乡建设部) ("MOHURD") jointly issued the Notice On Further Strengthening the Administration and Control of Property Land and Construction (关于进一步加强房地产用地和建设管理调控的通知), which provides that a property developer and its controlling shareholders will be prohibited from participating in land bidding before any non-compliance

or illegal behaviour in which it engages, such as (a) leaving the land site idle for more than one year due to the property developer's own reasons, (b) illegal transfer of land use rights, (c) non-compliance with the land development requirements specified in a land grant contract, and (d) committing crimes such as acquiring land by forging official documents and illegal land speculation, have been completely rectified, or the relevant case and investigation have been closed.

There can be no assurance that regulations relating to idle land in the PRC will not become more restrictive in the future and that circumstances leading to the imposition of penalties, liquidated damages or forfeiture of the Group's land will not arise in the future. If the Group is deemed as holding land idle for more than one year without cause or are required to forfeit land, it may lose (a) the opportunity to develop the relevant land site, (b) its investments in the land, including land premiums paid and development costs incurred, and (c) its ability to bid for other land in the future, any of which could materially and adversely affect the Group's business, operations, results of operations, financial position and prospects.

With respect to the timeline for the commencement and completion of development of land, the Group is typically given a stipulated period according to either the (a) terms of the respective land use rights grant contract or (b) rules imposed by the local government, within which it is required to develop the piece of land, failing which, penalties may be incurred by the Group, including a possible forfeiture of the land in question. Circumstances leading to a possible breach of such terms of the Group's land use rights grant contracts or rules imposed by the local government may arise in the future, leading to possible penalising actions being taken by the relevant authorities, which may materially and adversely affect the Group's business, operations, results of operations, financial position and prospects.

The Group is subject to legal and business risks in relation to the pre-sales of its properties

The practice of pre-sales is widely adopted in the PRC property industry. In line with this practice, the Group normally pre-sells its properties prior to completion of construction. The Group is only able to commence pre-sales of its property developments after obtaining the Pre-Sale Permit. In the event of a failure or delay in the delivery of its pre-sold properties to the Group's purchasers, the Group would be in breach of its obligations under its sales contract and a claim may therefore be filed against the Group by the affected purchasers. Accordingly, the Group may be liable for the potential loss suffered by the affected purchasers as a result of its failure to deliver, or delay in delivery of such properties. Furthermore, there is no guarantee that such loss will not exceed the purchase price paid to the Group, in respect of the pre-sold units.

Failure to complete a property development on schedule may be attributed to factors such as the time taken and the costs involved in completing construction, which are in turn adversely affected by factors, including but not limited to, delays in finalisation of construction design and plans for fitting out works, shortages of labour, disputes with contractors, adverse weather conditions and natural disasters. If the delay in delivery extends beyond the contractually specified period, the Group's customers may also be entitled to terminate the sales contracts and claim refunds of monies paid, damages and compensation for late delivery.

Although the Group has not previously experienced any instances of delay in delivery of its pre-sold properties, there can be no assurance that this would not occur in the future. Accordingly, any future occurrences of delay in delivery of, or failure to deliver, pre-sold properties could materially affect the Group's business, operations, results of operations, financial position and prospects.

In addition to the above, since the policy relating to pre-sale of properties is subject to extensive governmental regulations and taking into account the importance of the proceeds from pre-sale of the Group's properties as a source of funding for its property development projects, the Group may be adversely affected by any policy changes in relation to the practice of pre-sale. There can be no assurance that the PRC government will not adopt additional and more stringent industry policies, regulations and measures in the future. In the event the Group is unable to adapt to the new policies, regulations or measures that may come into effect from time to time in the property industry, or if the Group's marketing and pricing strategies are ineffective in promoting sales of its property, such changes in policies, regulations and measures and/or changes in market conditions may have an adverse impact on the Group's pre-sale results in the deferral of its pre-sale schedules and/or cause the Group to incur additional costs. Accordingly, the Group's business, operations, results of operations, financial position and prospects may be materially and adversely affected.

The Group may not have adequate resources to fund its land acquisitions and property developments and may face difficulty in securing additional financing

Property development is a capital intensive business activity. The availability of adequate financial resources is therefore crucial to the Group's ability to acquire land and to complete its property development projects. Pursuant to the regulation "Opinions on Regulating the Entry and Administration of Foreign Investments into the Property Market" (关于规范房地产市场外资准入和管理的意见) issued on 11 July 2006, a foreign investor engaged in property development or operating properties in the PRC would have to establish a foreign-invested enterprise ("Property FIE") in the PRC with a registered capital of not less than 50.0 per cent. of its total investment amount if the total investment amount is equal to or more than US\$10.0 million, and such Property FIEs shall not be permitted to obtain domestic and foreign loans if it (a) has not made full payment of its registered capital; (b) has not obtained the Land Use Rights Certificate; or (c) whose project development capital has not reached 35.0 per cent. of the total project investment. Pursuant to the relevant PRC laws and regulations, project development capital refers to the amount of capital contributed by investors out of the aggregate amount of investment in respect of any property development project and registered capital in respect of a limited liability company refers to the amount of capital contributed by the shareholders of the company, and which have been registered with the authority. As certain of the Group's subsidiaries, namely Chengdu Gaeronic, Chengdu Yongchang, Chengdu Zhongren and First Sponsor No. 1 Dongguan, with a paid-up capital of RMB286,670,000, RMB894,984,248, RMB904,596,867 and RMB1,005,000,000, respectively as at the Latest Practicable Date, are Property FIEs, the Group is subject to these requirements. Accordingly, the Group's ability to obtain loans for its property development projects is subject to these regulations.

The Group usually funds its land acquisitions and property development projects through a combination of equity funds including capital contributions, pre-sale proceeds and borrowings from banks and financial institutions. However, domestic borrowings are not permitted to fund the land use rights acquisition costs under PRC laws. In addition, the Group's ability to obtain pre-sale proceeds are also subject to the relevant PRC laws as it is only able to commence pre-sale of its property developments after obtaining the Pre-Sale Permit.

The Group's ability to arrange for adequate bank and other borrowings for land acquisitions or property developments on terms that will give it a commercially acceptable rate of return depends on a number of factors that are beyond the Group's control, including general economic and political conditions in the PRC, the terms on which financial institutions are willing to extend credit to the Group (such as loan quantum, tenure and interest rates), and the availability of other sources of debt or equity financing and policy initiatives or changes in the PRC which relate to the financing of property developments. For instance, the conditions to obtaining Pre-Sale Permit vary within each city and between different cities in the PRC, and accordingly, are subject to change.

The PRC government has in recent years introduced a number of policy initiatives in the financial sector to further tighten the lending requirements to property developers. In June 2003, the PBOC issued the Notice on Further Strengthening the Management of Property Credit Business (中国人民银行关于进一步加强房地产信贷业务管理的通知) which, among others:

- (a) prohibits PRC commercial banks from advancing loans to fund the payment of land premium;
- (b) restricts PRC commercial banks from granting loans for the development of luxury residential properties such as villas; and
- (c) prohibits property developers from using borrowings obtained from any local bank to fund property developments outside the region.

In May 2005, the MOC, the National Development and Reform Commission of the PRC (中国国家发展和改革委员会) ("NDRC") and several other regulatory bodies of the PRC government jointly issued the "Opinions on the Stability of Residential Property Prices" (关于做好稳定住房价格工作的意见), which, among others, require commercial banks to strictly enforce the PRC laws on granting loans for property developments, including the requirement of thorough credit investigation before approving loans for property developments.

In September 2007, the PBOC and the CBRC issued the Notice on Strengthening Commercial Property Credit Management (关于加强商业性房地产信贷管理的通知) (the “**Notice**”), which, among others, requires that commercial banks shall not grant loans to projects where the capital funds (owner’s equity) constitutes a ratio of less than 35.0 per cent. of the total project investment cost, or, projects without Land Use Rights Certificates, the Construction Land Planning Permits, the Construction Project Planning Permits and the Construction Permits. Moreover, commercial banks shall not grant loans to property development enterprises that have been hoarding land and housing resources, as detected and verified by the land resources departments and construction authorities.

These policy initiatives may limit the Group’s flexibility and ability to use domestic bank borrowings to finance its business operations in the future. Although the Group has not previously experienced funding difficulties arising from such limitations, there can be no assurance that it will not in the future, experience such difficulties as a result of the aforementioned directives and policies which may result in additional costs incurred by the Group which may in turn materially and adversely affect its business, operations, results of operations, financial position and prospects.

Furthermore, although the Group has previously been able to secure sufficient funds to fund its land acquisitions and property developments, there can be no assurance that it would in the future be able to generate sufficient internal funds to acquire development sites, achieve sufficient pre-sale, or secure sufficient borrowings to fund its property development projects. The Group may also encounter delays in obtaining the Pre-Sale Permit, which will prevent it from commencing pre-sale and obtaining pre-sale proceeds. The Group anticipates that it will fund its future land acquisitions and property developments through its operating cash flows, external borrowings, proceeds derived from the sale of its properties as well as net proceeds raised from the issuance of Securities under the Programme. In the event the Group is unable to secure adequate financial resources to fund its land acquisitions and property developments, the Group’s business, operations, results of operations, financial position and prospects may be materially and adversely affected.

Furthermore, the incurrence of debt from bank borrowings will increase the Group’s interest payments required to service its debt obligations. An increase in the Group’s financing costs and the need to comply with the operating and financial covenants in such loan agreements could restrict its operations.

If consumer bank financing becomes more costly or otherwise less attractive, the sale and pre-sale of properties to the Group’s customers will be affected

The Group believes that a majority of the purchasers of its properties rely on bank financing to fund their purchases. An increase in interest rates may significantly increase the cost of bank financing, thus adversely impacting the affordability of the properties the Group sells. In addition, the PRC government and commercial banks may also increase the down-payment requirements, impose other conditions or otherwise change the regulatory framework in a manner that would make mortgage financing unavailable or unattractive to potential property purchasers.

The CBRC issued the “Guidelines for the Risk Management of Property Loans of Commercial Banks” (商业银行房地产贷款风险管理指引) on 30 August 2004 to cap mortgage loans on properties to 80.0 per cent. of the sale price of the underlying properties. In addition, monthly mortgage payment is limited to 50.0 per cent. of an individual borrower’s income and monthly debt service payments are limited to 55.0 per cent. of such individual borrower’s monthly income. On 24 May 2006, the MOC, the NDRC, the Ministry of Supervision of the PRC (中国监察部) (“**MOS**”), the Ministry of Finance of the PRC (中国财政部) (“**MOF**”), the MLR, the PBOC, the State Bureau of Statistics of the PRC (中国国家统计局) (“**SBS**”), the State Administration of Taxation of the PRC (中国国家税务总局) (“**SAT**”) and the CBRC jointly issued the “Opinions on Adjustment of Housing Supply Structure and Stabilisation of Property Prices” (关于调整住房供应结构稳定住房价格的意见). These regulations require that, with effect from 1 June 2006, the minimum amount of down payment shall not be less than 30.0 per cent. of the purchase price of the underlying individual commodity houses, while the minimum down payment of 20.0 per cent. shall continue to apply to individual housing loans for residential units with a GFA of less than 90.0 sq m.

If the availability or attractiveness of mortgage financing is further reduced or limited, many of the Group’s prospective customers may not be able to purchase its properties.

Furthermore, pursuant to the Notice on Strengthening Commercial Property Credit Management (关于加强商业性房地产信贷管理的通知) and the Supplemental Notice on Strengthening Commodity Property Credit Management (关于加强商业性房地产信贷管理的补充通知) jointly issued by PBOC and the CBRC on 27 September 2007 and 5 December 2007 respectively, a purchaser who applies for individual housing loans for his first owner-occupied residential unit with a GFA of less than 90.0 sq m is required to make a minimum down payment of 20.0 per cent. whereas a purchaser who applies for individual housing loans for his first owner-occupied residential unit with a GFA of more than 90.0 sq m is required to make a minimum down payment of 30.0 per cent. Purchasers and their families, (which would include husband and wife and their minor offspring) with second (or subsequent) residential properties who have already previously purchased one or more residential units through mortgage and the gross family income is higher than the local average standards, are required to make minimum down-payments of 40.0 per cent. and the interest rate on mortgage loans for the second or subsequent residential properties should be at least 1.1 times of the benchmark one-year lending rate as determined and announced by PBOC from time to time. As for apartments which are utilised for commercial use, the down payment has been raised to a high 50.0 per cent. while mortgage loans for commercial buildings will be no less than 1.1 times of the benchmark one-year lending rate.

According to the Notice on Widening the Floating Downward Range of Interest Rate for Commercial Individual Housing Loan (关于扩大商业性个人住房贷款利率下浮幅度等有关问题的通知), with effect from 27 October 2008, the minimum interest rate for commercial individual housing loan has been decreased to 70.0 per cent. of the corresponding benchmark lending rate and the minimum amount of down payment has been adjusted to 20.0 per cent. of the purchase price. Financial institutions may give favourable terms for interest rate and down payment proportion for loan applications for first owner-occupied ordinary residential units or for the improvement of owner-occupied ordinary residential units. The financial institutions shall appropriately increase the requirements for loan application for non-owner-occupied, non-ordinary residential units. The requirement that the monthly repayment amount for housing loans shall not exceed 50.0 per cent. of the borrower's monthly income remains unchanged.

On 29 September 2010, the PBOC and CBRC issued the Notice on Improvement of the Differentiated Housing Credit Policy (关于完善差别化住房信贷政策有关问题的通知), which, among others, increased the minimum down payment to at least 30.0 per cent. of the purchase price of the property. On 26 January 2011, the General Office of the State Council (国务院办公厅) issued the Notice on Further Enhancing the Regulating and Control of the Property Market (关于进一步做好房地产市场调控工作有关问题的通知). The notice requires each purchaser who is purchasing a second property (and any subsequent properties) to make a down payment of 60.0 per cent. of the sale price with an interest rate of at least 1.1 times of the benchmark one-year lending rate.

On 30 March 2015, the PBOC, the CBRC and the MOHURD jointly issued Notice Regarding Several Issues of Personal Housing Loans (关于个人住房贷款政策有关问题的通知) (effective from the same date), which stipulated that (i) the minimum down payment for the second property (being common property for self occupation (普通自住房)) of a family is reduced to 40 per cent.; (ii) the down payment for the first common property for self occupation of a family is reduced to 20 per cent. if financed by housing provident fund loan (住房公积金贷款); and (iii) the down payment for the second common property for self occupation of a family is reduced to 30 per cent. if financed by housing provident fund loan and there is no outstanding housing loan for the first property.

This Notice Regarding Several Issues of Personal Housing Loans partially repealed and prevailed over the Notice on Strengthening Commercial Property Credit Management promulgated on 27 September 2007, the Supplemental Notice on Strengthening Commodity Property Credit Management promulgated on 5 December 2007, the Notice on Improvement of the Differentiated Housing Credit Policy promulgated on 29 September 2010 and the Notice on Further Enhancing the Regulating and Control of the Property Market on 26 January 2011 to the extent of any inconsistency.

In any event, there may be regulatory changes in the future that make housing loans more costly and/or less attractive, and should such regulatory changes take effect, the Group's business operations, results of operations, financial performance and prospects could be materially and adversely affected.

The Group's results of operations may vary significantly from period to period and such fluctuations, together with the Group's revenue recognition policy and adjustments to the fair value of its investment properties, may cause revenue and earnings volatility in its results of operations

The Group is exposed to revenue volatility which is characteristic of property development companies. The Group derives a substantial portion of its revenue and profit from the sale of properties that it develops. For each of FY2012, FY2013 and FY2014, the Group's property development business accounted for 95.9 per cent., 93.6 per cent. and 84.8 per cent. of the Group's revenue, respectively. The revenue and profit that the Group is able to generate are dependent on, among others, the demand for its property development projects by prospective purchasers, the number of property development projects in its portfolio, the value and the overall development schedules of its projects, the timing and amount of GFA for pre-sale or sale, the local property conditions in the PRC, its revenue recognition policies and any changes in costs and expenses, such as land use rights acquisition and construction costs. In addition, the Group's property developments are often developed in multiple phases over the course of several years.

Typically, as the overall development approaches completion, the sale prices of the property comprised in such developments tend to increase because a more marketable piece of property is available to purchasers. Furthermore, according to the Group's accounting policy for revenue recognition, the Group recognises revenue from pre-sale and sale of its properties upon, among others, delivery or serving a notice of delivery in writing to purchasers. Generally, there is a timing difference of typically at least one year between the time the Group commences pre-sale of properties under development and completion of the properties. As the timing of completion of the Group's property development projects varies according to its construction timetable, the Group's results of operations may vary significantly from period to period depending on the GFA sold or pre-sold and the timing of completion of the properties it sells. Periods during which the Group pre-sells a large amount of aggregate GFA, however, may not necessarily be the periods in which the Group generates a correspondingly high level of revenue, if the properties pre-sold are not completed and delivered within such period. The effect of timing of delivery on the Group's operational results is accentuated by the fact that during any particular period of time it can only undertake a limited number of projects due to substantial capital requirements for land acquisition and construction costs as well as the limited supply of land.

Furthermore, the Group will engage an independent valuer to reassess the fair value of its investment properties annually. This may result in the Group recognising unrealised gains or losses on the fair value of the investment properties. Any gain or loss resulting from either a change in fair value or the sale of investment properties is, under the Group's accounting policies, immediately recognised in the consolidated income statement in the relevant financial period. Accordingly, should there be any significant adverse change in fair value in the Group's investment properties or if the Group sells any of its investment properties at a value significantly lower than its carrying value in the statement of financial position, the Group's business, operations, results of operations, financial position and prospects for the relevant period will be materially and adversely affected.

In addition, the properties that the Group develops for sale, which it holds for income and which it acquires as a result of any default by its borrowers in its property financing business may be relatively illiquid in a market downturn. Such illiquidity may affect the Group's ability to adjust its property portfolio or liquidate part of its assets in response to changes in the economy, the property market or other conditions. For instance, the Group may be unable to liquidate such properties for a considerable period, or at all. Accordingly, the Group may be forced to accept a substantial reduction in the price that may otherwise be sought for such properties in order to ensure a quick sale. Such illiquidity may also have a negative effect on the prices of the Group's unsold property development units or properties that it acquires in connection with its property financing business from its borrowers, in the event the Group is required to sell such properties quickly, and limits its ability to adjust its property portfolio held for sale in response to changes in economic, political, social or regulatory conditions in a timely manner. The occurrence of any of the aforementioned factors may have a material and adverse effect on the Group's business, operations, results of operations, financial position and prospects.

The Group is subject to risks as a result of delays in its property development projects

Property development projects typically require substantial capital outlay during the land acquisition and construction phases and each construction may take more than one year to complete, depending on the size and complexity of the development. The time taken to complete a project and the cost of the development may be adversely affected by various factors, including shortage of skilled labour, meeting planning and design regulatory requirements and obtaining planning approvals, costs of materials and equipment, adverse weather conditions, occurrence of natural disasters, disputes with employees and sub-contractors, industrial accidents and changes in government policies and laws.

Furthermore, the Group's contractors may experience financial or other difficulties that may impede their ability to effectively carry out the work for which they were contracted to undertake. In the event that the Group's contractors are unable to complete the work for which they were contracted to undertake, and the Group is unable to obtain compensation from them which may be used to source other suitable contractors to continue the construction, the completion of the Group's projects will be delayed. Such delays may result in the Group having to incur additional costs, potential claims for compensation, termination of sales contracts and/or claims for damages from its customers affected by such delays, which may have a material and adverse effect on the Group's business, operations, results of operations, financial position and prospects.

The Group may also be affected by the delay in sales or poor sales of its property developments which may in turn result in delays in the development or launch of the subsequent phases of its property developments. The sales value of the Group's property development projects may be affected by a number of factors, including but not limited to weak international, regional and local economic conditions, depressed local property conditions, negative perceptions of purchasers, supply from other available properties, business owners and retailers with respect to the location and other attractiveness of the development, competition from other developments, changes in market rates for comparable sales and increased business and operating costs. Accordingly, the occurrence of any of these factors may have an impact on the sales of the Group's property developments and consequently limit its ability to realise cash from unsold properties, thereby materially and adversely affecting the Group's business, operations, results of operations, financial position and prospects.

The Group is reliant on independent contractors for its business

Due to the nature and scale of the Group's business operations, it engages the services of independent third party contractors to provide, among others, construction, piling and foundation, engineering works, interior design, mechanical and electrical installations and installation of common area facilities. These independent third party contractors are selected through a bidding and/or tender process and the Group awards contracts based on factors including, among others, price, reputation for quality and track record. Although the Group conducts periodic on-site inspections on the quality of work done by these independent third party contractors, there can be no assurance that the services rendered by them will be satisfactory and/or will match the standards required by the Group. In addition, there can be no assurance that the independent third party contractors will not be in breach of the service contracts the Group entered into with them. Accordingly, any disputes that may arise between these third party contractors and the Group and, as a result of which, any change of such third party contractors, would also lead to additional costs being incurred by the Group, delay of its property development projects as well as the diversion of its management time and attention towards resolving the dispute.

For instance, Chengdu No. 1 Construction Project Co., Ltd. (成都市第一建筑工程公司) ("Chengdu No. 1") accounted for approximately 21.0 per cent., 41.0 per cent. and 12.0 per cent. of the Group's total construction costs for FY2012, FY2013 and FY2014 respectively. Chengdu No. 1 was instrumental in the construction of the commercial component of Chengdu Cityspring and the majority portion of Plot B of Millennium Waterfront. There can be no assurance that the Group will be able to continue to rely on Chengdu No. 1 for future projects. Moreover, should the Group lose all or a substantial portion of the services currently provided by Chengdu No. 1, the Group may not be able to secure substitute services from other independent contractors on comparable terms in a timely manner, or at all. If the Group fails to secure sufficient services or services of a comparable quality, the quality of its property developments may be adversely affected and accordingly, the Group's business, operations, results of operations, financial position and prospects may be adversely affected. In addition, these independent third party

contractors are vulnerable to financial or other difficulties that may impede their ability to effectively carry out the work for which they were contracted to undertake, thereby adversely affecting the Group's business, operations, results of operations, financial position and prospects.

The Group faces the risk of expropriation of its properties

The laws of PRC, in which the Group's portfolio of properties is currently located, may allow the respective local governments to compulsorily acquire land under certain circumstances, including if archaeological findings have been discovered at the relevant site. In such an event, any compensation paid by the local government may be less than the market value of the relevant piece of land.

There has been one instance in which ancient potteries and artefacts were uncovered beneath and nearby the land site of the Group's Millennium Waterfront development. In the event further artefacts of significance to the PRC government are discovered beneath any land site which the Group owns, such land may be subject to compulsory acquisition by the local government. If this should occur, the Group may not be able to generate profits from the sale and/or operation of any developments situated on these sites in respect of which the Group would have incurred operational expenses in connection with such developments, thereby resulting in losses to the Group. In addition, if the compensation paid in respect of the acquired land is less than its market value or the price the Group had paid in acquiring the land, the Group's business, operations, results of operations, financial position and prospects may be materially and adversely affected.

The Group may not be successful in implementing its plans to expand its property development business

The Group's property development projects include mixed-use residential and commercial developments in Chengdu which have been built primarily for sale. The Group's strategies include continuing to focus on growing its property development business in Chengdu and Dongguan.

Other high growth cities in the PRC may differ from Chengdu and Dongguan in terms of the level and pace of economic development, culture, regulatory practices, topography, the Group's familiarity with local contractors, suppliers and other partners, business practices, customs, tastes, preferences and behaviour. Accordingly, the Group's experience in Chengdu and Dongguan may not be as relevant when it seeks to expand the Group's business into these cities.

There can be no assurance that its future property developments located outside Chengdu and Dongguan will achieve the same levels of success achieved for its previous mixed-use residential and commercial developments. In the event the Group is unsuccessful in its expansion into new markets, cities and sectors, the Group's business, operations, results of operations, financial position and prospects may be materially and adversely affected.

Planned amenities and transportation infrastructure near the Group's property development projects may not be implemented as planned, or may be closed, relocated, terminated, delayed or not completed

There can be no assurance that amenities, transportation infrastructure and public transport services within the proximity of the Group's property development projects will be implemented or completed as planned or will not be closed, relocated, terminated or delayed. If such an event were to occur, it may adversely impact the accessibility and attractiveness of the relevant property development projects. This may then have an adverse effect on the demand and the selling prices of the relevant property development projects and materially and adversely affect the Group's business, operations, results of operations, financial position and prospects.

The Group may be subject to risks in relation to and fluctuation in prices of construction raw materials

The Group is subject to risks of fluctuations in the prices of construction raw materials. The Group's property development projects require significant amounts of construction materials, including steel, bricks and ready mixed concrete. As a property developer, in general, the Group may enter into construction contracts with independent construction companies based on pre-determined prices with a price adjustment mechanism. Under the terms of these construction contracts, the Group's contractors are obliged to absorb any increase in the costs of certain principal construction materials, subject to a

percentage cap of the contracted price as agreed between the Group and its contractors on a case-by-case basis. The Group may also enter into construction contracts whereby the principal construction materials are supplied to the contractors based on prices directly agreed between the Group and its suppliers. Accordingly, if during the period of construction, the prices of construction raw materials increase materially, the Group may be required to bear a portion of the additional costs of construction raw materials, in the event that the increase in prices of such principal construction materials exceed such agreed percentage cap or the Group's contractors are unable to bear such increase in costs. As such, significant increases in prices of construction raw materials may increase the Group's costs of development. In the event that the Group is unable to increase the sales prices of its properties accordingly, the Group's results of business, operations, results of operations, financial position and prospects may be materially and adversely affected.

Where bank mortgages are provided to the Group's customers, it guarantees the issuance of the property ownership certificates to the banks

The Group arranges for various domestic banks in the PRC to provide loans and mortgage facilities to its customers prior to the delivery of the completed units. Where such loans are taken up by its customers, the Group undertakes to the banks the issuance of the property ownership certificates to the banks by the time stipulated in the sale and purchase agreements with the customers. This undertaking ceases to be in effect upon the issuance of the property ownership certificates to the banks and upon the banks obtaining the certificates of other rights (他项权利证书) in respect of the mortgaged properties.

In the event that a customer defaults on the payment to the bank prior to the issuance of the property ownership certificate, the bank has the right to terminate the mortgage facility and claim from the Group all the payments relating to the mortgage facility due to the bank, which may adversely affect the Group's cash flow and financial position. Upon such occurrence, the Group may have to (a) pay the bank all such payments and claim this amount from the customer; and (b) terminate the sale and purchase agreement and charge the customer a penalty for the default, as well as any other costs arising from the default, which has been agreed between the customer and the Group. As of the Latest Practicable Date, the Group has not experienced such claims from any bank that resulted in a termination of the mortgage facility. However, there can be no assurance that in the event of such claims from the banks, the Group will be successful in claiming the amount due to the Group as a penalty or any other costs that it may have incurred arising from the customer's default. A failure to do so may materially and adversely affect the Group's business, operations, results of operations, financial position and prospects.

Losses or liabilities from latent building or equipment defects may adversely affect the Group's earnings and cash flows

Design, construction or other latent property or equipment defects in the properties of the Group's portfolio may require it to incur additional capital expenditure, repair or maintenance expenses, or the payment of damages or other obligations to third parties, other than as disclosed in this Information Memorandum.

Costs or liabilities arising from such property or equipment defects may involve significant and potentially unpredictable levels of expenditure which may have a material and adverse effect on the Group's business, operations, results of operations, financial position and prospects.

In the event that there are a significant number of claims or a claim for a significant amount made against the Group arising from statutory or contractual representations, warranties and indemnities it has provided to the purchasers, the Group may have to incur significant expenditure and costs in defending such claims. Such litigation could harm the Group's reputation and materially and adversely affect its business, operations, results of operation, financial position and prospects.

Under the two agreements (the "**Fogang Agreements**") relating to the disposal of the Group's 70.0 per cent. equity interest in FIVPDL, which developed Fogang Cityspring, it has undertaken to be responsible for 70.0 per cent. of the liabilities arising from any debt or any other liabilities arising from any latent building or equipment defects that existed prior to the completion of the Fogang Agreements that were not disclosed in the Fogang Agreements (the "**Non-Disclosed Liabilities**"). The Non-Disclosed Liabilities may include costs or expenses incurred due to any claims which may be brought against FIVPDL. The

Fogang Agreements do not specify a limit on the amount of the Non-Disclosure Liabilities which may be the subject of a claim by the Group's counterparty and a period by which any such claims would have to be made.

While the Group has received claims with respect to such Non-Disclosed Liabilities, such claims were not material. In the event that there is a valid claim for a substantial amount made against the Group's by the purchaser of FIVPDL, the Group's business, operations, results of operations, financial position and prospects may be materially and adversely affected.

RISKS RELATING TO THE GROUP'S PROPERTY HOLDING BUSINESS

The financial performance of the Group's property holding business which includes hospitality assets is dependent on the conditions of the hospitality industry

The Group's property holding business and in particular, its hospitality component, is subject to prevailing economic conditions in markets or countries from which its guests originate or where its properties are located. In particular, a majority of the Group's guests in M Hotel Chengdu which it owns are from the Asia-Pacific region, especially the PRC.

A number of factors, many of which are common to the hospitality industry, may affect the conditions of the hospitality industry in the PRC and other regions in which the Group operates or may operate and accordingly, the financial performance of its property holding business. Such factors include the following:

- (a) changes in the domestic, regional and global economies which are affected by factors, including, but not limited to, the political landscape, environmental conditions and viral epidemics such as Ebola, human or avian influenza and SARS;
- (b) increased threat of terrorism, terrorist events, airline strikes, hostilities between countries or increased risk of natural disasters that may affect travel patterns and reduce the number of business and commercial travellers and tourists;
- (c) length of a travellers' stay which is dependent on business and commercial travel, leisure travel and tourism;
- (d) changes in governmental laws and regulations, fiscal policies and zoning ordinances and the related costs of compliance with laws and regulations;
- (e) increased competition in the local hospitality industry, for example new supply of comparable hotels in the markets which the Group operates in, which could negatively affect its hotels' occupancy rates and revenue;
- (f) increase in operating costs and occurrence of unanticipated costs due to various reasons including inflation, labour costs, workers' compensation and health-care related costs, repairs and maintenance expenses, utility and energy costs, property tax, advertising and promotion expenses, insurance, environmental damage and acts of nature and their consequences;
- (g) the ability and willingness of consumers to spend money on leisure and entertainment activities including vacations;
- (h) relations between the Group's service providers, suppliers and/or lenders and the Group;
- (i) adverse weather patterns; and
- (j) adverse effects of any downturn in the hospitality industry.

As a result of the occurrence of any of the aforementioned factors, the Group's business, operations, results of operations, financial position and prospects may be materially and adversely affected.

The Group may not be successful in implementing its plans to expand its property holding business

Until as recently as February 2015, the Group's property holding portfolio featured commercial units and developments within the PRC.

The Group's recent foray into property holding business in the Netherlands, and any future foray into other regions besides the PRC or even outside the Sichuan and Guangdong provinces in the PRC may not be successful as there are many differences between such property markets and the property markets which the Group is familiar with, be it in terms of the level and pace of economic development, culture, regulatory practices, topography, the Group's familiarity with business practices, customs, tastes, preferences and behaviour. Accordingly, the Group's experience which had primarily been in the Sichuan and Guangdong provinces in the PRC may not be as relevant when it seeks to expand the Group's business into such new regions.

The Group cannot assure that its future property holding ventures will achieve the same levels of success achieved for its existing PRC-based portfolio. In the event the Group is unsuccessful in its expansion into new markets, cities and sectors, the Group's business, operations, results of operations, financial position and prospects may be materially and adversely affected.

Changes in the tax laws, regulations, policies, concessions and treatment in the regions the Group operates in may materially and adversely affect the Group's business, operations, results of operations, financial position and prospects.

Upon completion of the acquisition on 18 February 2015, the Group holds its equity interest in the Netherlands-incorporated company owning the Zuiderhof I building through several subsidiary corporations and a trust.

As a result of the transaction, the Group will be subject to present and relevant Dutch tax laws and regulations. In the event that there is a change in such tax laws, regulations, policies, concessions and treatment and/or the interpretation and/or application of the same, and the removal, loss, suspension or reduction of any tax benefits or tax relief, the Group's cash flow and profits may be affected adversely, resulting in a material adverse effect on the Group's business, operations, results of operations, financial position and prospects.

The Group may not be able to generate adequate returns on its properties held for long-term income

Holding properties for income is subject to varying degrees of risk. The returns available depend, to a large extent, on the amount of capital appreciation generated, income earned as well as expenses incurred. In particular, there is a relatively longer gestation period in respect of hospitality assets due to the nature of its operations as well as the time it may take for the Group to acquire adequate market share to generate revenue on a sustainable basis. Maximising yields from properties held for long-term income also depends to a large extent on active ongoing management and maintenance of the properties. Accordingly, there can be no assurance that, after the gestation period, it will be able to generate adequate returns in respect of its properties held for income and in particular the Group's hospitality assets, which may materially and adversely affect the Group's business, operations, results of operations, financial position and prospects.

The Group may be unable to extend the term of the lease of its leasehold land in the PRC at a commercially acceptable price, if at all

All the PRC properties in the Group's portfolio are held directly under land use rights granted by the PRC government, with terms ranging from 40 years for commercial properties to 70 years for residential properties. According to PRC laws, the grantee of the land use rights of non-residential land may apply for renewal at least 12 months prior to the expiry of the land use rights, otherwise the land use rights will revert to the State upon expiry. However, for residential land, the land use rights are automatically renewed and/or extended upon the expiry of such rights, for a tenure which is to be determined by the PRC government.

If an application for extension is granted (and such grant is made by the PRC government unless the land in issue shall be taken back for the purpose of public interests), the grantee will be required to, among others, pay a land grant premium for the renewed land use right. If no application is made, or such application is rejected in the case of the Group's non-residential properties, or the leases for the Group's residential properties expire in the case of its residential properties, the properties in the Group's portfolio may be disposed of in accordance with the land use right grant contract. To the best of the Group's knowledge, as none of the land use rights granted by the PRC government similar to those granted to the Group have, as at the Latest Practicable Date, run their full terms, there is no known precedent of such extension to provide an indication of the quantum of land grant premium which the Group will have to pay and additional conditions which may be imposed in the event that an extension to the land use rights for the Group's properties is sought and obtained. Furthermore, there can be no assurance that the Group will be able to obtain an extension to the land use rights. In the event that the extension is not granted, the properties in the Group's portfolio would revert to the PRC government and it would no longer own or be able to derive income from its properties and this, together with other factors, may materially and adversely affect the Group's business, operations, results of operations, financial position and prospects.

The Group's business of holding hospitality-related assets for income may entail a higher level of risk compared to other types of assets

The Group develops and owns commercial properties in the PRC. This includes commercial properties where not more than 50.0 per cent. of the GFA of such development is owned, leased or sold for hospitality purposes. Such property may be held as part of a larger mixed-use development (where such mixed-use development may also include non-hospitality uses such as Chengdu Cityspring).

A concentration of such specific property assets may cause the Group to be susceptible to a downturn in the hospitality industry in the PRC and in particular, Chengdu. A decline in occupancy and room rates for such property assets, and/or a decline in the asset value of the Group's portfolio, will have a material and adverse impact on its business, operations, results of operations, financial position and prospects.

A decline in rental or occupancy levels and difficulties in securing tenants and/or guests may materially and adversely affect the Group's financial performance

The Group's business of holding properties for income is subject to varying degrees of risk. The returns from such investments depend largely on the amount of income earned and capital appreciation generated by such properties which in turn depends on the rental or occupancy levels, the Group's ability to secure tenants and/or guests and the Group's ability to procure that existing tenants renew or extend their lease terms. If the assets do not generate sufficient revenue to meet operating expenses, including debt service and capital expenditure, the Group's business, operations, results of operations, financial position and prospects will be adversely affected. The revenue generated by, and value of the properties which the Group holds for income may be adversely affected by a number of factors, including but not limited to international, regional or specifically, PRC and Dutch economic conditions, local property conditions, supply from other available properties, changes in market rates for comparable properties, prompt payment by the Group's tenants, sourcing for suitable tenants, casualty losses due to fire, floods and other natural and man-made disasters, the ability to provide adequate maintenance and insurance and increased operating costs.

The Group's property holding business is also affected by factors such as changes in interest rates, the availability of funds, changes in governmental regulations, changes in tax laws or rates and potential environmental or other legal liabilities.

In addition, certain significant expenditure associated with an investment in properties (such as mortgage payments, property taxes and maintenance costs) are generally not reduced when circumstances cause a reduction in revenue from the investment and an increase in such expenditure may materially and adversely affect the Group's business, operations, results of operations, financial position and prospects.

The Group may be adversely affected by fire, accidents, disruption to the supply of public utilities or other calamities at its hotels or properties which are currently being leased

The occurrence of fire, accidents, disruption to supply of public utilities or other calamities at any of the hotels and/or properties which the Group holds for income could have a material adverse effect on the Group's business, operations, results of operations, financial position and prospects. In the event such calamities occur, the Group is unable to determine the extent of the material adverse effect that it will have on its business, operations, results of operations, financial position and prospects.

RISKS RELATING TO THE GROUP'S PROPERTY FINANCING BUSINESS

The borrowers may default on the loans the Group makes to them through entrusted loan arrangements

The Group has been disbursing loans to third parties in the PRC through entrusted loan arrangements since January 2012. An entrusted loan is a loan the Group provides to a borrower through a PRC-incorporated and licenced financial institution which acts as the Group lending agent to administer the entrusted funds vis-à-vis the borrower. These loans are usually secured by, among others, mortgages of land use rights and/or properties as well as a corporate guarantee and/or a personal guarantee in favour of the financial institution. The total amount of outstanding loans as at the 31 March 2015 was approximately RMB1.1 billion. In the event the agent banks fail or neglect to initiate proceedings to enforce the collateral, the Group may have to initiate legal proceedings against the defaulting agent bank as the defendant and the customer as the third party to the entrusted loan arrangement. However, there can be no assurance that the outcome of any such legal proceedings would be on terms which are favourable to the Group. In such event, the Group's business, operations, results of operations, financial position and prospects may be materially and adversely affected.

There can be no assurance that the Group's borrowers will not default on these loans. In addition, if the value of the collateral provided by the borrowers on these loans is insufficient to fully repay the principal and interest amounts due and the Group is unable to collect the amounts due from the borrowers or the corporate and/or the personal guarantors who provided the guarantees to the Group, it will suffer a loss. As the collateral is secured in favour of the agent bank, the Group does not have the legal right to enforce the collateral but must rely on the agent bank to do so in the event of default in the repayment of the loans.

In addition, as the lender of the entrusted loans, the Group may be exposed to high risks and significant loss in the mortgage industry. As part of the mortgage formalities for the purpose of the entrusted loans, the agent bank typically relies on and keeps copies of, among others, the land and building title certificates submitted by borrowers to the agent bank to determine the validity of the securities offered by borrowers. In the event that the copies of the land and building title certificates are forged or found to be fraudulent and the borrowers default on the entrusted loans, the agent bank may not be able to enforce the collaterals on the Group's behalf.

Upon the registration of the relevant mortgage documents (including, among others, the land and building title certificates as well as the mortgage application) with the relevant local land authority, certificates of other rights (他项权利证书) in respect of the mortgaged properties will be issued to the bank which will enable the bank to enforce its rights on the Group's behalf if the borrowers should default on their loans. In this respect, there is also a risk that such certificates of other rights (他项权利证书) may be forged.

As such, if any of the borrowers default on their loans and/or the agent bank is unable to enforce the collaterals due to the forged or fraudulent copies of the land and building title certificates as well as the certificates of other rights (他项权利证书) or the collaterals are insufficient to cover the principal loan and interest amounts and the Group is otherwise unable to collect the amounts due from the borrowers or the corporate and/or the personal guarantors, the Group's business, operations, results of operations, financial position and prospects could be materially and adversely affected.

There can be no assurance that the Group will be able to source for suitable borrowers who are able to provide collateral acceptable to the Group

In respect of the Group's property financing business, the entrusted loans it disburses to third parties, as a general principle, have to be secured by, among others, a mortgage of land use rights and/or properties in favour of the agent bank. The Group also requires that the amount of the loan disbursed not to exceed a pre-set percentage of the value of the mortgaged land use rights and/or properties.

There can be no assurance that the Group will be able to source for borrowers who are prepared to accept a loan which is within the Group's LTV threshold. In the event that the Group fails to source for suitable borrowers, it will be unable to generate interest income through the entrusted loan arrangements. In addition, in the event the amount of cash the Group allocates for its property financing business is not utilised for other purposes, the Group's business, operations, results of operations, financial position and prospects may be materially and adversely affected.

The Group is dependent on the financing environment in the PRC

The financing environment in which the Group's property financing business operates is highly competitive and subject to regulatory changes. For example, save in respect of mortgage loans taken out by individuals for the purchase of residential units, the PRC government had previously set a ceiling and a floor for lending interest rates which were abolished in July 2013. With the abolishment of the ceiling and floor for lending interest rates, domestic banks in the PRC have the discretion to set their lending interest rates based on the competitive financing environment. Accordingly, there can be no assurance that its property financing services would not in the future become less appealing for potential borrowers. The Group may also be unable to compete with the domestic banks in the PRC. In the event the Group's property financing business is not able to compete successfully under the financing environment in the PRC, the Group's business, operations, results of operations, financial position and prospects could be materially and adversely affected.

The Group may not be able to effectively manage credit risk and maintain the quality of its entrusted loan portfolio, especially as it expands its property financing business

As a financial services provider, the sustainability of the Group's growth depends largely on its ability to effectively manage its credit risk and maintain the quality of its entrusted loan portfolio. In order to minimise and effectively manage the risk of non-performing credit, the Group has implemented measures to assess the creditworthiness of its customers, including due diligence on potential customers' credit quality, strict credit approval procedures and guidelines and effective credit control and collection processes. There can be no assurance that these credit risk management measures will be effective in managing such risks. Failure of the Group's credit risk management measures may result in an increase in the level of its non-performing credit and adversely affect the quality of its entrusted loan portfolio. In addition, the quality of the Group's entrusted loan portfolio may also deteriorate due to various other reasons, including factors beyond its control. If such deterioration occurs, it will materially and adversely affect the Group's business, operations, results of operations, financial position and prospects.

The Group will be exposed to various risks as it expands its property financing business

The Group intends to continue to expand its property financing business. The expansion of its property financing business has and will expose the Group to new and potentially higher risks, including the following:

- (a) the Group may need to hire additional qualified and experienced personnel but may be unable to do so;
- (b) in the event the Group's existing personnel leave their roles, the Group may be unable to find suitable replacements within a reasonable timeframe, or at all; and
- (c) the Group may be unable to obtain or maintain regulatory approval for its entrusted loan services if such a need arises. For instance, although the PRC laws currently do not prohibit entrusted loans, the Group may be required to cease entering into entrusted loan arrangements in the future, if there are any changes to the laws, regulations and/or policies prohibiting its property financing business, or as the case may be, requiring that the Group's relevant PRC subsidiaries be licensed.

If the Group is unable to achieve the intended commercial results with respect to its property financing business, the Group's business, operations, results of operations, financial position and prospects could be materially and adversely affected.

GENERAL RISKS RELATING TO THE PRC

The Group's operations could be adversely affected by changes in the social, political and economic conditions in the PRC

The Group's revenues are derived mainly from its business operations located in the PRC. Accordingly, any significant slowdown in the PRC economy or decline in demand for residential and commercial properties in the PRC will have an adverse effect on the Group's business, operations, results of operations, financial position and prospects. Furthermore, any unfavourable changes in the social, political and economic conditions of the PRC may also materially and adversely affect the Group's business, operations, results of operations, financial position and prospects.

Since the adoption of the "open door policy" in 1978 and the "socialist market economy" in 1993, the PRC government has been reforming and is expected to continue to reform its political and economic systems. Any changes in the social, political and economic policy of the PRC government may lead to changes in laws and regulations or the interpretation of the same, as well as changes in foreign exchange regulations, taxation and import and export restrictions, which may in turn adversely affect the Group's results of operations. While the current policy of the PRC government seems to be one of imposing economic reform policies to encourage foreign investment and greater economic decentralisation, there can be no assurance that such a policy will continue to prevail in the future. As such, there can be no assurance that the Group's business, operations, results of operations, financial position and prospects will not be adversely affected should there be any policy changes.

The Group recognises that the PRC property market would in general be affected by a change in any of the aforementioned policies, and that any further tightening measures undertaken by the PRC government could materially and adversely affect the Group's business, operations, results of operations, financial position and prospects.

Introduction of new laws or changes to existing laws by the PRC government may adversely affect the Group's business

The PRC legal system is a codified legal system made up of written laws, regulations, circulars, administrative directives and internal guidelines. In the event of a breach of any of the foregoing due to an act or omission by the Group's PRC subsidiaries and/or associated companies, it will be subject to the relevant penalties prescribed thereunder. The PRC government is still in the process of developing its legal system so as to meet the needs of investors and to encourage foreign investment. Generally, the PRC economy is developing at a faster pace than its legal system.

Therefore, some degree of uncertainty exists in connection with whether existing laws and regulations will apply to certain events or circumstances, and if so, the manner of such application. In addition, new personnel at the relevant PRC administrative authorities may require time to process the implementation of the Group's agreements with the local authorities based on the existing interpretation of applicable laws and regulations. In particular, unlike common law jurisdictions like the United Kingdom and Singapore, decided cases do not form part of the legal structure of the PRC and thus have no binding effect. As such, the administration of the PRC laws and regulations may be subject to a certain degree of discretion by the authorities. This has resulted in the outcome of dispute resolutions not having the level of consistency or predictability as in other countries with more developed legal systems. In addition, it may be difficult to obtain a swift and equitable enforcement of laws in the PRC, or the enforcement of judgements by a court of another jurisdiction.

In addition, in line with its transformation from a centrally planned economy to a more free market oriented economy, the PRC government is still in the process of developing a comprehensive set of laws and regulations. As the legal system in the PRC is still evolving, laws and regulations or the interpretation of the same may be subject to change and accordingly, any adverse change could affect the Group's business, operations, results of operations, financial position and prospects.

The PRC property market is heavily regulated and subject to frequent introduction of new regulations, including further measures by the PRC government to slow down the growth of the property sector, which may adversely affect the Group's property businesses

The PRC government exerts considerable direct and indirect influence on the growth and development of the PRC property market through industry policies and other economic measures such as setting interest rates, controlling the supply of credit by changing bank reserve ratios and implementing lending restrictions, increasing tax and duties on property transfers and imposing foreign investment and currency exchange restrictions. Through these policies and measures, the PRC government may restrict or reduce land available for property development, raise the benchmark interest rates of commercial banks, impose additional limitations on the ability of commercial banks to make loans to property developers and property purchasers, impose additional taxes and levies on sale of properties and restrict foreign investment in the PRC property sector.

For instance, from 2004 to 2014, the PRC government introduced a series of regulations and policies designed to generally control the growth of the property market and increase in property prices as well as to dampen property speculation, including, among others:

- (a) strictly enforcing the laws and regulations relating to idle land;
- (b) restricting the grant or extension of revolving credit facilities to property developers that hold a large amount of idle land and vacant commodity properties;
- (c) prohibiting commercial banks from lending funds to property developers with an internal capital ratio that is under a certain prescribed percentage;
- (d) restricting PRC commercial banks from granting loans to property developers for the purpose of paying land grant premiums;
- (e) limiting the maximum amount of monthly mortgage and the maximum amount of total monthly debt service payments of an individual borrower;
- (f) imposing tax levies on the sale proceeds for second-hand transfers of properties subject to the length of holding period and type of properties;
- (g) increasing the minimum amount of down payment in respect of residential properties;
- (h) imposing limits on the number of residential properties that local residents may purchase;
- (i) tightening the availability of individual housing loans in the property market to individuals and their family members with more than one residential property; and
- (j) limiting the availability of individual housing provident fund loans for the purchase of second (or subsequent) residential properties by individuals and their family members.

There can be no assurance that the PRC government will not adopt additional and more stringent industry policies, regulations and measures in the future. It is also impossible to ascertain the extent of the impact of any such measures or to accurately estimate the Group's sales volume and turnover should such measures be introduced. If the Group fails to adapt its operations to new policies, regulations or measures that may come into effect from time to time with respect to the property industry, or if the Group's marketing and pricing strategies are ineffective in promoting its sale, such policy and market condition changes may dampen the Group's contracted sale, result in the deferral of its pre-sale schedules, and cause the Group to incur additional costs, in which case the Group's business, operations, results of operations, financial position and prospects may be materially and adversely affected.

In general, there is a lack of readily available, reliable and updated information on property market conditions in the PRC

The Group is subject to property market conditions in the PRC in general and in particular, in the cities where the Group's property developments are located. Currently, reliable and up-to-date information on the amount and the nature of property development and investment activities, the demand for such

developments, the supply of new properties being developed or the availability of land and buildings suitable for development and investment is generally not readily available in the PRC and in the relevant cities. Consequently, the Group's investment and business decisions may not always have been, and may not be in the future, based on accurate, complete and timely information. Inaccurate information may adversely affect the Group's business decisions, which could materially and adversely affect the Group's business, operations, results of operations, financial position and prospects.

There are certain existing policies and regulations in the PRC that may affect the Group's future financing activities

PRC policies or regulations that may affect the Group's future domestic financing activities

The PRC government has in recent years implemented a number of policy initiatives in the domestic financial sector to further tighten the domestic lending requirements for property developers. In June 2003, the PBOC issued the Notice on Further Strengthening the Management of Property Credit Business (中国人民银行关于进一步加强房地产信贷业务管理的通知) which, among others:

- (a) prohibits PRC commercial banks from advancing loans to fund the payment of land premium;
- (b) restricts PRC commercial banks from granting loans for the development of luxury residential properties such as villas; and
- (c) prohibits property developers from using borrowings obtained from any local bank to fund property developments outside that region.

In May 2005, the MOC, the NDRC and several other regulatory bodies of the PRC government jointly issued the Opinions on the Stability of Residential Property Prices (关于做好稳定住房价格工作的意见) which, among others, require commercial banks to strictly enforce PRC laws on granting loans for property developments, including the requirement of thorough credit investigation before approving loans for property developments.

In accordance with the Notice on Strengthening Commercial Property Credit Management (关于加强商业性房地产信贷管理的通知) jointly issued by PBOC and the CBRC on 27 September 2007, commercial banks shall not (a) issue loans in any form to a project of which the proportion of capital (owners' equity) is less than 35.0 per cent. or that has not received the Land Use Rights Certificate, the Construction Land Planning Permit, the Construction Project Planning Permit or the Construction Permit; (b) issue loans to property development enterprises that are found to be hoarding land and properties for speculative purposes by the competent authority in charge of land and resources and the competent authority in charge of construction; and (c) accept commercial properties that have been left idle for more than three years as collateral for mortgage loans.

However, on 20 December 2008, the State Council promulgated the Various Opinions on Promoting the Healthy Development of Property Market (国务院办公厅关于促进房地产市场健康发展的若干意见). First, commercial banks may increase credit support for construction of small and medium-sized ordinary commodity properties at low or medium price, especially properties under construction. Further, they will be under the supervision of the government, especially for government housing projects (政府保障房) under construction. Secondly, with regard to the enterprises or projects relating to merger or reorganisation by competent and reputable property development enterprises, commercial banks are encouraged to provide financing support.

In accordance with the Notice on Adjustment of Investment Capital Ratios for Fixed Asset Projects (国务院关于调整固定资产投资项目资本金比例的通知) promulgated by the State Council on 25 May 2009, the minimum capital proportion for low-income housing projects and ordinary commercial housing projects is 20.0 per cent., and the minimum capital proportion for other types of property development projects is 30.0 per cent. When providing credit assistance and services, financial institutions shall carry out an independent assessment to reduce financial risks and shall conduct a comprehensive assessment and evaluation on the source of the capital, returns on investment and investment risks with reference to the capital requirements promulgated by the state based on the status of the borrower and the project, so as to decide whether to grant the loan as well as the amount and proportion of the loan.

PRC policies or regulations that may affect the Group's future external financing activities

On 10 July 2007, the General Affairs Department of the State Administration for Foreign Exchange of the PRC (中国国家外汇管理局) (“SAFE”) promulgated the Circular on the Distribution of the List of the First Group of Foreign Invested Real Estate Projects which Have Filed with the Ministry of Commerce (the “Circular 130”).

On 28 April 2013, SAFE issued the Administrative Measures for Foreign Debt Registration (外债登记管理办法) (the “Foreign Debt Measures”) and the Foreign Debt Measures Operation Guidelines (外债登记管理操作指引) (the “Foreign Debt Guideline”).

Further, on 11 May 2013, SAFE issued the Notice on Issuing the Provisions on the Foreign Exchange Administration of Domestic Direct Investment of Foreign Investors and the Supporting Documents (国家外汇管理局关于印发《外国投资者境内直接投资外汇管理规定》及配套文件的通知) (the “Notice 21”).

Circular 130, Foreign Debt Measures, Foreign Debt Guideline and Notice 21 restrict the ability of a foreign invested property enterprise to raise funds offshore and then inject funds into the companies by way of shareholder loans stipulating that, among others (a) SAFE will no longer process foreign debt registration, examination and approval of foreign exchange settlements for foreign debt for Property FIEs that obtained approval certificates from commercial authorities and filed with MOC on or after 1 June 2007; (b) Property FIEs obtained approval certificates before 1 June 2007 may apply for foreign debt registration only within the balance between total investment and registered capital; and (c) Property FIEs failing to fully contribute registered capital, or capital fund (owner's equity) of which constitutes a ratio less than 35.0 per cent., or, failing to obtain the Land Use Rights Certificate, is prohibited to raise foreign debt, and SAFE will no longer process foreign debt registration for such foreign-invested property enterprises. The Group currently has Property FIEs. These property subsidiaries incorporated by the Group in the PRC (the “PRC Property Subsidiaries”) will not be allowed to obtain debt financing (including bank loans or intercompany loans) from offshore entities.

Nonetheless, the PRC Property Subsidiaries' financing needs will be funded through a combination of internal and other external sources. Internal sources include working capital inflows while external sources include onshore RMB-denominated loans from banks and financial institutions based in the PRC. The Group may also choose to increase the equity financing in the PRC Property Subsidiaries by way of increases in paid-up capital. Furthermore, the restriction on offshore debt financing does not affect the Group's offshore entities including the Issuer. Accordingly, the Issuer and the Group's offshore intermediary holding companies are still able to raise funds denominated in any currency outside the PRC for investments in the Group's existing or new property projects in the PRC. However, such funds raised can only be remitted into the PRC through direct investment into the paid-up capital of the PRC Property Subsidiaries.

In view of the foregoing, although the Group presently does not have any domestic loan exposure, there can be no assurance that the Group will not be undertaking external financing activities in the future and any changes in the policies or regulations by the PRC government may limit the Group's financing options and flexibility and therefore, the Group may need to rely on alternate sources of funds or maintain a relatively high level of cash. Should the Group be unable to do so, the Group's business, operations, results of operations, financial position and prospects may be materially and adversely affected.

The Group may be subject to fluctuations in interest rates due to, among others, any change of the macroeconomic policies of the PRC government in the PRC property sector

The PRC government has exercised and continues to exercise significant influence over the PRC economy in general, which may, among others, affect the property sector in the PRC. From time to time, the PRC government adjusts its monetary and economic policies to prevent the overheating of the national and provincial economies, and this may affect the property markets that the Group operates in. Any action by the PRC government concerning the economy or the property sector in particular could adversely affect the Group's results of operations and financial position. In addition, the central and local authorities may continue to adjust interest rates, tax rates and other economic policies or impose other regulations or restrictions that may have an adverse effect on the property market in the PRC and in turn adversely affect the Group's business. For instance, as purchasers of the Group's properties commonly

rely on mortgages to fund their purchases, any increase in interest rates may increase the costs of such mortgage financing, thus reducing the attractiveness of mortgages as a source of financing for property purchasers and adversely affecting the affordability of properties.

As at the Latest Practicable Date, the Group has obtained certain bank financing credit facilities and it may face risks in relation to interest rate movements in particular as a result of the debts undertaken by the Group to finance its property developments. As at the Latest Practicable Date, all the banking facilities of the Group are from offshore entities. Changes in interest rates will affect the Group's interest income and interest expense from short-term deposits and other interest-bearing financial assets and liabilities respectively. This may in turn have a material and adverse effect on the Group's business, operations, results of operations, financial position and prospects. Furthermore, an increase in interest rates would also adversely affect the willingness and ability of prospective customers to purchase the Group's properties and its ability to raise and service long-term debt.

PRC regulations relating to the establishment of offshore holding companies by PRC residents may subject the Group's PRC resident beneficial owners or PRC subsidiaries to liability or penalties, limit the Group's ability to inject capital into its PRC subsidiaries, limit the Group's PRC subsidiaries' ability to increase their registered capital or distribute profits to the Group, or may otherwise adversely affect the Group

SAFE has promulgated several regulations, including the Notice on Relevant Issues Concerning Foreign Exchange Administration for Domestic Residents' Financing and Roundtrip Investment Through Offshore Special Purpose Vehicles (国家外汇管理局关于境内居民通过境外特殊目的公司融资及返程投资外汇管理有关问题的通知) or "Circular 75", effective on November 1, 2005 and its implementation rules. On 14 July 2014, SAFE promulgated the Notice on Relevant Issues Concerning Foreign Exchange Administration for Domestic Residents' Offshore Investment and Financing and Roundtrip Investment Through Offshore Special Purpose Vehicles (国家外汇管理局关于境内居民通过特殊目的公司境外投融资及返程投资外汇管理有关问题的通知) or "Circular 37" and its schedules (effective from 14 July 2014) which repealed Circular 75.

These regulations require PRC residents and PRC corporate entities to register with local branches of SAFE in connection with their direct or indirect offshore investment activities. These regulations are applicable to the Group's shareholders who are PRC residents and may be applicable to any offshore acquisitions that the Group makes in the future. Under these foreign exchange regulations, PRC residents who make, or have prior to the implementation of these foreign exchange regulations made, direct or indirect investments in offshore SPVs, will be required to register such investments with SAFE or its local branches. In addition, any PRC resident who is a direct or indirect shareholder of an SPV, is required to update its filed registration with the local branch of SAFE with respect to that SPV, to reflect any material change.

Moreover, any subsidiary of such SPV in China is required to urge the PRC resident shareholders to update their registration with the local branch of SAFE. If any PRC shareholder fails to make the required registration or to update the previously filed registration, the subsidiary of such SPV in China may be prohibited from distributing its profits or the proceeds from any capital reduction, share transfer or liquidation to the SPV, and the SPV may also be prohibited from making additional capital contribution into its subsidiary in China.

The Group's Executive Officer, Mr. Shu Zhen, a PRC resident, is in the process of applying for foreign exchange registration for the shares he holds in the Issuer through Regent Land Investment Holdings Limited. As at the Latest Practicable Date, Mr. Shu Zhen has not been registered by SAFE in respect of his shares. There can be no assurance that such PRC-resident individuals may continue to make required filings or updates on a timely manner, or at all. There can be no assurance that the Group will in the future continue to be informed of identities of all PRC residents holding direct or indirect interest in the Issuer. Any failure or inability by such individuals to comply with SAFE regulations may subject the Group to fines or legal sanctions, such as restrictions on the Group's cross-border investment activities or its PRC subsidiaries' ability to distribute dividends or obtain foreign-exchange-denominated loans (to the extent such loans are not property related or were obtained prior to 1 June 2007, being the date prior to which Property FIEs established before that may apply for foreign debt registration only within the balance

between total investment and registered capital) from the Group or preventing the Group from making distributions or paying dividends. As a result, the Group's business, operations, results of operations, financial position and prospects could be materially and adversely affected.

On 15 February 2012, SAFE promulgated the Notice Concerning the Foreign Exchange Administration on Stock Incentive Plans of Overseas Listed Companies involving Domestic Individuals (国家外汇管理局关于境内个人参与境外上市公司股权激励计划外汇管理有关问题的通知) (the "**Notice 7 (2012)**"). Under Notice 7 (2012), PRC citizens who are granted shares or share options by an overseas listed company are required, through a PRC agent such as an onshore entity participating in such stock incentive plan or a domestic institution qualifying to conduct asset trust designated by the onshore entity, to register with SAFE and complete certain other procedures related to the granted shares and/or share options. The Group's PRC citizen employees who have been granted shares and/or share options are subject to Notice 7 (2012) given the Issuer's listing on SGX-ST. If the Group's employees who are PRC citizens fail to comply with these regulations, the Group or its employees who are PRC citizens may be subject to fines and legal sanctions.

Furthermore, as these foreign exchange regulations are still relatively new and their interpretation and implementation has been constantly evolving, it is unclear how these regulations, and any future regulation concerning offshore or cross-border transactions, will be interpreted, amended and implemented by the relevant government authorities. For example, the Group may be subject to a more stringent review and approval process with respect to its foreign exchange activities, such as remittance of foreign currency denominated borrowings, which may adversely affect the Group's business, operations, results of operations, financial position and prospects. In addition, if the Group decides to acquire a PRC domestic company, there can be no assurance that the Group or the owners of such company, as the case may be, will be able to obtain the necessary approvals or complete the necessary filings and registrations required by the foreign exchange regulations. This may restrict the Group's ability to implement its acquisition strategy and could materially and adversely affect the Group's business, operations, results of operations, financial position and prospects.

The Group's ability to secure new projects and related investments may be restricted by policies and regulations introduced by the PRC government with respect to overseas investment

The PRC government has introduced a number of policies and regulations aimed at regulating foreign investment in the property industry in the past few years:

- On 11 July 2006, the MOC, the Ministry of Commerce of the PRC (中国商务部) ("**MOFCOM**"), the NDRC, the PBOC, the State Administration for Industry and Commerce of the PRC (国家工商行政管理总局) ("**SAIC**") and SAFE issued the Opinions on Regulating the Entry and Administration of Foreign Investments into the Property Market (关于规范房地产市场外资准入和管理的意见).
- On 23 May 2007, the MOFCOM and SAFE issued the Notice on the Reinforcement and Regulation of Approval and Supervision of Foreign Direct Investments in the Property Industry (关于进一步加强规范外商直接投资房地产业审批和监管的通知) (the "**Notice 50**").
- As abovementioned, on 10 July 2007, the General Affairs Department of SAFE promulgated Circular 130, on the distribution of the list of the first group of foreign invested enterprise ("**FIE**") projects which had filed with the MOC.
- As abovementioned, on 28 April 2013, SAFE issued the Foreign Debt Measures (relating to foreign debt registration) and the Foreign Debt Measures Operation Guidelines.
- As abovementioned, on 11 May 2013, the General Affairs Department of the SAFE issued Notice 21.

SAFE will no longer process foreign debt registration for Property FIEs that obtained approval certificates from commercial authorities and filed with MOC on or after 1 June 2007; besides, Property FIEs which obtained approval certificates before 1 June 2007 may apply for foreign debt registration only within the balance between total investment and registered capital. The above-mentioned regulations are restrictive measures taken by the PRC government to limit foreign investment in the PRC property market. Pursuant to the requirements in the above regulations, the Group must apply to the relevant examination and

approval authorities if it plans to expand the scope of its business or the scale of its operations, engage in new project developments or operations or increase the registered capital of the Group's PRC-domiciled foreign invested subsidiaries in the future.

On 24 December 2011, the MOFCOM and the NDRC jointly issued a revised Foreign Investment Industrial Guidance Catalogue (外商投资产业指导目录), which became effective on 30 January 2012, and provided, among others, that the development and construction of villas or golf courses by FIEs are prohibited while the development and construction of high-end hotels or office buildings by FIEs are restricted. On 10 March 2015, the MOFCOM and NDRC jointly issued a further revised Foreign Investment Industrial Guidance Catalogue (外商投资产业指导目录), which became effective on 10 April 2015, and which provides, among other things, that the construction of villas or golf courses by FIEs is prohibited while the construction and operation of high-end hotels and office buildings by FIEs is no longer restricted.

In the future, if the Group develops such properties, the development will be subject to the review and approval by the MOFCOM. Pursuant to the requirements in the above-mentioned notices, the Group must apply to the relevant examination and approval authorities if it plans to expand the scope of its business or the scale of its operations, engage in new project developments or operations or increase the registered capital of the Group's PRC foreign-invested subsidiaries in the future. If the PRC government promulgates further policies or regulations to further regulate or restrict foreign investment in the PRC property industry, and if these policies or regulations affect the Group's business and operations, the Group's ability to secure new projects may suffer and the Group's business, operations, results of operations, financial position and prospects could be materially and adversely affected.

The Group is subject to environmental laws and regulations in the PRC

The Group is subject to a variety of PRC laws and regulations relating to the protection of health and the environment. The particular PRC environmental laws and regulations which apply to the Group's property developments may vary greatly according to the development site's location, environmental condition, the present and former uses of the development site and adjoining properties. The enforcement of the PRC environmental laws and conditions may result in delays to the Group's development projects, the incurrence of substantial compliance and other costs and the prohibition or severe restriction of property development activities in environmentally sensitive regions or areas.

As required by the relevant PRC laws, each of the Group's projects must undergo environmental impact assessments. Environmental impact assessment reports and/or documents must be submitted to the relevant government authorities for approval before the Group can commence construction on a development site. The local authorities may require the Group to submit the environmental impact assessment report, issue orders to suspend construction work and impose penalties if the Group is found to be in breach of the above requirements.

Although the Group has not previously failed to comply with the relevant environmental laws and regulations, there can be no assurance that such risks will not occur in the future. Any future breaches of the relevant environmental laws and regulations may result in a delay of the progress of the Group's property developments, hence materially and adversely affecting the Group's business, operations, results of operations, financial position and prospects.

The PRC foreign exchange control may limit the Group's ability to receive dividends and other payments from its PRC subsidiaries

The Group's PRC subsidiaries are subject to the PRC rules and regulations on currency conversion. In the PRC, the SAFE regulates the conversion of the RMB into foreign currencies and *vice versa*. Currently, FIEs are required to apply to SAFE for "Foreign Exchange Registration Certificates for FIEs". With such registration certificates, FIEs are allowed to open foreign currency accounts including the upfront expense account, capital account, asset realisation account and other accounts.

The ability of the Group's PRC subsidiaries to pay dividends or make other distributions to the Group may be restricted by the PRC foreign exchange control restrictions. There can be no assurance that the relevant regulations will not be amended to the Group's disadvantage and that the ability of its PRC subsidiaries to distribute dividends to the Group will not be adversely affected.

PRC regulation of loans and direct investment by offshore holding companies to PRC entities may delay or prevent the Group from using proceeds it receives from issue of Securities under the Programme to make loans or additional capital contributions to its PRC subsidiaries

Any loans to the Group's PRC subsidiaries are subject to PRC regulations and foreign exchange loan registrations. The Group may borrow funds from offshore bank entities or use offshore equity funds to capitalise its property-related PRC subsidiaries. Any loans provided by the Group to its other PRC subsidiaries to finance their activities, which cannot exceed statutory limits, must be registered with the local counterpart of the SAFE. Any capital contributions by the Group to other PRC subsidiaries must be approved by the MOFCOM or its local counterpart in advance.

SAFE issued the Notice of the General Department of the SAFE on Improvement on Relevant Operating Issues Concerning the Foreign-Invested Enterprises' Administration of the Payment and Settlement of Capital in Foreign Currency (国家外汇管理局综合司关于完善外商投资企业外汇资本金支付结汇管理有关业务操作问题的通知) (the "Notice 142") in August 2008, which regulates the conversion by a FIE of foreign currency into RMB by restricting how the converted RMB may be used. Notice 142 requires that the RMB funds converted from the foreign currency capital of a FIE may only be used for purposes within the business scope of the relevant FIEs approved by the applicable governmental authority and cannot be used for equity investments or acquisitions within the PRC unless specifically provided for otherwise.

Violations of Notice 142 will result in severe penalties, such as heavy fines set out in the relevant foreign exchange control regulations. There can be no assurance that the Group will be able to obtain all or any of the approvals required for making loans or additional capital contributions to its PRC subsidiaries using the proceeds from the issue of the Securities under the Programme in a timely manner, or at all. Accordingly, the Group may not be able to make use of all or any of the proceeds from the issue of the Securities under the Programme to extend loans or make additional capital contributions to the Group's PRC subsidiaries.

Changes in the PRC tax laws, regulations, policies, concessions and treatment may materially and adversely affect the Group's results of operations and financial position

Currently, in accordance with industry practices, the Group is taxed according to the relevant national and local government laws and regulations relating to business tax, income tax, land appreciation tax ("LAT") and land use tax. In particular, it is widely reported that PRC government will reform the business tax payable by real estate companies into value added tax (营改增) but the timeline for such reform to come into effect, applicable tax rate and other details are still in the process of being finalised. In the event that there is a change in the tax laws, regulations, policies, concessions and treatment such as the amount and timing of the LAT prepayments/settlements and land use tax, and the removal, loss, suspension or reduction of any tax benefits or tax relief, the Group's cash flow and profits may be affected adversely, resulting in a material adverse effect on the Group's business, operations, results of operations, financial position and prospects.

The Group's properties are subject to various real (i.e. immovable) property taxes in the PRC that may increase as tax rates increase or as the properties are assessed or reassessed by relevant authorities. In addition, certain taxes such as the property tax are subject to the discretion or practice of local tax bureaus in the PRC and thus the amount of tax payable may vary.

The Group may be deemed a PRC resident enterprise under the PRC Corporate Income Tax Law and be subject to PRC taxation on its worldwide income

Under the PRC corporate income tax ("CIT") law (the "PRC CIT Law"), which came into effect on 1 January 2008, enterprises established outside the PRC whose "de facto management bodies" are located in the PRC are considered "resident enterprises" and their global income will generally be subject to the uniform 25.0 per cent. PRC CIT rate. Under the Implementation Rules for the PRC CIT Law, "de facto management bodies" is defined as the bodies that have material and overall management control over the business, personnel, accounts and properties of an enterprise.

A substantial portion of the Group's management is currently based in the PRC and may remain in the PRC. In April 2009, the SAT promulgated the Notice on the Recognition of Chinese-Controlled Enterprises Registered Abroad as Resident Enterprises based on the Standards of the Organisations of Actual Management (国家税务总局关于境外注册中资控股企业依据实际管理机构标准认定为居民企业有关问题的通知) to clarify the definition of "de facto management bodies" for enterprises incorporated overseas

with controlling shareholders being onshore enterprises or enterprise groups in the PRC. However, it remains unclear how the tax authorities will treat an overseas enterprise invested or controlled by another overseas enterprise, as in the Group's case.

Therefore, the Group may be treated as a PRC resident enterprise for PRC CIT purposes. The tax consequences of such treatment are currently unclear as they will depend on how PRC finance and tax authorities apply or enforce the PRC CIT Law and the implementation rules.

The Group faces uncertainty with respect to indirect transfers of equity interests in PRC resident enterprises by their non-PRC holding companies

Pursuant to the Notice on Strengthening Administration of Enterprise Income Tax for Equity Transfer by Non-PRC Resident Enterprises (国家税务总局关于加强非居民企业股权转让所得企业所得税管理的通知) (the "**SAT Circular 698**"), issued by the SAT, on 10 December 2009 with retroactive effect from 1 January 2008, where, among others, a non-resident enterprise transfers the equity interests of a PRC resident enterprise indirectly by disposition of the equity interests of an overseas holding company (the "**Indirect Transfer**"), and such overseas holding company is located in a tax jurisdiction that: (a) has an effective tax rate of less than 12.5 per cent. or (b) does not tax foreign income of its residents, the non-resident enterprise, being the transferor, shall complete a tax filing with the competent tax authority of the PRC resident enterprise in respect of this Indirect Transfer. Adopting a "substance over form" principle, the PRC tax authority may disregard the existence of the overseas holding company if it lacks a reasonable commercial purpose and was established for the purpose of reducing, avoiding or deferring PRC tax. As a result, gains derived from such Indirect Transfer may be subject to PRC tax at a rate of up to 10.0 per cent. SAT Circular 698 also provides that, where a non-PRC resident enterprise transfers its equity interests in a PRC resident enterprise to its related parties at a price lower than the fair market value, the relevant tax authority has the power to make a reasonable adjustment to the taxable income of the transaction. In addition, the PRC resident enterprise may be required to provide necessary assistance to support the enforcement of the SAT Circular 698.

On 3 February 2015, SAT issued the Public Notice Regarding Collection of Corporate Income Tax by Indirect Transfer of Assets by Non-Resident Companies (关于非居民企业间接转让财产企业所得税若干问题的公告) (the "**Notice 7**"). Notice 7 made partial amendments to SAT Circular 698, provided further clarifications and guidance on interpretation and application of Circular 698 and came into force on 3 February 2015.

There is uncertainty as to the application of SAT Circular 698 and Notice 7. For example, while the term "Indirect Transfer" is not clearly defined, it is understood that the relevant PRC tax authorities have jurisdiction regarding requests for information over a wide range of foreign entities having no direct contact with China. Moreover, the relevant authority has not yet promulgated any formal provisions or formally declared or stated how to calculate the effective tax rates in foreign tax jurisdictions, and the process and format of the reporting of an Indirect Transfer to the competent tax authority of the relevant PRC resident enterprise remains unclear. SAT Circular 698 may be determined by the tax authorities to be applicable to the Group's private equity financing transactions where non-resident shareholders were involved, if any of such transactions were determined by the tax authorities to lack reasonable commercial purpose. As a result, the Group and its non-resident investors may become at risk of being taxed under SAT Circular 698 and Notice 7 and may be required to expend valuable resources to comply with SAT Circular 698 and Notice 7 or to establish that the Group should not be taxed under SAT Circular 698 and Notice 7, which may have a material adverse effect on the Group's business, operations, results of operations, financial position and prospects.

In November 2013, the Issuer entered into an asset disposal agreement for the disposal of its entire equity interests in one of the Group's Hong Kong subsidiaries. As this disposal also concerned the indirect disposal of a PRC subsidiary, it may be considered as an Indirect Transfer by the relevant PRC tax authority. If this is the case, the Issuer may be required to make certain tax filings and/or pay taxes in respect of any gains from the disposal. In addition, if such filings are not made within the stipulated timeframe, the Group may be required to pay a penalty in addition to the tax payable in respect of any gains on disposal.

It may be difficult to enforce service of process upon the Group's executive officers who live in the PRC or to enforce against the Group in the PRC any judgments obtained from non-PRC courts

Some of the Group's executive officers are residents of the PRC. Therefore, it may be difficult or impossible to effect service of process upon those persons in the PRC. In addition, substantially all of the Group's assets are located within the PRC. The PRC has not entered into any treaties providing for the reciprocal recognition and enforcement of judgements of courts with the United States of America, the United Kingdom, Singapore, Japan or most other western countries. As a result, it may be difficult or impossible to enforce against the Group in the PRC any judgements obtained from non-PRC courts.

RISKS RELATING TO THE SECURITIES GENERALLY

The Securities may not be a suitable investment for all investors

Each potential investor in the Securities must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

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

Some Securities are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Securities which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Securities will perform under changing conditions, the resulting effects on the value of the Securities and the impact such investment will have on the potential investor's overall investment portfolio.

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

Modification and waivers

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

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

A change in Cayman Islands and/or Singapore law which governs the Securities may adversely affect Securityholders

The Securities are governed by Cayman Islands and Singapore law in effect as at the date of issue of the Securities. No assurance can be given as to the impact of any possible judicial decision or change to Cayman Islands and/or Singapore law or administrative practice after the date of issue of the Securities.

The Securities may be represented by Global Securities or Global Certificates and holders of a beneficial interest in a Global Security or Global Certificate must rely on the procedures of the relevant Clearing System (as defined below)

Securities issued under the Programme may be represented by one or more Global Securities or Global Certificates. Such Global Securities or Global Certificates will be deposited with or registered in the name of, or in the name of a nominee of, the Common Depositary, or lodged with CDP (each of Euroclear, Clearstream, Luxembourg, CDP and/or such other clearing system, a “**Clearing System**”). Except in the circumstances described in the relevant Global Security or Global Certificate, investors will not be entitled to receive Definitive Securities. The relevant Clearing System will maintain records of their accountholders in relation to the Global Securities and Global Certificates. While the Securities are represented by one or more Global Securities or Global Certificates, investors will be able to trade their beneficial interests only through the relevant Clearing System.

While the Securities are represented by one or more Global Securities or Global Certificates, the Issuer will discharge its payment obligations under the Securities by making payments to the Common Depositary or, as the case may be, to CDP, for distribution to their accountholders or, as the case may be, to the Relevant Issuing and Paying Agent for distribution to the holders as appearing in the records of the relevant Clearing System. A holder of a beneficial interest in a Global Security or Global Certificate must rely on the procedures of the relevant Clearing System to receive payments under the relevant Securities. The Issuer bears no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Securities or Global Certificates.

Holders of beneficial interests in the Global Securities and Global Certificates will not have a direct right to vote in respect of the relevant Securities. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System to appoint appropriate proxies.

Lack of public market for the Securities

There can be no assurance as to the liquidity of the Securities or that an active trading market will develop. If such a market were to develop, the Securities may trade at prices that may be higher or lower than the initial issue price depending on many factors, including prevailing interest rates, the Issuer's operations and the market for similar securities. The Dealers are not obliged to make a market in the Securities and any such market making, if commenced, may be discontinued at any time at the sole discretion of the relevant Dealer(s). No assurance can be given as to the liquidity of, or trading market for, the Securities.

Fluctuation of market value of the Securities issued under the Programme

Trading prices of the Securities are influenced by numerous factors, including the operating results and/or financial condition of the Issuer, its subsidiaries, associated companies (if any) and/or joint venture companies (if any), political, economic, financial and any other factors that can affect the capital markets, the industry, the Issuer, its subsidiaries, associated companies and/or joint venture companies generally. Adverse economic developments, in Singapore, the PRC and the Netherlands as well as countries in which the Issuer, its subsidiaries, associated companies (if any) and/or joint venture companies (if

any) operate or have business dealings, could have a material adverse effect on the business, financial performance and financial condition of the Issuer, its subsidiaries, associated companies (if any) and/or joint venture companies (if any).

Interest rate risk

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

Inflation risk

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

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

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

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

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

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

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

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

RISKS RELATING TO THE NOTES

Singapore tax risk

The Notes to be issued from time to time under the Programme, during the period from the date of this Information Memorandum to 31 December 2018 are, pursuant to the ITA and the MAS Circular FSD Cir 02/2013 entitled "Extension and Refinement of Tax Concessions for Promoting the Debt Market" issued by MAS on 28 June 2013, intended to be "qualifying debt securities" for the purposes of the ITA, subject to the fulfilment of certain conditions more particularly described in the section "Taxation – A. Singapore".

However, there is no assurance that such Notes will continue to enjoy the tax concessions in connection therewith should the relevant tax laws or MAS circulars be amended or revoked at any time.

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

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

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

RISKS RELATING TO THE PERPETUAL SECURITIES

Perpetual Securities may be issued for which investors have no right to require redemption

The Perpetual Securities are perpetual and have no fixed final maturity date. Perpetual Securityholders have no right to require the Issuer to redeem Perpetual Securities at any time, and an investor who acquires Perpetual Securities may only dispose of such Perpetual Securities by sale. Perpetual Securityholders who wish to sell their Perpetual Securities may be unable to do so at a price at or above the amount they have paid for them, or at all. Therefore, Perpetual Securityholders should be aware that they may be required to bear the financial risks of an investment in Perpetual Securities for an indefinite period of time.

If specified in the relevant Pricing Supplement, Perpetual Securityholders may not receive distribution payments if the Issuer elects not to pay all or a part of a distribution under the terms and conditions of the Perpetual Securities

If Optional Payment is specified in the relevant Pricing Supplement, the Issuer may, at its sole discretion, elect not to pay any scheduled distribution on the Perpetual Securities in whole or in part for any period of time. The Issuer is subject to certain restrictions in relation to the declaration or payment of distributions on its Junior Obligations and (except on a *pro rata* basis) its Parity Obligations and the redemption and repurchase of its Junior Obligations and (except on a *pro rata* basis) its Parity Obligations in the event that it does not pay a distribution in whole or in part. The Issuer is not subject to any limit as to the number of times or the amount with respect to which the Issuer can elect not to pay distributions under the Perpetual Securities. While the Issuer may, at its sole discretion, and at any time, elect to pay an Optional Distribution, being an optional amount equal to the amount of distribution which is unpaid in whole or in part, there is no assurance that the Issuer will do so, and distributions which are not paid in whole or in part may remain unpaid for an indefinite period of time. Any non-payment of a distribution in whole or in part shall not constitute a default for any purpose. Any election by the Issuer not to pay a distribution in whole or in part will likely have an adverse effect on the market price of the Perpetual Securities. In addition, as a result of the potential non-cumulative distribution feature of the Perpetual Securities and the Issuer's ability to elect not to pay a distribution in whole or in part, the market price of the Perpetual Securities may be more volatile than the market prices of other debt securities on which original issue discount or interest accrues that are not subject to such election not to pay and may be more sensitive generally to adverse changes in the Group's financial condition.

If specified in the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the Issuer's option at date(s) specified in the relevant Pricing Supplement or on the occurrence of certain other events

The Perpetual Securities are perpetual securities and have no fixed final redemption date. If specified in the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer on certain date(s) specified in the relevant Pricing Supplement at their principal amount (or such other redemption amount stated in the relevant Pricing Supplement) together with all outstanding Arrears of Distribution, Additional Distribution Amounts and distribution accrued to (but excluding) the date fixed for redemption. In addition, if specified on the relevant Pricing Supplement, the Issuer may, at its option, redeem the Perpetual Securities in whole, but not in part, on any Distribution Payment Date, or any time after such Distribution Payment Date, upon the occurrence of certain other events. See "Terms and Conditions of the Perpetual Securities – Redemption and Purchase".

The date on which the Issuer elects to redeem the Perpetual Securities may not accord with the preference of individual Perpetual Securityholders. This may be disadvantageous to Perpetual Securityholders in light of market conditions or the individual circumstances of the Perpetual Securityholder. In addition, an investor may not be able to reinvest the redemption proceeds in comparable securities at an effective distribution rate at the same level as that of the Perpetual Securities.

There are limited remedies for default under the Perpetual Securities

Any scheduled distribution will not be due if the Issuer elects not to pay all or a part of that distribution pursuant to the terms and conditions of the Perpetual Securities. Notwithstanding any of the provisions relating to non-payment defaults, the right to institute winding-up proceedings is limited to circumstances where payment has become due and the Issuer fails to make the payment when due. The only remedy against the Issuer available to any Perpetual Securityholder for recovery of amounts in respect of the Perpetual Securities following the occurrence of a payment default after any sum becomes due in respect of the Perpetual Securities will be proving in such winding-up and/or claiming in the liquidation of the Issuer in respect of any payment obligations of the Issuer arising from the Perpetual Securities.

The Issuer may raise or redeem other capital which affects the price of the Perpetual Securities

The Issuer may raise additional capital through the issue of other securities or other means. There is no restriction, contractual or otherwise, on the amount of securities or other liabilities which the Issuer may issue or incur and which rank senior to, or *pari passu* with, the Perpetual Securities. Similarly, subject to compliance with the terms and conditions of the Perpetual Securities, the Issuer may redeem securities that rank junior to, *pari passu* with, or senior to the Perpetual Securities. The issue of any such securities or the incurrence of any such other liabilities or the redemption of any such securities may reduce the amount (if any) recoverable by Perpetual Securityholders on a winding-up of the Issuer, and may increase the likelihood of a deferral of distribution under the Perpetual Securities. The issue of any such securities or the incurrence of any such other liabilities or the redemption of any such securities might also have an adverse impact on the trading price of the Perpetual Securities and/or the ability of Perpetual Securityholders to sell their Perpetual Securities.

The Subordinated Perpetual Securities are subordinated obligations

The obligations of the Issuer under the Subordinated Perpetual Securities will constitute unsecured and subordinated obligations of the Issuer. In the event of the winding-up of the Issuer, the rights of the holders of Subordinated Perpetual Securities to receive payments in respect of the Subordinated Perpetual Securities will rank senior to the holders of all Junior Obligations and *pari passu* with the holders of all Parity Obligations, but junior to the claims of all other creditors, including, for the avoidance of doubt, the holders of Senior Perpetual Securities and/or Notes. In the event of a shortfall of funds or a winding-up, there is a real risk that an investor in the Subordinated Perpetual Securities will lose all or some of its investment and will not receive a full return of the principal amount or any unpaid Arrears of Distribution, Additional Distribution Amounts or accrued distribution.

In addition, subject to the limit on the aggregate principal amount of Securities that can be issued under the Programme (which can be amended from time to time by the Issuer without the consent of the Securityholders), there is no restriction on the amount of unsubordinated securities or other liabilities which the Issuer may issue or incur and which rank senior to, or *pari passu* with, the Subordinated Perpetual Securities. The issue of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by holders of Subordinated Perpetual Securities on a winding-up of the Issuer and/or may increase the likelihood of a non-payment of distribution under the Subordinated Perpetual Securities.

Tax treatment of the Perpetual Securities is unclear

It is not clear whether any particular tranche of the Perpetual Securities (the “**Relevant Tranche of the Perpetual Securities**”) will be regarded as debt securities by the IRAS for the purposes of the ITA and whether the tax concessions available for qualifying debt securities under the qualifying debt securities scheme (as set out in the section “Taxation – A. Singapore”) would apply to the Relevant Tranche of the Perpetual Securities.

If the Relevant Tranche of the Perpetual Securities is not regarded as debt securities for the purposes of the ITA and holders thereof are not eligible for the tax concessions under the qualifying debt securities scheme, the tax treatment to holders may differ. Investors and holders of the Relevant Tranche of the Perpetual Securities should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of the Relevant Tranche of the Perpetual Securities.

PURPOSE OF THE PROGRAMME AND USE OF PROCEEDS

The net proceeds arising from the issue of Securities under the Programme will be used for general corporate purposes, including refinancing of borrowings, and financing investments and general working capital of the Group and/or such other purposes as may be specified in the relevant Pricing Supplement.

CLEARING AND SETTLEMENT

Clearance and Settlement under the Depository System

In respect of Securities which are accepted for clearance by CDP in Singapore, clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities (“**Depository System**”) maintained by CDP. Securities that are to be listed on the SGX-ST may be cleared through CDP.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

In respect of Securities which are accepted for clearance by CDP, the entire issue of the Securities is to be held by CDP in the form of a Global Security or a Global Certificate for persons holding the Securities in securities accounts with CDP (“**Depositors**”). Delivery and transfer of Securities between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors. Although CDP encourages settlement on the third business day following the trade date of debt securities, market participants may mutually agree on a different settlement period if necessary.

Settlement of over-the-counter trades in the Securities through the Depository System may only be effected through certain corporate depositors (“**Depository Agents**”) approved by CDP under the Companies Act to maintain securities sub-accounts and to hold the Securities in such securities sub-accounts for themselves and their clients. Accordingly, Securities for which trade settlement is to be effected through the Depository System must be held in securities sub-accounts with Depository Agents. Depositors holding the Securities in direct securities accounts with CDP, and who wish to trade Securities through the Depository System, must transfer the Securities to be traded from such direct securities accounts to a securities sub-account with a Depository Agent for trade settlement.

CDP is not involved in money settlement between Depository Agents (or any other persons) as CDP is not a counterparty in the settlement of trades of debt securities. However, CDP will make payment of interest and repayment of principal on behalf of issuers of debt securities.

Although CDP has established procedures to facilitate transfer of interests in the Securities in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Relevant Issuing and Paying Agent or any other agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

Clearance and Settlement under Euroclear and/or Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants, thereby eliminating the need for physical movements of certificates and any risks from lack of simultaneous transfer. Euroclear and Clearstream, Luxembourg provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg each also deals with domestic securities markets in several countries through established depository and custodial relationships. The respective systems of Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems which enables their respective participants to settle trades with one another. Euroclear and Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream, Luxembourg is also available to other financial institutions, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

A participant's overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under those rules and operating procedures only on behalf of their respective participants, and have no record of, or relationship with, persons holding any interests through their respective participants. Distributions of principal with respect to book-entry interests in the Securities held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the relevant Paying Agent, to the cash accounts of the relevant Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

TAXATION

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and the Cayman Islands and (in the case of Singapore) administrative guidelines and circulars issued by MAS and IRAS in force as at the date of this Information Memorandum and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, which changes could be made on a retroactive basis. These laws, guidelines and circulars are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Information Memorandum are intended or are to be regarded as advice on the tax position of any holder of the Securities or of any person acquiring, selling or otherwise dealing with the Securities or on any tax implications arising from the acquisition, sale or other dealings in respect of the Securities. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Securities and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Holders or prospective holders of the Securities are advised to consult their own professional tax advisers as to the Cayman Islands, Singapore, or other tax consequences of the acquisition, ownership of or disposal of the Securities, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Issuer, the Arrangers and any other persons involved in the Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Securities.

In addition, the disclosure below is on the assumption that the IRAS regards each tranche of the Perpetual Securities as “debt securities” for the purposes of the ITA and that distribution payments made under each tranche of the Perpetual Securities will be regarded as interest payable on indebtedness and holders thereof may therefore enjoy the tax concessions and exemptions available for qualifying debt securities, provided that the other conditions for the qualifying debt securities scheme are satisfied. If any tranche of the Perpetual Securities is not regarded as “debt securities” for the purposes of the ITA, any distribution payment made under any tranche of the Perpetual Securities is not regarded as interest payable on indebtedness or holders thereof are not eligible for the tax concessions under the qualifying debt securities scheme, the tax treatment to holders may differ. Investors and holders of any tranche of the Perpetual Securities should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of any tranche of the Perpetual Securities.

A. SINGAPORE

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 15.0.0 per cent. final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17.0 per cent. The applicable rate for non-resident individuals is currently 20.0 per cent.

However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15.0 per cent. The rate of 15.0 per cent. may be reduced by applicable tax treaties. Pursuant to the Singapore Budget Statement 2015, it was announced that the highest marginal tax rate for Singapore-resident individuals will be increased to 22.0 per cent. with effect from the year of assessment 2017. It is therefore possible that the above-mentioned withholding tax rate for non-resident individuals may similarly be increased from 20.0 per cent. to 22.0 per cent.

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. and Oversea-Chinese Banking Corporation Limited, each of which is a Financial Sector Incentive (Capital Market) Company or Financial Sector Incentive (Standard Tier) Company (as defined in the ITA) at such time, any tranche of the Securities (the “**Relevant Securities**”) issued as debt securities under the Programme during the period from the date of this Information Memorandum to 31 December 2018 would be, pursuant to the ITA and the MAS Circular FSD Cir 02/2013 entitled “Extension and Refinement of Tax Concessions for Promoting the Debt Market” issued by MAS on 28 June 2013 (the “**MAS Circular**”), qualifying debt securities (“**QDS**”) for the purposes of the ITA, to which the following treatment shall apply:

- (i) subject to certain prescribed conditions having been fulfilled (including the furnishing of a return on debt securities for the Relevant Securities in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the Relevant Securities as the relevant authorities may require to MAS and such other relevant authorities as may be prescribed, and the inclusion by the Issuer in all offering documents relating to the Relevant Securities of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Securities is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Securities using the funds and profits of such person’s operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the “**Qualifying Income**”) from the Relevant Securities derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Securities are not obtained from such person’s operation through a permanent establishment in Singapore, are exempt from Singapore tax;
- (ii) subject to certain conditions having been fulfilled (including the furnishing of a return on debt securities for the Relevant Securities in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the Relevant Securities as the relevant authorities may require to MAS and such other relevant authorities as may be prescribed), Qualifying Income from the Relevant Securities derived by any

company or body of persons (as defined in the ITA) in Singapore is subject to income tax at a concessionary rate of 10.0 per cent. (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and

(iii) subject to:

- (aa) the Issuer including in all offering documents relating to the Relevant Securities a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Relevant Securities is not exempt from tax shall include such income in a return of income made under the ITA; and
- (bb) the furnishing of a return on debt securities for the Relevant Securities in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the Relevant Securities as the relevant authorities may require to MAS and such other relevant authorities as may be prescribed,

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

Notwithstanding the foregoing:

- (A) if during the primary launch of any tranche of Relevant Securities, the Relevant Securities of such tranche are issued to fewer than four persons and 50.0 per cent. or more of the issue of such Relevant Securities is beneficially held or funded, directly or indirectly, by related parties of the Issuer, such Relevant Securities would not qualify as QDS; and
- (B) even though a particular tranche of Relevant Securities are QDS, if, at any time during the tenure of such tranche of Relevant Securities, 50.0 per cent. or more of such Relevant Securities which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income derived from such Relevant Securities held by:
 - (I) any related party of the Issuer; or
 - (II) any other person where the funds used by such person to acquire such Relevant Securities are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term “**related party**”, in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

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

“prepayment fee”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities;

“redemption premium”, in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity; and

“break cost”, in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption.

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

Where interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) is derived from the Relevant Securities by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS under the ITA (as mentioned above) shall not apply if such person acquires such Relevant Securities using the funds and profits of such person’s operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) derived from the Relevant Securities is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the ITA.

Under the Qualifying Debt Securities Plus Scheme (“**QDS Plus Scheme**”), subject to certain conditions having been fulfilled (including the furnishing of a return on debt securities in respect of the QDS in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the QDS as the relevant authorities may require to MAS and such other relevant authorities as may be prescribed), income tax exemption is granted on Qualifying Income from QDS (excluding Singapore Government Securities) which,

- (a) are issued during the period from 16 February 2008 to 31 December 2018;
- (b) have an original maturity of not less than 10 years;
- (c) cannot 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 Securities are QDS which qualify under the QDS Plus Scheme, if, at any time during the tenure of such tranche of Relevant Securities, 50.0 per cent. or more of such Relevant Securities which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income from such Relevant Securities derived by:

- (i) any related party of the Issuer; or
- (ii) any other person where the funds used by such person to acquire such Relevant Securities are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption under the QDS Plus Scheme as described above.

The MAS Circular states that, with effect from 28 June 2013, the QDS Plus Scheme will be refined to allow QDS with certain standard early termination clauses (as prescribed in the MAS Circular) to qualify for the QDS Plus Scheme at the point of issuance of such debt securities. MAS has also clarified that if such debt securities are subsequently redeemed prematurely pursuant to such standard early termination clauses before the 10th year from the date of issuance of such debt securities, the tax exemption granted under the QDS Plus Scheme to Qualifying Income accrued prior to such redemption will not be clawed back. Under such circumstances, the QDS Plus status of such debt securities will be revoked prospectively for such outstanding debt securities (if any), and holders thereof may still enjoy the tax benefits under the QDS scheme if the QDS conditions continue to be met.

MAS has stated that, notwithstanding the above, QDS with embedded options with economic value (such as call, put, conversion or exchange options which can be triggered at specified prices or dates and are built into the pricing of such debt securities at the onset) which can be exercised within ten years from the date of issuance of such debt securities will continue to be excluded from the QDS Plus Scheme from such date of issuance.

2. Capital Gains

Any gains considered to be in the nature of capital made from the sale of the Securities will not be taxable in Singapore. However, any gains derived by any person from the sale of the Securities which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Securities who apply or are required to apply the Financial Reporting Standard 39 – Financial Instruments: Recognition and Measurement (“**FRS 39**”), may for Singapore income tax purposes be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Securities, irrespective of disposal, in accordance with FRS 39. Please see the section below on “Adoption of FRS 39 Treatment for Singapore Income Tax Purposes”.

3. Adoption of FRS 39 Treatment for Singapore Income Tax Purposes

The IRAS has issued a circular entitled “Income Tax Implications Arising from the Adoption of FRS 39 - Financial Instruments: Recognition & Measurement” (the “**FRS 39 Circular**”). The ITA has since been amended to give effect to the FRS 39 Circular.

The FRS 39 Circular generally applies, subject to certain “opt-out” provisions, to taxpayers who are required to comply with FRS 39 for financial reporting purposes.

Holders of the Securities who may be subject to the tax treatment under the FRS 39 Circular should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Securities.

4. Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

B. CAYMAN ISLANDS

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Issuer levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are not party to any double tax treaties.

SUBSCRIPTION, PURCHASE AND DISTRIBUTION

The Programme Agreement provides for Securities to be offered from time to time through one or more Dealers. The price at which a Series or Tranche will be issued will be determined prior to its issue between the Issuer and the relevant Dealer(s). The obligations of the Dealers under the Programme Agreement will be subject to certain conditions set out in the Programme Agreement. Each Dealer (acting as principal) will subscribe or procure subscribers for Securities from the Issuer pursuant to the Programme Agreement.

United States

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

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

Each Dealer has agreed that, and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Programme Agreement, it will not offer, sell or deliver the Securities, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of an identifiable tranche of which such Securities are a part, as determined and certified to the Issuing and Paying Agent by such Dealer (or, in the case of an identifiable tranche of Securities sold to or through more than one Dealer, by each of such Dealers with respect to Securities of an identifiable tranche purchased by or through it, in which case the Issuing and Paying Agent shall notify such Dealer when all such Dealers have so certified), within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each Dealer to which it sells Securities during the distribution compliance period a confirmation or other notice setting out the restrictions on offers and sales of the Securities within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering of any identifiable tranche of Securities, an offer or sale of Securities within the United States by any dealer (whether or not participating in the offering of such Securities) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration requirements under the Securities Act.

United Kingdom

Each Dealer represents and agrees that:

- (i) in relation to any Securities which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Securities other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Securities would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the “FSMA”) by the Issuer;
- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Securities in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and

- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Securities in, from or otherwise involving the United Kingdom.

European Economic Area: Public Offer Selling Restriction under the Prospectus Directive

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Dealer represents and agrees that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Securities which are the subject of the offering contemplated by the Information Memorandum as completed by the pricing supplement in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Securities to the public in that Relevant Member State:

- (i) if the Pricing Supplement in relation to the Securities specify that an offer of those Securities may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a “**Non-exempt Offer**”), following the date of publication of a prospectus in relation to such Securities which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the final terms contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or final terms, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;
- (ii) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (iii) at any time to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Dealers; or
- (iv) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Securities referred to in paragraphs (ii) to (iv) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “**offer of Securities to the public**” in relation to any Securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe the Securities, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression “**Prospectus Directive**” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression “**2010 PD Amending Directive**” means Directive 2010/73/EU.

Cayman Islands

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to agree, that no offer or invitation to subscribe for the Securities has been or will be made to the public in the Cayman Islands.

Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Securities other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other

circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

Singapore

Each Dealer has acknowledged that this Information Memorandum has not been registered as a prospectus with the MAS. Accordingly, each Dealer has represented, warranted and agreed that it has not offered or sold any Securities or caused the Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell any Securities or cause the Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Securities, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

General

No action has been taken in any jurisdiction that would permit a public offering of any of the Securities, or possession or distribution of this Information Memorandum or any other document or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it will comply with all applicable securities laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers Securities or any interest therein or rights in respect thereof or has in its possession or distributes the Information Memorandum, any other document or any Pricing Supplement.

Any person who may be in doubt as to the restrictions set out in the SFA or the laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers the Securities or any interest therein or rights in respect thereof and the consequences arising from a contravention thereof should consult his own professional advisers and should make his own inquiries as to the laws, regulations and directives in force or applicable in any particular jurisdiction at any relevant time.

GENERAL AND OTHER INFORMATION

APPROVAL

1. The establishment of the Programme has been approved by the Board of Directors of the Issuer on 28 April 2015.

CHANGES IN ACCOUNTING POLICIES

2. There has been no significant change in the accounting policies of the Issuer since its audited consolidated financial statements for the financial year ended 31 December 2014.

LITIGATION

3. There are no legal or arbitration proceedings pending or threatened against the Issuer or any of its subsidiaries the outcome of which may have or have had during the 12 months prior to the date of this Information Memorandum a material adverse effect on the financial position of the Issuer or the Group.

MATERIAL ADVERSE CHANGE

4. There has been no material adverse change in the financial condition or business of the Issuer or the Group since 31 December 2014.

CONSENT

5. KPMG 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

6. Copies of the following documents may be inspected at the business office of the Issuer in Singapore at 63 Market Street, #06-03 Bank of Singapore Centre, Singapore 048942 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;
 - (c) the letter of consent referred to in paragraph 5 above; and
 - (d) the audited consolidated financial statements of the Group for the financial years ended 31 December 2013 and 31 December 2014.

FUNCTIONS, RIGHTS AND OBLIGATIONS OF THE TRUSTEE

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

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF FIRST SPONSOR
GROUP LIMITED AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2013**

The information in this Appendix II has been reproduced from the auditor's report on the consolidated financial statements of First Sponsor Group Limited and its subsidiaries for the financial year ended 31 December 2013 and has not been specifically prepared for inclusion in this Information Memorandum.



**First Sponsor Group Limited
and its subsidiaries**

(Incorporated in the Cayman Islands)

Annual Report
Year ended 31 December 2013



KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Telephone +65 6213 3388
Fax +65 6225 0984
Internet www.kpmg.com.sg

Independent auditors' report

Members of the Company
First Sponsor Group Limited

We have audited the accompanying non-statutory financial statements of First Sponsor Group Limited (the Company) and its subsidiaries (the Group), which comprise the statements of financial position of the Group and the Company as at 31 December 2013, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information, as set out on pages FS1 to FS79.

Management's responsibility for the non-statutory financial statements

Management is responsible for the preparation and fair presentation of these non-statutory financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of non-statutory financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these non-statutory 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 non-statutory financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-statutory financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the non-statutory financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of non-statutory financial statements 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 non-statutory financial statements.

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



*First Sponsor Group Limited
and its Subsidiaries
Independent auditors' report
Year ended 31 December 2013*

Opinion

In our opinion, the non-statutory financial statements present fairly, in all material respects, the state of affairs of the Group and the Company as at 31 December 2013 and the results, changes in equity and cash flows of the Group for the year ended on that date in accordance with International Financial Reporting Standards.

KPMG LLP

KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore

7 February 2014

**Statements of Financial Position
As at 31 December 2013**

	Note	2013 \$	Group 2012 \$ Restated* and Re- presented**	2011 \$ Restated* and Re- presented**	2013 \$	Company 2012 \$ Re- presented**	2011 \$ Re- presented**
Non-current assets							
Property, plant and equipment	4	81,022,692	7,729,126	12,535,021	—	—	—
Intangible assets	5	—	34,110	56,821	—	—	—
Investment properties	6	80,137,491	120,884,762	108,122,683	—	—	—
Lease prepayments	7	3,009,026	71,208,312	70,646,084	—	—	—
Interests in subsidiaries	8	—	—	—	535,757,164	222,409,749	283,980,091
Other receivables	9	8,037,658	34,365,287	24,477,107	—	1,586,115	1,531,615
Deferred tax assets	10	10,302,907	5,585,376	1,838,759	—	—	—
		<u>182,509,774</u>	<u>239,806,973</u>	<u>217,676,475</u>	<u>535,757,164</u>	<u>223,995,864</u>	<u>285,511,706</u>
Current assets							
Lease prepayments	7	43,542	1,503,614	1,422,531	—	—	—
Development properties	11	333,838,748	321,416,982	336,472,604	—	—	—
Inventories		31,923	—	—	—	—	—
Trade and other receivables	9	128,103,259	100,297,133	140,192,295	39,975,357	93,391,736	29,635,222
Cash and cash equivalents	12	311,154,534	97,415,361	74,691,279	6,867,956	118,373	—
		<u>773,172,006</u>	<u>520,633,090</u>	<u>552,778,709</u>	<u>46,843,313</u>	<u>93,510,109</u>	<u>29,635,222</u>
Total assets		<u>955,681,780</u>	<u>760,440,063</u>	<u>770,455,184</u>	<u>582,600,477</u>	<u>317,505,973</u>	<u>315,146,928</u>
Equity attributable to owners of the Company							
Share capital	13	363,317,212	363,317,212	363,317,212	363,317,212	363,317,212	363,317,212
Reserves	14	92,562,978	13,003,227	(18,886,830)	(45,118,712)	(53,615,064)	(51,489,176)
		<u>455,880,190</u>	<u>376,320,439</u>	<u>344,430,382</u>	<u>318,198,500</u>	<u>309,702,148</u>	<u>311,828,036</u>
Non-controlling interests		—	5,903,151	7,155,385	—	—	—
Total equity		<u>455,880,190</u>	<u>382,223,590</u>	<u>351,585,767</u>	<u>318,198,500</u>	<u>309,702,148</u>	<u>311,828,036</u>

* See note 30

** See note 2.3 – change in presentation currency

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

**Statements of Financial Position (cont'd)
As at 31 December 2013**

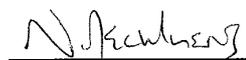
	Note	2013 \$	Group 2012 \$ Re- presented**	2011 \$ Re- presented**	2013 \$	Company 2012 \$ Re- presented**	2011 \$ Re- presented**
Non-current liabilities							
Deferred tax liabilities	10	12,164,898	22,097,403	20,256,996	-	-	-
Loans and borrowings	15	-	115,846,500	-	-	-	-
		<u>12,164,898</u>	<u>137,943,903</u>	<u>20,256,996</u>	<u>-</u>	<u>-</u>	<u>-</u>
Current liabilities							
Trade and other payables	16	460,301,598	176,101,871	256,929,175	264,401,977	7,803,825	3,318,892
Loans and borrowings	15	-	37,170,000	133,812,000	-	-	-
Current tax payable		27,335,094	27,000,699	7,871,246	-	-	-
		<u>487,636,692</u>	<u>240,272,570</u>	<u>398,612,421</u>	<u>264,401,977</u>	<u>7,803,825</u>	<u>3,318,892</u>
Total liabilities		<u>499,801,590</u>	<u>378,216,473</u>	<u>418,869,417</u>	<u>264,401,977</u>	<u>7,803,825</u>	<u>3,318,892</u>
Total equity and liabilities		<u>955,681,780</u>	<u>760,440,063</u>	<u>770,455,184</u>	<u>582,600,477</u>	<u>317,505,973</u>	<u>315,146,928</u>

** See note 2.3 – change in presentation currency

For and on behalf of the Board of Directors



Ho Han Leong Calvin
Director



Neo Teck Pheng
Director

7 February 2014

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

**Consolidated Statement of Profit or Loss
Year ended 31 December 2013**

	Note	Group 2013 \$	2012 \$ Restated * and Re-presented**
Continuing operations			
Revenue	17	157,531,944	148,006,105
Cost of sales		<u>(110,537,410)</u>	<u>(82,997,480)</u>
Gross profit		46,994,534	65,008,625
Administrative expenses		(8,992,080)	(7,509,610)
Selling expenses		(3,922,979)	(2,249,174)
Other income/(expenses)		16,406,102	(5,110,956)
Other gains	19	<u>6,468,457</u>	<u>328,671</u>
Results from operating activities		<u>56,954,034</u>	<u>50,467,556</u>
Finance income		2,564,238	1,530,244
Finance costs		–	–
Net finance income	18	<u>2,564,238</u>	<u>1,530,244</u>
Profit before income tax	19	59,518,272	51,997,800
Income tax expense	20	<u>(11,887,491)</u>	<u>(20,943,933)</u>
Profit from continuing operations		47,630,781	31,053,867
Discontinued operations:			
Profit from discontinued operations (net of tax)	21	–	1,440,915
Profit for the year		<u>47,630,781</u>	<u>32,494,782</u>
Attributable to:			
Equity holders of the Company		47,990,953	33,710,035
Non-controlling interests		<u>(360,172)</u>	<u>(1,215,253)</u>
Profit for the year		<u>47,630,781</u>	<u>32,494,782</u>
Earnings per share			
Basic and diluted (cents)	22	<u>16.54</u>	<u>11.61</u>
Earnings per share – continuing operations			
Basic and diluted (cents)	22	<u>16.54</u>	<u>11.12</u>

* See note 30

** See note 2.3 – change in presentation currency

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

**Consolidated Statement of Comprehensive Income
Year ended 31 December 2013**

	Group	
	2013	2012
	\$	\$
	Re-presented*	
Profit for the year	47,630,781	32,494,782
Other comprehensive income		
Items that are or may be reclassified		
subsequently to profit or loss:		
Realisation of foreign currency translation reserve arising from disposal of subsidiaries	(1,543,474)	—
Translation differences on financial statements of foreign subsidiaries, net of tax	24,411,130	(3,325,389)
Translation differences on monetary items forming part of net investment in foreign subsidiaries, net of tax	8,957,163	1,468,430
Other comprehensive income for the year, net of tax	31,824,819	(1,856,959)
Total comprehensive income for the year	79,455,600	30,637,823
Total comprehensive income attributable to:		
Equity holders of the Company	79,559,751	31,890,057
Non-controlling interests	(104,151)	(1,252,234)
Total comprehensive income for the year	79,455,600	30,637,823

* See note 2.3 – change in presentation currency

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

**Consolidated Statements of Changes in Equity
Year ended 31 December 2013**

	Share capital	Reserve for own shares	Capital reserve	Foreign currency translation reserve	Retained earnings	Total attributable to equity holders of the Company	Non-controlling interests	Total equity
	\$	\$	\$	\$	\$	\$	\$	\$
Group								
At 1 January 2012*	363,317,212	(3,717,000)	(1,563,402)	28,397,528	(42,003,956)	344,430,382	7,155,385	351,585,767
Total comprehensive income for the year								
Profit for the year	-	-	-	-	33,710,035	33,710,035	(1,215,253)	32,494,782
Translation differences on financial statements of foreign subsidiaries, net of tax	-	-	-	(3,288,408)	-	(3,288,408)	(36,981)	(3,325,389)
Translation differences on monetary items forming part of net investment in foreign subsidiaries, net of tax	-	-	-	1,468,430	-	1,468,430	-	1,468,430
Total comprehensive income for the year	-	-	-	(1,819,978)	33,710,035	31,890,057	(1,252,234)	30,637,823
At 31 December 2012	363,317,212	(3,717,000)	(1,563,402)	26,577,550	(8,293,921)	376,320,439	5,903,151	382,223,590

* See note 2.3 – change in presentation currency

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

Consolidated Statements of Changes in Equity (cont'd)
Year ended 31 December 2013

Group	Share capital \$	Reserve for own shares \$	Statutory reserve \$	Capital reserve \$	Foreign currency translation reserve \$	Retained earnings \$	Total attributable to equity holders of the Company \$	Non-controlling interests \$	Total equity \$
At 1 January 2013	363,317,212	(3,717,000)	—	(1,563,402)	26,577,550	(8,293,921)	376,320,439	5,903,151	382,223,590
Total comprehensive income for the year	—	—	—	—	—	47,990,953	47,990,953	(360,172)	47,630,781
Profit for the year	—	—	—	—	—	—	(1,543,474)	—	(1,543,474)
Exchange differences realised on disposal of subsidiaries	—	—	—	—	(1,543,474)	—	—	—	—
Translation differences on financial statements of foreign subsidiaries, net of tax	—	—	—	—	24,155,109	—	24,155,109	256,021	24,411,130
Translation differences on monetary items forming part of net investment in foreign subsidiaries, net of tax	—	—	—	—	8,957,163	—	8,957,163	—	8,957,163
Total comprehensive income for the year	—	—	—	—	31,568,798	47,990,953	79,559,751	(104,151)	79,455,600
Transaction with owners, recognised directly in equity	—	—	—	—	—	—	—	—	—
Contributions by and distributions to owners	—	—	10,190,296	—	—	—	—	3,081,000	3,081,000
Contribution by non-controlling interests	—	—	—	—	—	—	—	—	—
Transfer to statutory reserves	—	—	10,190,296	—	—	(10,190,296)	—	—	—
Dividend paid to non-controlling interests of a subsidiary	—	—	—	—	—	—	—	(2,033,460)	(2,033,460)
Total contributions by and distributions to owners	—	—	10,190,296	—	—	(10,190,296)	—	1,047,540	1,047,540

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

*First Sponsor Group Limited
and its Subsidiaries
Financial statements
Year ended 31 December 2013*

	Share capital \$	Reserve for own shares \$	Statutory reserve \$	Capital reserve \$	Foreign currency translation reserve \$	Retained earnings \$	Total attributable to equity holders of the Company \$	Non- controlling interests \$	Total equity \$
Changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	(6,846,540)	(6,846,540)
Disposal of subsidiaries	-	-	-	-	-	-	-	(6,846,540)	(6,846,540)
Total changes in ownership interests in subsidiaries	-	-	-	-	-	-	-	(6,846,540)	(6,846,540)
Total transactions with owners of the Company	-	-	10,190,296	-	-	(10,190,296)	-	(5,799,000)	(5,799,000)
At 31 December 2013	363,317,212	(3,717,000)	10,190,296	(1,563,402)	58,146,348	29,506,736	455,880,190	-	455,880,190

Changes in ownership interests in subsidiaries

Disposal of subsidiaries
Total changes in ownership interests in subsidiaries

Total transactions with owners of the Company

At 31 December 2013

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

**Consolidated Statement of Cash Flows
Year ended 31 December 2013**

	Note	Group 2013 \$	2012 \$ Re-presented*
Cash flows from operating activities			
Profit for the year		47,630,781	32,494,782
Adjustments for:			
Amortisation of intangible assets	5	12,636	8,346
Amortisation of lease prepayments	7	724,683	1,472,611
Depreciation of property, plant and equipment	4	739,695	860,577
Fair value (gain)/loss on investment properties	6	(5,475,131)	3,865,488
Finance income	18	(2,564,238)	(1,530,244)
Gain on disposal of:			
- discontinued operations (net of tax)		-	(2,996,174)
- property, plant and equipment		(55,473)	(25,060)
- subsidiaries	23	(6,422,700)	-
Impairment loss reversed on:			
- trade receivables	9	(311,505)	(46,325)
- other receivables and deposits	9	(21,112,176)	(5,851,897)
Loss/(Gain) on dissolution of subsidiaries		9,716	(303,611)
Write-off of:			
- property, plant and equipment		-	26,678
- intangible assets		-	14,013
Income tax expense	20	11,887,491	20,972,404
		<u>25,063,779</u>	<u>48,961,588</u>
Change in working capital:			
Development properties		28,682,162	5,543,992
Inventories		(31,113)	(129,422)
Trade and other receivables		(27,011,226)	77,781,031
Trade and other payables		113,969,917	(125,693,310)
Cash generated from operations		<u>140,673,519</u>	<u>6,463,879</u>
Interest received		7,964,481	3,853,630
Income tax paid		(17,145,014)	(4,096,913)
Net cash from operating activities		<u>131,492,986</u>	<u>6,220,596</u>

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

**Consolidated Statement of Cash Flows (cont'd)
Year ended 31 December 2013**

	Note	2013 \$	Group 2012 \$ Re-presented*
Cash flows from investing activities			
Advances/Loans to third parties		(20,350,000)	(73,935,497)
Repayment of advances/loans by third parties		32,610,875	35,218,206
Interest received		9,198,412	4,293,204
Lease prepayments		(22,986,738)	(3,224,219)
Proceeds from disposal of:			
- discontinued operations	21	–	9,633,804
- property, plant and equipment		420,611	54,483
- subsidiaries	23	26,630,960	–
Payment for additions to:			
- intangible assets		(28,863)	–
- investment properties		(21,061,423)	(16,283,621)
- property, plant and equipment		(2,734,371)	(815,667)
Receipt of remaining consideration on the disposal of a subsidiary in prior years from a former director of the Company		24,013,000	–
Refund of deposit for acquisition of an investee company		2,450,140	–
Net cash generated from/(used in) investing activities		<u>28,162,603</u>	<u>(45,059,307)</u>
Cash flows from financing activities			
Advances from non-controlling interests		191,374	177,919
Contribution from non-controlling interest		3,081,000	–
Dividend paid to non-controlling interests		(2,033,460)	–
Increase in amount due to immediate holding company, non-trade		199,297,754	47,631,034
Interest paid		(3,417,530)	(5,521,569)
Loans from:			
- a shareholder of the immediate holding company		–	70,003,500
- an affiliated corporation		–	8,673,000
Repayment of loans to:			
- a shareholder of the immediate holding company		(57,613,500)	(12,390,000)
- an affiliated corporation		(95,403,000)	(47,082,000)
Net cash from financing activities		<u>44,102,638</u>	<u>61,491,884</u>
Net increase in cash and cash equivalents		203,758,227	22,653,173
Cash and cash equivalents at beginning of the year		97,415,361	74,691,279
Effect of exchange rate changes on balances held in foreign currencies		9,980,946	70,909
Cash and cash equivalents at end of the year	12	<u>311,154,534</u>	<u>97,415,361</u>

*See note 2.3 – change in presentation currency

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

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were approved by the Board of Directors on 7 February 2014.

1 Domicile and activities

First Sponsor Group Limited (the Company) is incorporated in the Cayman Islands and has its registered office at Clifton House, 75 Fort Street, P.O. Box 1350, George Town, Grand Cayman KYI-1108, Cayman Islands.

The principal activities of the Company are those relating to investment holding. The principal activities of the subsidiaries are those relating to investment holding, property development and sales, property investment, hotel ownership and operations and provision of property financing services.

The consolidated financial statements relate to the Company and its subsidiaries (together referred to as the Group and individually as Group entities).

The directors consider the immediate and ultimate holding companies to be First Sponsor Capital Limited (FSCL) and First Sponsor Management Limited, respectively. Both companies are incorporated in the British Virgin Islands.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except for investment properties which are measured at fair value.

2.3 Functional and presentation currency

The financial statements are presented in Singapore dollars, which is the Company's functional currency.

Change in functional currency and presentation currency

With effect from 31 October 2013, as a result of a change in underlying transactions, events and conditions relevant to the Company, the functional currency of the Company was changed from the United States dollar to the Singapore dollar.

In line with the change in functional currency, the presentation currency was also changed from the United States dollar to the Singapore dollar. The comparative information has been translated from the United States dollar (US\$) to the Singapore dollar (\$) based on the exchange rate of US\$1: \$1.239.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in notes 4 and 7 – Legal title to land use right.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Notes 3.16 and 20 – Estimation of provisions for current and deferred taxation
- Note 4 – Estimation of recoverable amounts, useful lives and residual values of property, plant and equipment
- Notes 6 and 26 – Valuation of investment properties
- Note 7 – Estimation of recoverable amounts of lease prepayments
- Note 8 – Measurement of recoverable amounts of investments in and balances with subsidiaries
- Note 11 – Measurement of realisable amounts of properties under development and completed properties for sale
- Note 25 – Valuation of financial instruments

2.5 Changes in accounting policies

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards with an initial application of 1 January 2013.

- IFRS 10 *Consolidated Financial Statements (2011)*
- IFRS 13 *Fair Value Measurement*
- Amendments to IAS 1 *Presentation of Items of Other Comprehensive Income*

(i) Subsidiaries

As a result of the adoption of IFRS 10, the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. IFRS 10 introduces a new control model that is applicable to all investees, by focusing on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and the ability to use its power to affect those returns. In particular, IFRS 10 requires the Group to consolidate investees that it controls on the basis of *de facto* circumstances.

In accordance with the transitional provisions of IFRS 10, the Group re-assessed the control conclusion for its investees at 1 January 2013. The adoption of IFRS 10 has no significant impact on the Group's assessments of its control over its subsidiaries.

(ii) Fair value measurement

IFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other FRSS. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other IFRSS, including IFRS 7 *Financial Instruments: Disclosures*.

From 1 January 2013, in accordance with the transitional provisions of IFRS 13, the Group has applied the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Group's assets and liabilities. The additional disclosures necessary as a result of the adoption of this standard has been included in notes 25 and 26.

(iii) Presentation of items of other comprehensive income

From 1 January 2013, as a result of the amendments to IAS 1, the Group has modified the presentation of items of other comprehensive income in its statement of comprehensive income, to present separately items that would be reclassified to profit or loss in the future from those that would never be. Comparative information has also been re-presented accordingly.

The adoption of the amendment to IAS 1 has no impact on the recognised assets, liabilities and comprehensive income of the Group.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, except as explained in note 2.5, which addresses the changes in accounting policies.

The comparative financial statements have been re-presented as a result of the change in presentation currency (see note 2.3). In addition, certain comparative amounts have been reclassified to conform with current year's presentation (see note 30).

3.1 Consolidation

Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group (see below). The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment (see note 3.9).

The Group measures goodwill at the acquisition date as:

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

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

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

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

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

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date. The measurement basis taken is elected on a transaction-by-transaction basis. All other non-controlling interests are measured at acquisition-date fair value, unless another measurement basis is required by IFRSs.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

Subsidiaries

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

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Acquisition from entities under common control

Business combinations arising from transfer of interests in entities that are under the control of the shareholder that controls the Group are accounted for using book value accounting. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any gain/loss arising is recognised directly in equity.

In the separate financial statements, the acquirer and the transferor in a common control transaction account for the common control transaction using book value accounting. The gain/loss arising is recognised directly in equity.

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Subsidiaries in the separate financial statements

Investments in subsidiaries are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3.2 *Foreign currency*

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss.

Foreign operations

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

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest.

Net investment in a foreign operation

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation. These are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity. When the monetary item is either fully or partly settled, the relevant amount in the foreign currency translation reserve is transferred to profit or loss as part of the foreign exchange gains or losses.

3.3 *Property, plant and equipment*

Recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the item, and is recognised net as other gains or other losses in consolidated statement of profit or loss.

Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property. Any gain arising on remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognised immediately in profit or loss.

When the property is sold, the related amount in the revaluation reserve is transferred to retained earnings.

Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

No depreciation is provided on construction-in-progress until the work is completed.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

The estimated useful lives for the current and comparative periods are as follows:

Buildings

• Core component of hotel building	35 years
• Other building	50 years
• Surface, finishes and services of hotel building	30 years
Plant and machinery	5 to 15 years
Equipment and furniture	5 to 10 years
Motor vehicles	5 to 10 years

Residual values ascribed to the core component of the hotel building depend on the nature, location and tenure of the hotel property. No residual values are ascribed to building surface, finishes and services of the hotel building.

3.4 Intangible assets

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see note 3.1.

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

3.5 Investment properties

Investment properties are properties (including the leasehold interest under an operating lease for a property) held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

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

Property that is being constructed for future use as investment property is accounted for at fair value.

Transfers

Transfers to, or from, investment properties are made when there is a change in use, evidenced by:

- commencement of development with a view to sell, for a transfer from investment properties to development properties;
- commencement of an operating lease to another party, for a transfer from development properties or property, plant and equipment to investment properties; or
- commencement of occupation by owner, for a transfer from investment properties to property, plant and equipment.

When the use of a property changes such that it is reclassified as investment properties, its fair value at the date of transfer becomes its cost for subsequent accounting.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of transfer becomes its cost for subsequent accounting.

3.6 *Leased assets*

Leases that the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised in the Group's and Company's statements of financial position.

Lease prepayments

Prepaid land lease payments under operating leases, classified as interests in leasehold land held for own use and lease prepayments, are stated at cost less accumulated amortisation and accumulated impairment losses (see note 3.9). Amortisation is recognised in profit or loss on a straight-line basis over the terms of the land use rights of 40 to 50 years.

3.7 *Financial instruments*

Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

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

The Group classifies non-derivative financial assets into the following categories: held-to-maturity financial assets and loans and receivables.

Held-to-maturity financial assets

If the Group has the positive intent and ability to hold debt securities to maturity, then such financial assets are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses. Any sale or reclassification of a more than insignificant amount of held-to-maturity investments not close to their maturity would result in the reclassification of all held-to-maturity investments as available-for-sale, and prevent the Group from classifying investment securities as held-to-maturity for the current and the following two financial years.

Held-to-maturity financial assets comprise debt securities.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents and trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank deposits and term deposits that are readily convertible into known amounts of cash and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

Non-derivative financial liabilities

All financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or when they expire.

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

The Group classifies non-derivative financial liabilities into the other financial liabilities category.

Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, and trade and other payables.

Financial guarantees

Financial guarantees are financial instruments issued by the Group that requires the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees are recognised initially at fair value and are classified as financial liabilities. Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the amount that would be recognised if they were accounted for as contingent liabilities. When financial guarantees are terminated before their original expiry date, the carrying amount of the financial guarantees is transferred to profit or loss.

Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own shares account. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in non-distributable capital reserve.

3.8 *Development properties*

Properties under development for sale

Properties under development are those properties which are held with the intention of development and sale in the ordinary course of business. They are stated at the lower of cost and estimated net realisable value. Net realisable value represents the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses.

The cost of properties under development for sale comprise specifically identified costs, including the prepaid land lease payments, acquisition costs, development expenditure, capitalised borrowing costs and other related expenditure. Borrowing costs payable on loans funding a development property are capitalised, on a specific identification basis, as part of the cost of the properties under development for sale until the completion of development. When completed, the properties under development are classified as completed properties for sale.

Completed properties for sale

Completed properties for sale are stated at lower of cost or net realisable value. Cost is determined by apportionment of the total land cost, development costs and capitalised borrowing costs based on floor area of the unsold properties. Net realisable value is determined by reference to sale proceeds of properties sold in the ordinary course of business less all estimated selling expenses; or is estimated by management in the absence of comparable transactions after taking into consideration prevailing market conditions.

3.9 *Impairment*

Non-derivative financial assets

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

Loans and receivables and held-to-maturity investment securities

The Group considers evidence of impairment for loans and receivables and held-to-maturity investment securities at both a specific asset and collective level. All individually significant loans and receivables and held-to-maturity investment securities are assessed for specific impairment. All individually significant receivables and held-to-maturity investment securities found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables and held-to-maturity investment securities that are not individually significant are collectively assessed for impairment by grouping together loans and receivables and held-to-maturity investment securities with similar risk characteristics.

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

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows, discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables or held-to-maturity investment securities. Interest on the impaired asset continues to be recognised. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties, development properties, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.10 Employee benefits

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

Payments to defined contribution plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed defined contribution schemes, such as the Singapore Central Provident Fund, are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Pursuant to the relevant regulations of the People's Republic of China (PRC) government, the PRC subsidiaries of the Group (PRC Subsidiaries) have participated in central pension schemes (the Schemes) operated by local municipal governments whereby the PRC Subsidiaries are required to contribute a certain percentage of the basic salaries of their employees to the Schemes to fund their retirement benefits. The local municipal governments undertake to assume the retirement benefit obligations of all existing and future retired employees of the PRC Subsidiaries. The only obligation of the PRC Subsidiaries with respect to the Schemes is to pay the ongoing required contributions under the Schemes mentioned above. Contributions under the Schemes are accounted for as contributions to defined contribution plans as described above.

3.11 Provisions and contingent liabilities

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3.12 *Income recognition*

Sale of properties

Revenue from sale of properties is measured at the fair value of the consideration received or receivable, net of returns, trade discounts, sales taxes and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred. Risks and rewards are considered to have been transferred when the construction of relevant properties has been completed and the properties are ready for delivery to the purchasers pursuant to the sales agreements, and collectability of related receivables is reasonably assured.

Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the statement of financial position as receipts in advance under trade and other payables.

Rental income

Rental income receivable under operating leases is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Contingent rentals are recognised as income in the accounting period in which they are earned.

Hotel income

Hotel revenue from accommodation, sales of food and beverages and other ancillary services is recognised at the point which the services are rendered.

Interest income on entrusted loans and vendor financing arrangements

Interest income on entrusted loans made via entrustment banks and from vendor financing arrangements with selected buyers of the Group's development properties is recognised as it accrues in profit or loss, using the effective interest method.

3.13 *Government grants*

An unconditional government grant is recognised in profit or loss as other income when the grant becomes receivable.

Government grants relating to assets are deducted against the carrying amount of the assets, and released to profit or loss over the expected useful life of the relevant asset or over the benefits received by the Group related to the assets.

3.14 *Lease payments*

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

3.15 *Finance income and costs*

Finance income comprises interest income on funds invested and other receivables (other than entrusted loans). Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings and imputed interest on non-current financial instruments. All borrowing costs are recognised in profit or loss using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

3.16 *Tax*

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 3.5, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.17 Discontinued operations

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographical area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative statement of profit or loss is re-presented as if the operation had been discontinued from the start of the comparative year.

3.18 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.19 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Chief Executive Officer (CEO) and Chief Financial Officer (CFO) (the chief operating decision makers (CODM)) to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment, investment properties and lease prepayments.

3.20 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these financial statements. Those which may be relevant to the Group are set out below. The Group does not plan for early adoption of these standards.

IFRS 9 *Financial Instruments* (2010), IFRS 9 *Financial Instruments* (2009)

IFRS 9 (2009) introduces new requirements for the classification and measurement of financial assets. Under IFRS 9 (2009), financial assets are classified and measured based on the business model in which they are held and the characteristics of their contractual cash flows. IFRS 9 (2010) introduces additional changes relating to financial liabilities. The IASB currently has an active project to make limited amendments to the classification and measurement requirements of IFRS 9 and add new requirements to address the impairment of financial assets and hedge accounting.

IFRS 9 (2010 and 2009) are effective for annual periods beginning on or after 1 January 2015 with early adoption permitted. The Group is in the process of assessing the impact on the financial statements arising from the adoption of the standard.

4 Property, plant and equipment

Group	Note	Interests in leasehold land held for own use under operating leases	Buildings	Plant and machinery	Equipment and furniture	Motor vehicles	Construction-in-progress	Total
		\$	\$	\$	\$	\$	\$	\$
Cost								
At 1 January 2012		–	8,069,042	6,790,910	549,204	941,088	324,467	16,674,711
Additions		–	35,512	31,767	499,132	218,733	2,590	787,734
Transfer to investment properties	6	–	(747,541)	–	–	–	–	(747,541)
Disposals – discontinued operation		–	–	(6,148,427)	(223,346)	–	(180,314)	(6,552,087)
Disposals		–	–	–	(33,651)	(94,365)	–	(128,016)
Written off		–	–	(42,179)	–	–	–	(42,179)
Reclassification		–	–	(21,212)	21,212	–	–	–
Translation differences on consolidation		–	(346,194)	(59,842)	(1,087)	(3,463)	(2,279)	(412,865)
At 31 December 2012		–	7,010,819	551,017	811,464	1,061,993	144,464	9,579,757
At 1 January 2013		–	7,010,819	551,017	811,464	1,061,993	144,464	9,579,757
Additions		–	112,947	1,216,788	313,295	1,080,972	10,369	2,734,371
Transfer from investment properties	6	9,075,791	38,251,673	–	–	–	2,209,800	49,537,264
Disposal of subsidiaries		–	(1,132,831)	–	(639,020)	(182,804)	–	(1,954,655)
Disposals		–	(345,871)	–	(6,060)	(93,122)	–	(445,053)
Transfer from development properties		–	488,400	–	–	–	25,843,564	26,331,964
Transfer to development properties		–	(5,946,749)	–	–	–	(147,983)	(6,094,732)
Transfer from intangible assets	5	–	–	–	101,790	–	–	101,790
Translation differences on consolidation		236,372	1,310,639	59,811	43,423	51,124	708,049	2,409,418
At 31 December 2013		9,312,163	39,749,027	1,827,616	624,892	1,918,163	28,768,263	82,200,124

Group	Note	Interests in leasehold land held for own use under operating leases \$	Buildings \$	Plant and machinery \$	Equipment and furniture \$	Motor vehicles \$	Construction-in-progress \$	Total \$
Accumulated depreciation								
At 1 January 2012		–	736,970	2,817,097	304,214	281,409	–	4,139,690
Depreciation charge for the year	19	–	217,900	357,153	107,346	178,178	–	860,577
Disposals – discontinued operation		–	–	(2,896,659)	(109,822)	–	–	(3,006,481)
Disposals		–	–	–	(41,829)	(56,764)	–	(98,593)
Written off		–	–	(15,501)	–	–	–	(15,501)
Translation differences on consolidation		–	(2,120)	(24,781)	(1,540)	(620)	–	(29,061)
At 31 December 2012		–	952,750	237,309	258,369	402,203	–	1,850,631
At 1 January 2013		–	952,750	237,309	258,369	402,203	–	1,850,631
Depreciation charge for the year	19	59,466	214,826	64,967	149,469	250,967	–	739,695
Disposal of subsidiaries		–	(34,323)	–	(284,604)	(99,235)	–	(418,162)
Disposals		–	(8,319)	–	(5,170)	(66,426)	–	(79,915)
Transfer to development properties		–	(1,039,935)	–	–	–	–	(1,039,935)
Transfer from intangible assets	5	–	–	–	50,625	–	–	50,625
Translation differences on consolidation		1,549	26,022	13,802	10,973	22,147	–	74,493
At 31 December 2013		61,015	111,021	316,078	179,662	509,656	–	1,177,432
Carrying amounts								
At 1 January 2012		–	7,332,072	3,973,813	244,990	659,679	324,467	12,535,021
At 31 December 2012		–	6,058,069	313,708	553,095	659,790	144,464	7,729,126
At 31 December 2013		9,251,148	39,638,006	1,511,538	445,230	1,408,507	28,768,263	81,022,692

(i) *Legal title to land on which buildings are constructed*

Included in the Group's buildings at 31 December 2012 were buildings with net carrying value of \$5,008,936 which were constructed on a piece of land for which title deed to the land use rights were not fully received (note 7). The title deed to the land use rights was received during the financial year ended 31 December 2013.

(ii) *Reclassification*

During the financial year ended 31 December 2013, the Group reclassified a hotel building and a staff dormitory from investment properties (note 6) and development properties (note 11), respectively, to property, plant and equipment.

(iii) *Impairment of property, plant and equipment*

During the financial year ended 31 December 2012, the Group disposed of its candy manufacturing operations and the associated property, plant and equipment, with the exception of a building, to a third party and recognised a disposal gain (note 21). The building, together with the related lease prepayment, were assessed for impairment. The recoverable amount was measured using the "fair value less costs to sell" approach. The fair value of the assets was based on market value, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion. The fair value of the building was derived using the replacement cost approach. This involved making estimates of the costs necessary to construct the building and its useful life.

The building was valued by Debenham Tie Leung ("DTZ"), a firm of independent professional valuers that has appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

Based on the assessment, the estimate of recoverable amount of the building as at 31 December 2012 was higher than its carrying amounts and accordingly, no impairment was recognised.

No indicators of impairment were identified on property, plant and equipment by the Group during the current financial year.

(iv) **Significant accounting estimates**

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account the estimated residual values. The Group reviews the estimated useful lives and residual values of the assets at each reporting date. Changes in the expected level of use of these assets and the Group's historical experience with similar assets after taking into account anticipated technological changes could impact the economic useful lives and the residual values of the assets. Any changes in the economic useful lives and residual values could impact the depreciation charge and consequently, impact the Group's results.

Impairment assessment of property plant and equipment

Management's judgement is required in the area of asset impairment, particularly in assessing:

- (1) whether an event has occurred that may indicate that the related asset values may not be recoverable;
- (2) whether the carrying value of an asset can be supported by its estimated recoverable amount which may be determined using its fair value or value in use; and
- (3) the appropriate key assumptions to be applied in arriving at the recoverable amount.

Changing the assumptions used in the determining the recoverable amount could impact the Group's financial conditions and results.

5 Intangible assets

	Note	Goodwill \$	Display charges \$	Software \$	Total \$
Group					
Cost					
At 1 January 2012		252,315	4,631	85,372	342,318
Written off		–	–	(14,013)	(14,013)
Translation differences on consolidation		6,416	(20)	(439)	5,957
At 31 December 2012		258,731	4,611	70,920	334,262
Additions		–	–	28,863	28,863
Disposal of subsidiary		(265,032)	–	–	(265,032)
Written off		–	(4,724)	–	(4,724)
Transfer to property, plant and equipment	4	–	–	(101,790)	(101,790)
Translation differences on consolidation		6,301	113	2,007	8,421
At 31 December 2013		–	–	–	–

	Note	Goodwill \$	Display charges \$	Software \$	Total \$
Accumulated amortisation and impairment losses					
At 1 January 2012		252,315	4,631	28,551	285,497
Amortisation charge for the year	19	–	–	8,346	8,346
Translation differences on consolidation		6,416	(20)	(87)	6,309
At 31 December 2012		258,731	4,611	36,810	300,152
Amortisation charge for the year	19	–	–	12,636	12,636
Disposal of subsidiary		(265,032)	–	–	(265,032)
Written off		–	(4,724)	–	(4,724)
Transfer to property, plant and equipment	4	–	–	(50,625)	(50,625)
Translation differences on consolidation		6,301	113	1,179	7,593
At 31 December 2013		–	–	–	–
Carrying amounts					
At 1 January 2012		–	–	56,821	56,821
At 31 December 2012		–	–	34,110	34,110
At 31 December 2013		–	–	–	–

Amortisation

Amortisation is recognised in other expenses in consolidated statement of profit or loss.

6 Investment properties

	Note	Group	
		2013 \$	2012 \$
At 1 January		120,884,762	108,122,683
Additions		21,061,423	16,283,621
Disposal of subsidiaries	23	(28,970,506)	–
Transfer from properties under development		5,998,739	–
Transfer (to)/from property, plant and equipment	4	(49,537,264)	747,541
Fair value gain/(loss)	19	5,475,131	(3,865,488)
Translation differences on consolidation		5,225,206	(403,595)
At 31 December		80,137,491	120,884,762
Analysed between:			
Completed properties		33,261,891	36,155,956
Properties under construction		46,875,600	84,728,806
		80,137,491	120,884,762

Completed investment properties comprise a number of commercial properties and residential units that are leased to external customers. The leases contain initial non-cancellable periods of one to fifteen years. Subsequent renewals are negotiated with the lessees. No contingent rents are charged.

2012

As at 31 December 2012, the investment properties under construction comprised a block of commercial building which comprises retail units, offices, a 196-room hotel and club (the Hotel) and certain retail units in an adjacent commercial building.

As at 31 December 2012, except for an investment property in Fogang with a carrying value of \$25,620,929, the investment properties were valued by DTZ. The fair values of the investment properties were based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The valuation of the completed investment properties was derived using the discounted cash flow method and direct comparison method, which took into consideration the estimated net rent (using the current and projected average rental rates and occupancy) and a discount rate applicable to the nature and type of asset in question.

The valuation of the investment properties under construction was derived using the hypothetical development method, direct comparison method and discounted cash flow method, where appropriate. The key assumptions used to determine fair value of the investment properties include the estimated market value of the investment properties on completion, additional expenses to be incurred to complete the investment properties, projected profit arising on completion of the investment properties and discount rate.

The fair value of the investment property in Fogang as at 31 December 2012 was based on directors' valuation which was in turn based on the best quoted price obtained from potential buyers. In 2013, the Group disposed of its entire 70% equity interest in the company that owned that property.

2013

In 2013, the Group reclassified the Hotel and certain retail units of the two commercial buildings to property, plant and equipment (note 4) upon commencement of the hotel operations, and retail units from development properties (note 11) to investment properties upon the commencement of the leases. As at 31 December 2013, all the investment properties are completed, except for 21,874.75m² of commercial space completed in bare-shell condition and earmarked for the potential expansion of the Hotel.

As at 31 December 2013, the investment properties were valued by DTZ. The fair values of the investment properties were based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The valuation of the investment properties was derived using the discounted cash flow method and direct comparison method, which takes into consideration the estimated net rent (using the current and projected average rental rates and occupancy) and a discount rate applicable to the nature and type of asset in question.

7 Lease prepayments

	Note	Group \$
Cost		
At 1 January 2012		74,352,942
Additions		2,415,080
Translation differences on consolidation		(300,397)
At 31 December 2012		<u>76,467,625</u>
Additions		22,986,738
Disposal of subsidiaries		(20,478,997)
Transfer to properties under development		(77,548,118)
Translation differences on consolidation		1,859,361
At 31 December 2013		<u>3,286,609</u>
Accumulated amortisation		
At 1 January 2012		2,284,327
Amortisation charge for the year	19	1,472,611
Translation differences on consolidation		(1,239)
At 31 December 2012		<u>3,755,699</u>
Amortisation charge for the year	19	724,683
Disposal of subsidiaries		(2,604,565)
Transfer to properties under development		(1,739,184)
Translation differences on consolidation		97,408
At 31 December 2013		<u>234,041</u>
Carrying amounts		
At 1 January 2012		<u>72,068,615</u>
At 31 December 2012		<u>72,711,926</u>
At 31 December 2013		<u>3,052,568</u>
Group		
Analysed between:	2013	2012
	\$	\$
Non-current	3,009,026	71,208,312
Current	43,542	1,503,614
	<u>3,052,568</u>	<u>72,711,926</u>

At 31 December 2012, the Group had not received the title deed to land use rights with a carrying amount of \$4,539,173 from the relevant authorities. The title deed to the land use rights was received in 2013.

Impairment of lease prepayments

The recoverable amounts of the Group's lease prepayments as at the reporting date were estimated using the fair value less costs to sell approach. The fair values of the lease prepayments were determined using the residual approach and the direct comparison approach.

The residual approach involved making estimates of the value of the proposed property to be constructed on the land and the related costs to construct the proposed property. The direct comparison approach involved making estimates of the value of the property based on the cost of acquiring another existing and equivalent property.

The estimate of recoverable amounts of the Group's lease prepayments as at the reporting date was higher than their carrying amounts and accordingly, no impairment was recognised.

The directors have exercised their judgement and are satisfied that the valuation methods and estimates are reflective of the prevailing market conditions at the respective financial year end.

8 Interests in subsidiaries

	Company	
	2013	2012
	\$	\$
Investments in subsidiaries		
Unquoted equity shares, at cost	125,128,894	125,288,226
Less: Impairment loss	–	(159,333)
	125,128,894	125,128,893
Redeemable preference shares	21,640,000	21,933,868
Amounts due from subsidiaries		
Loans to subsidiaries	388,988,270	79,343,990
Less: Impairment loss	–	(3,997,002)
	388,988,270	75,346,988
Total interests in subsidiaries	535,757,164	222,409,749

Loans to subsidiaries are unsecured and interest-free. Settlement of amounts due from subsidiaries is neither planned nor likely to occur in the foreseeable future. As these amounts are a part of the Company's net investment in the subsidiaries, they are stated at cost.

The investment in redeemable preference shares of a wholly-owned subsidiary entitles the Company to receive a fixed cumulative preferential dividend of 2.75 Singapore cents per share per annum and to redeem at par the whole or any part of the redeemable preference shares held by the Company upon giving not less than 30 days prior written notice to the subsidiary on or after 8 November 2008. The wholly-owned subsidiary may redeem the whole or any part of the redeemable preference shares at the original issue price upon giving not less than 30 days prior written notice to the holders of the redeemable preference shares.

In 2012, following the deterioration in the financial conditions of certain subsidiaries, the Company assessed the recoverable amounts of its investment in and the amounts due from these subsidiaries as at the reporting date and recognised impairment losses of \$58,065 on amounts due from subsidiaries. The recoverable amounts were estimated using the fair value less cost to sell approach. The fair values of the underlying properties in the subsidiaries were determined using independent professional valuations and/or management valuation which were based on the replacement cost, discounted cash flow approach, direct comparison approach and hypothetical development method (notes 4 and 6), where appropriate. The fair values of the current assets were considered to approximate their carrying amounts due to the relatively short term nature of these assets and the fair values of the liabilities were based on the amounts expected to be incurred to settle the obligations.

During the current financial year, the Company re-assessed the recoverable amounts of its investments in subsidiaries and the amounts due from these subsidiaries at the reporting date. Based on the assessment, the Company fully reversed the impairment losses of \$159,333 and \$3,997,002 on its investment in a subsidiary and amounts due from subsidiaries, respectively, due to improvements in the subsidiaries' financial conditions. The recoverable amounts were estimated using the same methods for 2012 as described above.

The impairment losses and the reversals were recognised in other expenses in consolidated statement of profit or loss.

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activity	Country of incorporation	Effective equity interest held by the Group	
			2013 %	2012 %
<u>Held by the Company</u>				
Chengdu Industries Pte Ltd	Investment holding	Singapore	100	100
First Kaiser Company Limited	Investment holding	Hong Kong	100	100
First Sponsor Investment Limited	Investment holding	Hong Kong	100	100
FS Investment Holdings Limited	Investment holding	British Virgin Islands	100	100
FS Dongguan Investment Holdings Limited ⁽ⁱ⁾	Investment holding	British Virgin Islands	100	–
Gaeronic Pte Ltd	Investment holding	Singapore	100	100
Idea Valley Holdings Company Limited ⁽ⁱⁱ⁾	Investment holding	Hong Kong	–	100
Idea Valley No. 1 Company Limited ⁽ⁱⁱⁱ⁾	Investment holding	Hong Kong	–	100
Idea Valley No. 3 Company Limited	Investment holding	Hong Kong	100	100
Wenjiang (BVI) Limited	Investment holding	British Virgin Islands	100	100

Name of subsidiary	Principal activity	Country of incorporation	Effective equity interest held by the Group	
			2013 %	2012 %
<u>Held through subsidiaries</u>				
<i>Held by Chengdu Industries Pte Ltd</i>				
Chengdu Jumping Dragon Food Co., Ltd ⁽ⁱⁱⁱ⁾ (CJD)	Manufacture and sale of food products	People's Republic of China	–	100
Chengdu Jumping Dragon Management Services Co., Ltd ^(iv) (CJDMS)	Consultancy and management services	People's Republic of China	100	–
<i>Held by First Kaiser Company Limited</i>				
Chengdu Kaiser Management Consultancy Co., Ltd ^(v) (formerly known as Chengdu Kaiser Management Services Co., Ltd.)	Consultancy and management services and property management services	People's Republic of China	100	100
<i>Held by FS Investment Holdings Limited</i>				
FS Chengdu No. 1 Pte Ltd	Investment holding	Singapore	100	100
<i>Held by FS Dongguan Investment Holdings Limited</i>				
FS Dongguan No. 1 Pte Ltd ^(vi)	Investment holding	Singapore	100	–
<i>Held by First Sponsor Investment Limited</i>				
First Sponsor (Guangdong) Group Limited (formerly known as Idea Valley Group Limited)	Investment holding	People's Republic of China	100	100

Name of subsidiary	Principal activity	Country of incorporation	Effective equity interest held by the Group	
			2013 %	2012 %
<u>Held through subsidiaries (cont'd)</u>				
<i>Held by Gaeronic Pte Ltd</i>				
Chengdu Gaeronic Real Estate Co., Ltd ^(vii)	Property development, property investment, hotel ownership and operations, and investment holding	People's Republic of China	100	100
<i>Held by Idea Valley No. 1 Company Limited</i>				
Idea Valley Lianzhou Property Development Limited ⁽ⁱⁱⁱ⁾	Property development	People's Republic of China	–	100
<i>Held by Idea Valley No. 3 Company Limited</i>				
Sichuan First Sponsor Construction Co., Ltd	Construction related services	People's Republic of China	100	100
<i>Held by Wenjiang (BVI) Limited</i>				
Wenjiang Singapore Pte Ltd	Investment holding	Singapore	100	100
<i>Held by FS Chengdu No. 1 Pte Ltd</i>				
Chengdu Millennium Zhong Ren Real Estate Co., Ltd	Property development and property investment	People's Republic of China	100	100
<i>Held by First Sponsor (Guangdong) Group Limited</i>				
Dongguan Junxuan Enterprise Limited ⁽ⁱⁱⁱ⁾	Property developer with no operations	People's Republic of China	–	100
Fogang Idea Valley Property Development Limited ⁽ⁱⁱⁱ⁾	Property development and property investment	People's Republic of China	–	70

Name of subsidiary	Principal activity	Country of incorporation	Effective equity interest held by the Group	
			2013 %	2012 %
<u>Held through subsidiaries (cont'd)</u>				
<i>Held by First Sponsor (Guangdong) Group Limited (cont'd)</i>				
Guangdong Idea Valley Advertisement Limited	Property investment and investment holding	People's Republic of China	100	100
Dongguan Wangwu Commercial and Management Limited ⁽ⁱⁱⁱ⁾	Property developer with no operations	People's Republic of China	—	100
Dongguan Feng Xiang Investment Consultancy Limited ⁽ⁱⁱⁱ⁾	Investment holding, property consultancy and management	People's Republic of China	—	100
<i>Held by Chengdu Gaeronic Real Estate Co., Ltd</i>				
Shanghai Sigma Investment Co., Ltd	Provision of property financing services	People's Republic of China	100 ^(viii)	100
<i>Held by Wenjiang Singapore Pte. Ltd.</i>				
Chengdu Yong Chang Real Estate Co. Ltd	Property development and property investment	People's Republic of China	100	100
<i>Held by Fogang Idea Valley Property Development Limited</i>				
Fogang County Idea Valley Property Management Limited ⁽ⁱⁱⁱ⁾	Property management	People's Republic of China	—	70

Name of subsidiary	Principal activity	Country of incorporation	Effective equity interest held by the Group	
			2013 %	2012 %
<u>Held through subsidiaries (cont'd)</u>				
<i>Held by Dongguan Feng Xiang Investment Consultancy Limited</i>				
Dongguan Feng Er Investment Consultancy Co., Ltd ⁽ⁱⁱⁱ⁾	Property consultancy and management	People's Republic of China	–	70
<i>Held by Guangdong Idea Valley Advertisement Limited</i>				
Dongguan Huiying Consultancy Management Limited (formerly known as Idea Valley Humen Property Development Limited)	Dormant	People's Republic of China	100 ^(ix)	100 ^(ix)

- (i) The subsidiary was incorporated on 19 November 2013.
- (ii) The subsidiary commenced its voluntary liquidation process on 18 December 2012 and was liquidated on 21 June 2013.
- (iii) The subsidiaries were disposed by the Group during the financial year ended 31 December 2013.
- (iv) The subsidiary was incorporated on 18 June 2013, pursuant to the legal exercise of division by continued existence of CJD. At the completion of this legal exercise, CJDMS took over those assets and liabilities which are real estate related together with the relevant accounting records.
- (v) The subsidiary was incorporated on 6 February 2012.
- (vi) The subsidiary was incorporated on 21 November 2013.
- (vii) Certain ordinary shares in Chengdu Gaeronic Real Estate Co., Ltd are subject to a preservation order by the Sichuan Chengdu Municipal Intermediate People's Court.
- (viii) 50% equity interest is held through Chengdu Gaeronic Real Estate Co., Ltd and 50% equity interest is held through First Sponsor (Guangdong) Group Limited with effect from 25 December 2013.
- (ix) 80% equity interest is held through Guangdong Idea Valley Advertisement Limited and 20% equity interest is held through Chengdu Gaeronic Real Estate Co., Ltd.

Non-controlling interests in subsidiaries

The following table summarises the information relating to each of the Group's subsidiaries that has material non-controlling interests (NCI), before any intra-group eliminations.

NCI percentage	2012				Total
	Fogang Idea Valley Property Development Limited 30%	Fogang County Idea Valley Property Management Limited 30%	Dongguan Feng Er Investment Consultancy Co., Ltd 30%	Intra-group eliminations	
	\$	\$	\$	\$	\$
Non-current assets	25,723,514	18,050	—	—	
Current assets	1,244,622	190,756	495,814	—	
Non-current liabilities	(3,992,245)	—	—	—	
Current liabilities	(1,924,820)	(403,232)	(1,549,471)	—	
Net assets/(liabilities)	21,051,071	(194,426)	(1,053,657)	(37,745)	5,903,151
Carrying amount of NCI	6,315,321	(58,328)	(316,097)	(37,745)	5,903,151
Revenue	1,224,882	552,151	—	—	
Loss	(2,513,681)	(291,612)	(1,245,554)	—	
Other comprehensive income	(114,843)	(1,432)	(6,993)	—	
Total comprehensive income	(2,628,524)	(293,044)	(1,252,547)	—	(1,215,253)
Loss allocated to NCI	(754,104)	(87,483)	(373,666)	—	(1,215,253)
Other comprehensive income allocated to NCI	(34,453)	(430)	(2,098)	—	(36,981)
Cash flows from operating activities	(209,488)	(312,209)	(891,864)	—	
Cash flows from investing activities	29,354	(2,118)	600	—	
Cash flows from financing activities, before dividends to NCI	(15,268)	—	—	—	
Net decrease in cash and cash equivalents	(195,402)	(314,327)	(891,264)	—	(1,215,253)

9 Trade and other receivables

	Note	Group		Company	
		2013 \$	2012 \$	2013 \$	2012 \$
Trade receivables:					
- an affiliated corporation		-	32,779,172	-	-
- third parties		31,360,436	20,707,787	-	-
	(i)	31,360,436	53,486,959	-	-
Impairment losses		(14,616)	(318,004)	-	-
Net receivables		31,345,820	53,168,955	-	-
Loans to third parties	(ii)	37,859,553	59,966,019	-	-
Advances to third party	(iii)	20,880,000	-	-	-
Non-trade amounts due from:					
- immediate holding company	(iv)	-	889,681	-	-
- subsidiaries	(iv)	-	-	21,844,486	93,386,458
Deposit paid for acquisition of an investee company	(v)	-	2,391,886	-	-
Security deposits	(vi)	10,572,457	-	-	-
Other receivables	(vii)	25,405,453	33,710,996	18,130,871	1,586,115
Impairment losses		(1,367)	(20,861,190)	-	-
Net other receivables		25,404,086	12,849,806	18,130,871	1,586,115
		126,061,916	129,266,347	39,975,357	94,972,573
Prepayments	(viii)	10,079,001	5,396,073	-	5,278
		136,140,917	134,662,420	39,975,357	94,977,851
Analysed between:					
Non-current		8,037,658	34,365,287	-	1,586,115
Current		128,103,259	100,297,133	39,975,357	93,391,736
		136,140,917	134,662,420	39,975,357	94,977,851

An affiliated corporation is defined as a corporation:

- (a) in which a director of the Group has substantial financial interests or who is in a position to exercise significant influence; and/or
- (b) which directly or indirectly, through one or more intermediaries is under the control of a common shareholder.

- (i) Included in trade receivables are the following:
- unsecured entrusted loans to an affiliated corporation via an entrustment bank of \$32,779,172 as at 31 December 2012, which bore interest ranging from 6.90% to 7.54% per annum. The loans were fully repaid in 2013.
 - secured entrusted loans to third parties of \$31,320,000 (2012: \$19,866,164) via an entrustment bank which are due in 2014 and bear interest at 18% per annum.
- (ii) The balance comprised the following:
- unsecured loans of \$29,566,080 (2012: \$59,966,019) to a local government authority in the PRC which are due in 2014 and bear interest at 6% per annum; and
 - an unsecured entrusted loan of \$8,293,473 (2012: \$Nil) to a former subsidiary, Dongguan Junxuan Enterprise Limited, which is due on 30 June 2014 and is interest-free, if the loan is repaid before 30 April 2014. If the loan is repaid after 30 April 2014, interest will be charged at 5% per annum for the period from 1 May 2014 to the settlement date.
- (iii) In 2013, an advance of \$20,880,000 was granted to a PRC government linked entity for the preliminary development and compensation for resettlement of occupants on a parcel of land which the Group intends to purchase. The advance was unsecured and interest-free.
- (iv) The non-trade amounts due from the immediate holding company and subsidiaries are unsecured and interest-free, and are repayable on demand.
- (v) The deposit paid for the acquisition of an investee company related to an amount paid for the acquisition of a 49% equity interest in a PRC entity which was subsequently disposed of in 2011. The deposit was fully refunded in 2013.
- (vi) The security deposits were paid to a local PRC government authority in relation to the construction of civil air defence facilities (Facilities) for a project carried out by the Group. These deposits will be refunded to the Group after the commencement of the construction of the Facilities.
- (vii) Included in other receivables are the following:
- consideration receivable of \$1,680,073 (2012: \$1,586,115) from a non-controlling shareholder for the disposal of a subsidiary. The balance is interest-free and due on 30 June 2014 and is secured on 1,348,838 ordinary shares of the Company held by the non-controlling shareholder.
 - consideration receivable of \$Nil (2012: \$23,442,075) from a nominee of a former director of the Company for the disposal of a subsidiary. The balance was fully received in 2013. Consequently, the allowance for impairment loss was reversed to profit or loss during the financial year ended 31 December 2013.
 - consideration receivable of \$16,450,797 (2012: \$Nil) from a third party arising from the disposal of a subsidiary during the financial year ended 31 December 2013. Under the terms of the agreement relating to the disposal, settlement of part of the consideration amounting to \$7,516,800 is deferred to 30 June 2014.

(viii) Included in the prepayments of the Group as at 31 December 2013 was prepaid taxes of \$9,843,405 (2012: \$4,523,031).

Concentration of credit risk relating to third party trade receivables is limited due to the Group's many varied customers. The Group's historical experience in the collection of accounts receivable falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond the amounts provided for collection losses is inherent in the Group's trade receivables.

Impairment losses

The ageing of trade receivables at the reporting date is:

	2013		2012	
	Gross \$	Impairment losses \$	Gross \$	Impairment losses \$
Group				
Not past due	31,345,820	–	53,079,691	–
Past due 1 – 60 days	–	–	32,202	–
Past due 61 – 90 days	–	–	1,070	–
More than 90 days	14,616	14,616	373,996	318,004
	<u>31,360,436</u>	<u>14,616</u>	<u>53,486,959</u>	<u>318,004</u>

Based on historical default rates, the Group believes that the impairment allowance is adequate.

The movements in impairment losses in respect of trade receivables during the year are as follows:

	Note	Group	
		2013 \$	2012 \$
At 1 January		318,004	366,144
Impairment loss reversed	19	(311,505)	(46,325)
Translation differences on consolidation		8,117	(1,815)
At 31 December		<u>14,616</u>	<u>318,004</u>

The movements in impairment losses in respect of other receivables during the year are as follows:

	Note	Group	
		2013 \$	2012 \$
At 1 January		20,861,190	26,861,061
Impairment loss reversed	19	(21,112,176)	(5,851,897)
Translation differences on consolidation		252,353	(147,974)
At 31 December		<u>1,367</u>	<u>20,861,190</u>

10 Deferred tax assets/(liabilities)

Movements in deferred tax assets and liabilities of the Group (prior to offsetting of balances) during the year are as follows:

Group	At 1 January 2012 \$	Recognised in profit or loss (note 20) \$	Translation differences on consolidation \$	At 31 December 2012 \$	Recognised in profit or loss (note 20) \$	Disposal of subsidiaries (note 23) \$	Translation differences on consolidation \$	At 31 December 2013 \$
Deferred tax assets								
Development properties	-	5,548,691	(26,787)	5,521,904	76,884	-	305,421	5,904,209
Investment properties	-	-	-	-	821,638	-	62,042	883,680
Property, plant and equipment	1,272,641	-	71,422	1,344,063	(1,326,057)	-	(18,006)	-
Receipts in advance	6,385,876	(3,831,155)	(46,522)	2,508,199	2,355,954	-	347,993	5,212,146
Tax losses	-	353,527	1,741	355,268	(347,183)	-	(8,085)	-
Others	2,081,438	(1,723,614)	(804)	357,020	367,480	-	45,964	770,464
Total	9,739,955	347,449	(950)	10,086,454	1,948,716	-	735,329	12,770,499
Deferred tax liabilities								
Development properties	(1,410,558)	1,410,558	-	-	-	-	-	-
Investment properties	(21,534,551)	158,841	95,536	(21,280,174)	7,799,817	4,845,017	(370,848)	(9,006,188)
Lease prepayments	(5,213,083)	115,262	(13,653)	(5,111,474)	103,761	4,504,329	(130,932)	(634,316)
Property, plant and equipment	-	-	-	-	(2,004,192)	-	(251,468)	(2,255,660)
Receipts in advance	-	-	-	-	(158,496)	-	(35,259)	(193,755)
Trade and other receivables	-	(201,817)	(994)	(202,811)	(2,165,865)	-	(173,895)	(2,542,571)
Others	-	(4,022)	-	(4,022)	50,555	(5,498)	(41,035)	-
Total	(28,158,192)	1,478,822	80,889	(26,598,481)	3,625,580	9,343,848	(1,003,437)	(14,632,490)

The amounts determined after appropriate offsetting are included in the statement of financial position as follows:

	Group	
	2013	2012
	\$	\$
Deferred tax assets	10,302,907	5,585,376
Deferred tax liabilities	<u>(12,164,898)</u>	<u>(22,097,403)</u>

Unrecognised deferred tax liabilities

As at 31 December 2013, deferred tax liabilities of \$5,270,271 (2012: \$Nil) for temporary differences of \$91,712,664 (2012: Nil) related to the withholding tax on distributable profit of the Group's subsidiaries in the PRC were not recognised because the Company controls whether the liability will be incurred and it is satisfied that it will not be incurred in the foreseeable future.

Unrecognised deferred tax assets

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

	Group	
	2013	2012
	\$	\$
Deductible temporary differences	3,193,993	15,461,062
Tax losses	–	5,210,839
	<u>3,193,993</u>	<u>20,671,901</u>

The tax losses and deductible temporary differences are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which certain subsidiaries operate.

Deferred tax assets have not been recognised in respect of the above items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits.

The tax losses with expiry dates are as follows:

	Group	
	2013	2012
	\$	\$
Expiry date:		
- within one year	–	138,020
- between two and five years	–	5,072,819
	<u>–</u>	<u>5,210,839</u>

11 Development properties

	Note	Group	
		2013	2012
		\$	\$
Properties under development for sale		297,874,590	302,182,742
Completed properties for sale		35,964,158	19,234,240
		<u>333,838,748</u>	<u>321,416,982</u>
Net interest income capitalised in properties under development during the year	18	<u>1,011,592</u>	<u>5,668,923</u>

Net interest has been capitalised at rates ranging from 2.75% to 6.00% (2012: 2.42% to 11.70%) per annum for properties under development.

Included in development properties for sale are staff costs capitalised of \$1,417,984 (2012: \$783,732).

In 2013, development properties recognised in cost of sales amounted to \$109,869,592 (2012: \$82,403,598).

During the financial year ended 31 December 2013, the Group reclassified a staff dormitory from development properties to property, plant and equipment. Prior to the reclassification, the staff dormitory was valued by DTZ using the direct comparison approach and the Group recognised a write-down of development properties of \$253,381. In 2012, the write-down of development properties to net realisable value by the Group amounted to \$204,942. The write-down was included in other expenses in the consolidated statement of profit or loss for both years.

Management assesses whether allowances for foreseeable losses on properties under development for sale are required based on their estimates of selling prices and construction costs or independent professional valuations undertaken, where appropriate. Selling prices are based on recent selling prices and the prevailing market conditions. Construction costs are estimated based on contracted amounts and in respect of amounts not contracted for, management's estimates of the amounts to be incurred. Where independent professional valuations are undertaken, the valuations were based on the residual approach which involved making estimates of the value of the proposed property to be constructed and the related costs to construct the property; or the estimated amount for which the land use right could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Management also assesses if any write-down of completed properties for sale is required based on their estimates of selling prices which are based on recent selling prices and the prevailing market conditions.

12 Cash and cash equivalents

	Group		Company	
	2013 \$	2012 \$	2013 \$	2012 \$
Fixed deposits	49,046,144	51,298,879	12,662	12,431
Cash at bank and in hand	262,108,390	46,116,482	6,855,294	105,942
	<u>311,154,534</u>	<u>97,415,361</u>	<u>6,867,956</u>	<u>118,373</u>

The balance as at 31 December 2013 included \$117,805,488 (2012: \$52,186,337) which were held under PRC development project rules, where the utilisation of the funds is restricted to project related payments.

Included in fixed deposits are Renminbi (“RMB”) denominated structured deposits placed by certain subsidiaries with banks. At the reporting date, the principal and minimum annual returns ranging from 4.60% to 5.00% (2012: 4.24% to 5.36%) were guaranteed by the banks.

Cash and cash equivalents at 31 December 2013 included \$301,649,052 (2012: \$95,874,753) which were deposited with financial institutions in the PRC. The remittance of these funds by the Group out of the PRC is subject to currency exchange restrictions.

13 Share capital

	2013		2012	
	Number of shares	\$	Number of shares	\$
Ordinary shares of US\$1 each issued and fully paid				
At 1 January and 31 December	<u>293,234,231</u>	<u>363,317,212</u>	<u>293,234,231</u>	<u>363,317,212</u>

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company’s residual assets.

Capital management

The Group defines “capital” as including all components of equity. The Group’s objectives when managing its capital are to safeguard the Group’s ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. This will in turn maintain investor and creditor confidence and sustain the future development of the business.

In order to achieve an optimal capital structure, the Group may issue new shares, obtain new borrowings or sell its assets. Excess capital, if any, may also be returned to shareholders.

The Group's capital structure is regularly reviewed and managed with due regard to its capital management objectives and practices. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Company or the Group, to the extent that these do not conflict with the directors' fiduciary duties towards the Company.

The Company is not subject to any externally imposed capital requirements. However, the subsidiaries incorporated in the PRC are subject to currency exchange restrictions on the remittance of funds out of the PRC.

14 Reserves

	Group		Company	
	2013 \$	2012 \$	2013 \$	2012 \$
Reserve for own shares	(3,717,000)	(3,717,000)	(3,717,000)	(3,717,000)
Statutory reserve	10,190,296	–	–	–
Capital reserve	(1,563,402)	(1,563,402)	178,878	178,878
Foreign currency translation reserve	58,146,348	26,577,550	–	–
Retained earnings	29,506,736	(8,293,921)	(41,580,590)	(50,076,942)
	<u>92,562,978</u>	<u>13,003,227</u>	<u>(45,118,712)</u>	<u>(53,615,064)</u>

Reserve for own shares

The reserve for own shares comprise the cost of the Company's shares held by the Group. As at 31 December 2013, the Group held 3,000,000 (2012: 3,000,000) of the Company's shares.

Statutory reserve

In accordance with the Foreign Enterprise Law applicable to the subsidiaries in the PRC, wholly-owned subsidiaries are required to make appropriation to a statutory reserve. At least 10% of the statutory after tax profits as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the statutory reserve until the cumulative total of the reserve reaches 50% of the subsidiaries' registered capital. Subject to approval from the relevant PRC authorities, the statutory reserve may be used to offset any accumulated losses or increase the registered capital of the subsidiaries. The statutory reserve is not available for dividend distribution to shareholders of the PRC subsidiaries.

Capital reserve

The capital reserve comprises:

- (a) interest waiver of intercompany loans; and
- (b) the difference between the adjustment to non-controlling interests and the fair value of consideration paid on acquisition of non-controlling interests in a subsidiary.

Foreign currency translation reserve

The foreign currency translation reserve comprises:

- (a) foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company; and
- (b) the exchange differences on monetary items which form part of the Group's net investment in foreign operations, provided certain conditions are met.

15 Loans and borrowings

	Group		Company	
	2013	2012	2013	2012
	\$	\$	\$	\$
Loans from:				
- an affiliated corporation	-	95,403,000	-	-
- a shareholder of the immediate holding company		57,613,500	-	-
	-	<u>153,016,500</u>	-	-
Analysed between:				
Non-current	-	115,846,500	-	-
Current	-	37,170,000	-	-
	-	<u>153,016,500</u>	-	-

Terms and debt repayment schedule

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

	Year of maturity	2013	2012
		Face value/ carrying amount	Face value/ carrying amount
		\$	\$
Group			
Loans from:			
- an affiliated corporation	2013 - 2015	-	95,403,000
- a shareholder of the immediate holding company	2013 - 2015	-	57,613,500
		-	<u>153,016,500</u>

At 31 December 2012, the loans from an affiliated corporation and a shareholder of the immediate holding company were unsecured and bore interest ranging from 2.87% to 3.25% per annum. The loans were fully repaid during the financial year ended 31 December 2013.

Financial guarantees

As at 31 December 2013, the Group has issued guarantees to banks of up to \$77,833,123 (2012: \$48,454,676) to secure the mortgage arrangements of the buyers of the Group's development properties held for sale. The guarantees would be terminated upon the completion of the transfer of legal title of the properties to the buyers. At the reporting date, the directors did not consider it probable that the Group will sustain a loss under these guarantees as the Group has the authority to sell the property to recover any outstanding loan balance should the buyers default on payment. The Group had not recognised any liabilities in respect of these guarantees.

The following are the expected contractual undiscounted cash outflows of financial liabilities, including interest payments if any, and excluding the impact of netting agreements:

	Carrying amount \$	Contractual cash flows \$	Cash flows within 1 year \$	Cash flows after 1 year but within 5 years \$
Group				
2013				
Non-derivative financial liabilities				
Trade and other payables* /				
Recognised financial liabilities	321,004,516	321,004,516	321,004,516	–
Financial guarantees	–	77,833,123	77,833,123	–
	<u>321,004,516</u>	<u>398,837,639</u>	<u>398,837,639</u>	<u>–</u>
2012				
Non-derivative financial liabilities				
Loans and borrowings	153,016,500	161,564,947	41,662,714	119,902,233
Trade and other payables*	109,216,894	109,216,894	109,216,894	–
Recognised financial liabilities	262,233,394	270,781,841	150,879,608	119,902,233
Financial guarantees	–	48,454,676	48,454,676	–
	<u>262,233,394</u>	<u>319,236,517</u>	<u>199,334,284</u>	<u>119,902,233</u>
Company				
2013				
Non-derivative financial liabilities				
Trade and other payables	264,401,977	264,401,977	264,401,977	–
2012				
Non-derivative financial liabilities				
Trade and other payables	7,803,825	7,803,825	7,803,825	–

* *Excluding receipts in advance*

16 Trade and other payables

	Group		Company	
	2013 \$	2012 \$	2013 \$	2012 \$
Trade payables	37,943,273	26,491,444	-	-
Receipts in advance	139,297,082	66,884,977	-	-
Accruals	3,889,801	2,673,961	805,694	164,379
Amounts due to an affiliated corporation (trade)	482,210	270,180	-	-
Other payables	8,174,608	8,849,128	-	-
Value added tax, business tax and other taxes payable	5,591,425	4,250,105	-	-
Non-trade amounts due to:				
- former shareholders and affiliates of subsidiaries	2,033,505	2,129,707	-	-
- immediate holding company	262,889,694	63,591,940	262,889,694	4,536,591
- a non-controlling shareholder	-	960,429	-	-
- subsidiaries	-	-	706,589	3,102,855
	<u>460,301,598</u>	<u>176,101,871</u>	<u>264,401,977</u>	<u>7,803,825</u>

Receipts in advance mainly represent deposits and instalments received on properties for sale.

The non-trade amounts due to former shareholders and affiliates of subsidiaries, immediate holding company and subsidiaries are unsecured and interest-free, and are repayable on demand.

The non-trade amounts due to a non-controlling shareholder were unsecured and interest-free, and were fully repaid during the financial year ended 31 December 2013.

17 Revenue

	Group	
	2013	2012
	\$	\$
Sale of properties	147,373,645	141,890,351
Rental income from investment properties	683,157	956,214
Interest income on:		
- entrusted loans to an affiliated corporation	2,480,895	2,019,851
- entrusted loans to third parties	5,347,191	1,660,556
- vendor financing arrangements	136,395	173,223
	7,964,481	3,853,630
 Hotel operations	 337,100	 -
Others	1,173,561	1,305,910
	157,531,944	148,006,105

18 Net finance income

	Group	
	2013	2012
	\$	\$
Finance income		
Imputed interest on loan from non-controlling shareholder	56,530	54,500
Interest income on:		
- bank deposits	5,063,390	2,300,463
- loans to local government authority in the PRC	1,873,440	9,047,453
	6,993,360	11,402,416
Less: Amount capitalised	(4,429,122)	(9,872,172)
	2,564,238	1,530,244
 Finance costs		
Interest expense on:		
- loans from an affiliated corporation	(2,131,117)	(2,820,611)
- loans from a shareholder of the immediate holding company	(1,286,413)	(1,382,638)
	(3,417,530)	(4,203,249)
Less: Amount capitalised	3,417,530	4,203,249
	-	-
 Net finance income	2,564,238	1,530,244

19 Profit before income tax

(a) Other gains comprise:

	Note	Group	
		2013	2012
		\$	\$
Gain on disposal of:			
- property, plant and equipment (net)		55,473	25,060
- subsidiaries	23	6,422,700	–
(Loss)/Gain on dissolution of subsidiaries		(9,716)	303,611
		6,468,457	328,671

(b) Profit before income tax includes the following:

	Note	Group	
		2013	2012
		\$	\$
Amortisation of intangible assets	5	12,636	8,346
Amortisation of lease prepayments	7	724,683	1,472,611
Depreciation of property, plant and equipment	4	739,695	860,577
Direct operating expenses arising from rental of investment properties		32,511	236,095
Exchange gain (net)		(216,821)	(275,604)
Fair value (gain)/loss on investment properties	6	(5,475,131)	3,865,488
Write-down of development property		253,381	204,942
Hotel base stocks written off		732,489	–
Hotel pre-opening expenses		950,580	–
Impairment losses reversed on:			
- trade receivables	9	(311,505)	(46,325)
- other receivables and deposits	9	(21,112,176)	(5,851,897)
Operating lease expense		1,186,859	1,345,175
Staff costs		4,415,063	3,421,486
Write-off of:			
- property, plant and equipment		–	26,678
- intangible assets		–	14,013
		6,034,750	4,347,345
Staff costs			
Wages and salaries		5,277,553	3,884,428
Contributions to defined contribution plans		693,990	450,970
Termination benefits		63,207	11,947
		6,034,750	4,347,345
Less: Amounts capitalised		(1,619,687)	(925,859)
		4,415,063	3,421,486

20 Income tax expense

	Group	
	2013	2012
	\$	\$
Current tax expense		
Current year	14,003,122	12,740,335
Overprovision in respect of prior year	(1,799,894)	(1,701,203)
	<u>12,203,228</u>	<u>11,039,132</u>
Withholding tax	71,568	51,805
Land appreciation tax expense	5,186,991	11,707,738
	<u>17,461,787</u>	<u>22,798,675</u>
Deferred tax expense		
Origination and reversal of temporary differences	(5,488,431)	(1,815,405)
Overprovision in respect of prior year	(85,865)	(10,866)
	<u>(5,574,296)</u>	<u>(1,826,271)</u>
Total tax expense excluding tax on gain arising from sale of discontinued operations	<u>11,887,491</u>	<u>20,972,404</u>
Tax expense from continuing operations	11,887,491	20,943,933
Tax from discontinuing operations (excluding gain on sale)	–	28,471
	<u>11,887,491</u>	<u>20,972,404</u>
Tax on gain arising from sale of discontinued operations	–	361,924
Total tax expense	<u>11,887,491</u>	<u>21,334,328</u>
Reconciliation of effective tax rate		
Profit for the year	47,630,781	32,494,782
Total tax expense	11,887,491	21,334,328
Profit before income tax	<u>59,518,272</u>	<u>53,829,110</u>
Tax calculated using PRC tax rate of 25% (2012: 25%)	14,879,568	13,457,278
Adjustment of income tax on deemed profit basis	(208,809)	2,565,581
Effect of different tax rates in other jurisdictions	(421,638)	1,411,554
Effect of deferred tax assets not recognised	804,592	606,880
Expenses not deductible for tax purposes	3,249,762	1,097,432
Income not subject to tax	(7,586,524)	(4,322,937)
Recognition of previously unrecognised deferred tax assets	(1,821,280)	(1,037,966)
Tax effect of losses not allowed to be set off against future taxable profits	838,027	164,522
Land appreciation tax expenses	5,186,991	11,707,738
Effect of tax deduction on land appreciation tax expenses	(1,296,748)	(2,926,934)
Overprovision in respect of prior year	(1,885,759)	(1,712,069)
Withholding tax	71,568	51,805
Tax on gain arising from sale of discontinued operations	–	271,444
Others	77,741	–
	<u>11,887,491</u>	<u>21,334,328</u>

The Company is established under the laws of the Cayman Islands and is not subject to income tax in that jurisdiction.

The Group's operations are mainly in the PRC. Pursuant to the PRC Corporate Income Tax Law (CIT Law), the statutory tax rate applicable to the Group's PRC subsidiaries is 25% (2012: 25%).

Current income tax expense of a subsidiary of the Group is calculated on a fixed percentage of its revenue (deemed profit) multiplied by the applicable tax rate. For the financial year ended 31 December 2013, the deemed profit ratio is 8% (2012: 8%) of the entity's revenue. Such deemed profit basis is subject to review and approval by the respective tax authorities for each tax filing year.

Withholding tax arising from the distribution of dividends

Pursuant to the CIT Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in the PRC in respect of earnings generated from 1 January 2008.

The Group's determination as to whether to accrue for withholding taxes arising from the distribution of dividends by certain subsidiaries is subject to judgement on the timing of the payment of the dividends. The Group considered that the withholding tax rate to be 5% to 10% (2012: 5% to 10%), as applicable.

PRC Land Appreciation Tax (LAT)

LAT is levied at prevailing progressive rates on the appreciation of land value, being the proceeds of the sales of properties less deductible costs. However, the implementation and settlement of the tax varies amongst different tax jurisdictions in various cities of the PRC and certain projects of the Group have not finalised their land appreciation tax calculations and payments with the local tax authorities.

Accordingly, significant judgement is required in determining the amount of land appreciation and the related income tax provision.

21 Discontinued operations

Following a strategic decision to place greater emphasis on the Group's core operations, being property development and investment, the Group sold its entire candy manufacturing business to a third party in July 2012.

	Group 2012 \$
Results of discontinued operations	
Revenue	2,040,345
Expenses	<u>(3,567,133)</u>
Results from operating activities	(1,526,788)
Income tax expense	<u>(28,471)</u>
Results from operating activities, net of tax	(1,555,259)
Gain arising from sale of discontinued operations	3,358,098
Tax arising from gain on sale of discontinued operations	<u>(361,924)</u>
Profit for the year	<u>1,440,915</u>
Basic and diluted earnings per share (cents)	<u>—*</u>

* Less than 1 cent

The profit from discontinued operations of \$1,440,915 was attributable entirely to the owners of the Company. Out of the profit from continuing operations of \$31,053,867, an amount of \$32,269,120 is attributable to the owners of the Company.

Raw materials and changes in finished goods recognised as expenses in discontinued operations in relation to the sale of goods amounted to \$1,474,128 for the financial year ended 31 December 2012.

	Group 2012 \$
Cash flows from discontinued operations	
Net cash used in operating activities	(2,052,504)
Net cash from investing activities	<u>4,887,122</u>
Effect of disposal on the financial position of the Group	
Property, plant and equipment	3,545,606
Inventories	2,514,486
Trade and other receivables	768,614
Cash and cash equivalents	105,400
Trade and other payables	<u>(553,000)</u>
Net assets	<u>6,381,106</u>
Consideration received, satisfied in cash	9,739,204
Cash and cash equivalents disposed of	<u>(105,400)</u>
Net cash inflow	<u>9,633,804</u>

22 Earnings per share

Basic earnings per share

The calculation of basic earnings per share was based on the profit attributable to ordinary shareholders as set out below, and a weighted average number of ordinary shares outstanding, calculated as follows:

Profit attributable to ordinary shareholders

	Group					
	2013		Total	2012		Total
	Continuing operations	Discontinued operations		Continuing operations	Discontinued operations	
	\$	\$	\$	\$	\$	\$
Profit attributable to ordinary shareholders	47,990,953	–	47,990,953	32,269,120	1,440,915	33,710,035

Weighted average number of ordinary shares

	Note	Group	
		2013	2012
		\$	\$
Issued ordinary shares at 1 January	13	293,234,231	293,234,231
Effect of own shares held		(3,000,000)	(3,000,000)
Weighted average number of ordinary shares during the year		<u>290,234,231</u>	<u>290,234,231</u>

Diluted earnings per share

There were no dilutive potential ordinary shares in existence for the financial years ended 31 December 2013 and 2012.

23 Disposal of subsidiaries

There were the following disposals of subsidiaries during the financial year ended 31 December 2013:

- (a) On 26 March 2013, the Group disposed of its 70% equity interest in Fogang Idea Valley Property Development Limited and its subsidiary, Fogang County Idea Valley Property Management Limited, to a third party for a consideration of \$17,459,939.
- (b) On 11 December 2013, the Group disposed of its 100% equity interest in Dongguan Wangwu Commercial and Management Limited to a third party for a consideration of \$203,500.
- (c) On 12 December 2013, the Group disposed of its 100% equity interest in Dongguan Feng Xiang Investment Consultancy Limited and its 70% owned subsidiary, Dongguan Feng Er Investment Consultancy Co., Ltd, to a third party for a consideration of \$1,628,000.

- (d) On 25 December 2013, the Group disposed of its 100% equity interest in Dongguan Junxuan Enterprise Limited to a third party for a consideration of \$305,250.
- (e) On 26 December 2013, the Group disposed of its 100% equity interest in CJD to a third party for a consideration of \$4,660,150.
- (f) On 30 December 2013, the Group disposed of its 100% equity interest in Idea Valley No. 1 Company Limited and its wholly owned subsidiary, Idea Valley Lianzhou Property Development Limited, to a third party for a consideration of \$8,582,604. The buyer also assumed the amounts due to the Group of \$15,798,723.

The cash flows and the net assets of the subsidiaries disposed are provided below:

	Note	Disposals 2013 \$
Property, plant and equipment		1,536,493
Lease payments		17,874,432
Investment properties	6	28,970,506
Development properties		22,643,039
Trade and other receivables		4,706,246
Cash and cash equivalents		5,556,409
Trade and other payables		(35,804,224)
Tax payable		(1,332,296)
Deferred tax liabilities	10	(9,343,848)
Net identified assets		<u>34,806,757</u>
Less: Non-controlling interests		(6,846,540)
Identified net assets disposed		<u>27,960,217</u>
Realisation of foreign currency translation reserve		(1,543,474)
Gain on disposal		6,422,700
Total consideration		<u>32,839,443</u>
Repayment of amounts due to the Group		15,798,723
Portion of consideration for which payment is deferred		(16,450,797)
Cash and cash equivalents disposed of		(5,556,409)
Net cash inflow		<u>26,630,960</u>

The gain on disposal is recognised in other gains in the consolidated statement of profit or loss.

24 Operating segments

Information reported to the Group's CODM for the purpose of resource allocation and assessment performances is specifically focused on the functionality of services provided. The following summary describes the operations in each of the Group's reportable segments:

- Property development – development and/or purchase of properties for sale
- Property investment – development and/or purchase of investment properties for lease
- Property financing – provision of entrusted loans via entrustment banks and financial consultancy services
- Hotel operations – hotel owner

Other operations include candy manufacturing and property management. None of these segments meets any of the quantitative thresholds for determining reportable segments in 2013 and 2012.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Group's CODM. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Information about reportable segments

	Property development	Property investment	Property financing	Hotel operations	Total reportable segments	Others	Unallocated	Total
	\$	\$	\$	\$	\$	\$	\$	\$
2013								
Segment revenue	153,280,315	683,157	8,437,007	337,100	162,737,579	131,778	7,400,000	170,269,357
Elimination of inter-segment revenue	(5,337,413)	—	—	—	(5,337,413)	—	—	(12,737,413)
External revenue	147,942,902	683,157	8,437,007	337,100	157,400,166	131,778	—	157,531,944
Profit/(Loss) from operating activities	29,262,837	26,958,729	7,574,666	(2,401,785)	61,394,447	69,282	(4,509,695)	56,954,034
Finance income	1,794,576	—	134,032	—	1,928,608	—	635,630	2,564,238
Segment profit/(loss) before income tax	31,057,413	26,958,729	7,708,698	(2,401,785)	63,323,055	69,282	(3,874,065)	59,518,272
Other material non-cash items:								
Depreciation and amortisation	(1,453,201)	—	(804)	(23,009)	(1,477,014)	—	—	(1,477,014)
Fair value gain on investment properties	—	5,475,131	—	—	5,475,131	—	—	5,475,131
Write-down of development properties	(253,381)	—	—	—	(253,381)	—	—	(253,381)
Impairment loss reversed on trade receivables, and other receivables and deposits	—	21,423,681	—	—	21,423,681	—	—	21,423,681

Information about reportable segments

	Property development \$	Property investment \$	Property financing \$	Hotel operations \$	Total reportable segments \$	Others \$	Unallocated \$	Total \$
2013								
Assets								
Segment assets	718,777,836	80,137,491	32,957,096	75,676,788	907,549,211	—	48,132,569	955,681,780
Liabilities								
Segment liabilities	(180,722,936)	(13,389,061)	(347,038)	(471,447)	(194,930,482)	—	(304,871,108)	(499,801,590)
Other segment information:								
Additions to non-current assets*	23,194,696	21,061,423	—	1,576,702	45,832,821	—	978,574	46,811,395

* Non-current assets include property plant and equipment, intangible assets, investment properties and lease prepayments

Information about reportable segments

	Property development	Property investment	Property financing	Total reportable segments	Others	Unallocated	Total
	\$	\$	\$	\$	\$	\$	\$
2012							
Segment revenue	145,091,051	1,011,875	4,390,096	150,493,022	2,356,262	—	152,849,284
Elimination of inter-segment revenue	(2,879,248)	(55,661)	—	(2,934,909)	—	—	(2,934,909)
Elimination of discontinued operations	—	—	—	—	(1,908,270)	—	(1,908,270)
External revenue	142,211,803	956,214	4,390,096	147,558,113	447,992	—	148,006,105
Profit/(Loss) from operating activities	51,444,714	(1,203,984)	2,842,793	53,083,523	29,335	(2,645,302)	50,467,556
Finance income	1,095,672	—	353,286	1,448,958	132,075	81,286	1,662,319
Elimination of discontinued operations	—	—	—	—	(132,075)	—	(132,075)
	1,095,672	—	353,286	1,448,958	—	81,286	1,530,244
Segment profit/(loss) before income tax	52,540,386	(1,203,984)	3,196,079	54,532,481	29,335	(2,564,016)	51,997,800

Information about reportable segments

	Property development \$	Property investment \$	Property financing \$	Total reportable segments \$	Others \$	Unallocated \$	Total \$
2012							
Other material non-cash items:							
Depreciation and amortisation	(1,570,925)	—	(659)	(1,571,584)	(661,161)	(108,789)	(2,341,534)
Fair value loss on investment properties	—	(3,865,488)	—	(3,865,488)	—	—	(3,865,488)
Write-down of development properties	(204,942)	—	—	(204,942)	—	—	(204,942)
Impairment losses reversed on trade receivables, and other receivables and deposits	—	2,616,275	—	2,616,275	—	3,281,947	5,898,222
Assets							
Segment assets	558,495,979	121,467,301	55,994,827	735,958,107	—	24,481,956	760,440,063
Liabilities							
Segment liabilities	(227,499,600)	(334,939)	(32,937,040)	(260,771,579)	—	(117,444,894)	(378,216,473)
Other segment information:							
Additions to non-current assets*	3,159,775	16,283,621	1,408	19,444,804	10,513	31,118	19,486,435

* Non-current assets include property plant and equipment, investment properties and lease prepayments

Geographical information

The Group's main businesses are those relating to property development, property investment and property financing which are mainly in the PRC. Accordingly, geographical information has not been presented.

25 Financial risk management

Overview

Risk management is integral to the whole business of the Group. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Credit risk

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

The Group has a credit policy in place which establishes credit limits for customers and monitors their balances on an ongoing basis.

The Group assesses the credit risks in respect of the property development operations to be relatively low as payments are usually received from property buyers in advance. For the credit risks arising from investment properties, the Group manages the risk by collecting rental deposits in advance and monitors the outstanding balances on an on-going basis.

For the credit risk arising from the property financing services, entrusted loans to third parties are generally secured by a mortgage of land use rights and/or property as well as personal guarantees and/or corporate guarantees in favour of the entrusted bank. The loan disbursed is capped at pre-set loan to value ratio of the property collateral.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

Cash and fixed deposits are placed with banks and financial institutions which are regulated. The Group limits its credit risk exposure in respect of investments by only investing in liquid securities and only with counterparties that have a sound credit rating. Hence, management does not expect any counterparty to fail to meet its obligations.

There is no concentration of credit risk as at the reporting date. The carrying amounts of financial assets represent the maximum credit risk. The Group has issued guarantees to banks to secure the mortgage arrangement of the buyers of the Group's development properties held for sale. Refer to note 15 for details.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically, the Group ensures that it maintains sufficient reserves of cash on demand and adequate committed lines of funding from major financial institutions and its shareholders to meet its liquidity requirements in the short and longer term. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted.

Market risk

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

Interest rate risk

The Group's interest rate risk arises primarily from cash and cash equivalents, loans to an affiliated corporation, third parties and a local government authority in the PRC, and loans and borrowings. Presently, the Group does not use derivative financial instruments to hedge its interest rate risk.

Interest rate profile

At the reporting date, the interest rate profile of the interest bearing financial instruments of the Group and the Company were:

	Group		Company	
	2013	2012	2013	2012
	\$	\$	\$	\$
Fixed rate instruments				
Financial assets	70,054,609	113,839,580	6,855,295	105,942
Variable rate instruments				
Financial assets	301,964,228	96,173,449	12,662	12,431
Financial liabilities	-	(153,016,500)	-	-
	<u>301,964,228</u>	<u>(56,843,051)</u>	<u>12,662</u>	<u>12,431</u>

Sensitivity analysis

The Group does not account for any fixed rate financial assets at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cashflow sensitivity analysis for variable rate instruments

A change of 100 basis points (bps) in interest rates at the reporting date would have increased/ (decreased) profit or loss by the amounts shown below. There is no impact on other components of equity. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss	
	100 bps increase	100 bps decrease
	\$	\$
Group		
31 December 2013		
Variable rate instruments	3,019,642	(3,019,642)
31 December 2012		
Variable rate instruments	(568,431)	568,431
Company		
31 December 2013		
Variable rate instruments	127	(127)
31 December 2012		
Variable rate instruments	124	(124)

Foreign currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily the Singapore dollar, Renminbi, US dollar, Ringgit Malaysia and Hong Kong dollar.

There is no formal hedging policy with respect to foreign exchange exposure. Exposure to foreign currency risk is monitored on an ongoing basis and the Group endeavours to keep the net exposure at an acceptable level.

The Group's and Company's exposures to foreign currencies are as follows based on nominal amounts:

Group	Singapore dollar \$	Renminbi \$	US dollar \$	Ringgit Malaysia \$	Hong Kong dollar \$
2013					
Cash and cash equivalents	35,732	–	9,043,639	–	54,152
Trade and other receivables	2,040,690	19,360,652	5,906,887	–	21,285
Trade and other payables	(310,468,143)	(209,016)	(19,745,443)	(1,980,428)	–
	<u>(308,391,721)</u>	<u>19,151,636</u>	<u>(4,794,917)</u>	<u>(1,980,428)</u>	<u>75,437</u>
2012					
Cash and cash equivalents	70,945	–	548,769	–	28,006
Trade and other receivables	28,923,577	12,479,519	5,385,292	–	443,610
Trade and other payables	(421,554)	(200,406)	(9,315,636)	(2,078,695)	–
	<u>28,572,968</u>	<u>12,279,113</u>	<u>(3,381,575)</u>	<u>(2,078,695)</u>	<u>471,616</u>
Company					
2013					
Cash and cash equivalents	–	–	6,867,746	–	–
Trade and other receivables	–	18,084,161	1,679,986	–	–
Trade and other payables	–	(59,770)	(11,498,933)	–	–
	<u>–</u>	<u>18,024,391</u>	<u>(2,951,201)</u>	<u>–</u>	<u>–</u>
2012					
Trade and other receivables	20,855,634	30,244,800	–	–	–
Trade and other payables	–	(58,406)	–	–	–
	<u>20,855,634</u>	<u>30,186,394</u>	<u>–</u>	<u>–</u>	<u>–</u>

Sensitivity analysis

A 10% strengthening of the following major currencies against the functional currency of each of the Group's entities at the reporting date would impact the profit or loss (before any tax effects) of the Group and the Company by the amounts shown below. A 10% weakening of the above major currencies against the functional currency of each of the Group's entities at the reporting date would have an equal but opposite effect. There is no impact on other components of equity. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Group		Company	
	Increase/ (Decrease) in profit or loss 2013 \$	Increase/ (Decrease) in profit or loss 2012 \$	Increase/ (Decrease) in profit or loss 2013 \$	Increase/ (Decrease) in profit or loss 2012 \$
Singapore dollar	(30,839,172)	2,857,296	–	2,085,563
Renminbi	1,915,164	1,227,911	1,802,439	3,018,639
US dollar	(479,492)	(338,158)	(295,120)	–
Ringgit Malaysia	(198,043)	(207,870)	–	–
Hong Kong dollar	7,544	47,161	–	–

Accounting classifications and fair values

Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the statements of financial position, are as follows:

	Note	Loans and receivables \$	Other financial liabilities within the scope of IAS 39 \$	Total \$	Fair value \$
Group					
2013					
Assets					
Trade and other receivables, excluding prepayments	9	126,061,916	–	126,061,916	125,581,419
Cash and cash equivalents	12	311,154,534	–	311,154,534	311,154,534
		437,216,450	–	437,216,450	436,735,953
Liabilities					
Trade and other payables, excluding receipts in advance	16	–	(321,004,516)	(321,004,516)	(321,004,516)
2012					
Assets					
Trade and other receivables, excluding prepayments	9	129,266,347	–	129,266,347	132,079,649
Cash and cash equivalents	12	97,415,361	–	97,415,361	97,415,361
		226,681,708	–	226,681,708	229,495,010
Liabilities					
Loans and borrowings	15	–	(153,016,500)	(153,016,500)	(152,799,073)
Trade and other payables, excluding receipts in advance	16	–	(109,216,894)	(109,216,894)	(109,216,894)
		–	(262,233,394)	(262,233,394)	(262,015,967)

	Note	Loans and receivables \$	Other financial liabilities within the scope of IAS 39 \$	Total \$	Fair value \$
Company					
2013					
Assets					
Trade and other receivables, excluding prepayments	9	39,975,357	–	39,975,357	39,975,357
Cash and cash equivalents	12	6,867,956	–	6,867,956	6,867,956
		46,843,313	–	46,843,313	46,843,313
Liabilities					
Trade and other payables, excluding receipts in advance	16	–	(264,401,977)	(264,401,977)	(264,401,977)
2012					
Assets					
Trade and other receivables, excluding prepayments	9	94,972,573	–	94,972,573	94,972,573
Cash and cash equivalents	12	118,373	–	118,373	118,373
		95,090,946	–	95,090,946	95,090,946
Liabilities					
Trade and other payables, excluding receipts in advance	16	–	(7,803,825)	(7,803,825)	(7,803,825)

Valuation processes applied by the Group

The Group has an established control framework with respect to the measurement of fair values. The CEO and Chief Financial Officer (CFO) has overall responsibility for all significant fair value measurements, including Level 3 fair values.

The CEO and CFO review significant unobservable inputs and valuation adjustments, where applicable. If third party information is used to measure fair value, then the CEO and CFO assess the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the classification of the fair value estimate in the fair value hierarchy.

Interest rates used for determining fair values

The interest rates used to discount estimated cash flows, when applicable, are as follows:

	2013	2012
	%	%
Trade and other receivables	3.13%	3.06% - 6.00%
Loans and borrowings	-	3.01%

Fair value hierarchy

The tables below analyse fair value measurements for financial assets and financial liabilities, by the levels in the fair value hierarchy based on the inputs to valuation techniques. The different levels are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: unobservable inputs for the asset or liability.

	Level 1	Level 2	Level 3	Total
	\$	\$	\$	\$
<i>Financial assets and financial liabilities not carried at fair value but for which fair values are disclosed*</i>				
Group				
31 December 2013				
Trade and other receivables	–	125,581,419	–	125,581,419

* Excludes financial assets and financial liabilities whose carrying amounts measured on the amortised cost basis approximate their fair values due to their short-term nature and where the effect of discounting is immaterial.

The valuation techniques and the inputs used in the fair value measurements of the financial assets and financial liabilities for measurement and/or disclosure purposes are set out in note 26.

There were no transfers between levels during the year.

26 Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Investment property

The fair values are derived based on the methods described in note 6.

(ii) Trade and other receivables

The fair values of trade and other receivables are estimated at the present value of future cash flows, discounted at the market rate of interest at the measurement date. Short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. Fair value is determined at initial recognition and, for disclosure purposes, at each annual reporting date.

(iii) Other non-derivative financial liabilities

Other non-derivative financial liabilities are measured at fair value at initial recognition and for disclosure purposes, at each annual reporting date. Fair value is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take into account the credit risk of the Group entity and counterparty when appropriate.

Fair values and fair value hierarchy information of financial instruments are disclosed in note 25.

The table below analyses recurring non-financial assets carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: unobservable inputs for the asset or liability.

	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Group				
31 December 2013				
Investment properties	–	668,160	79,469,331	80,137,491

There were no transfers between levels during the year.

Level 2 fair values

The valuation of the commercial investment properties are based on comparable market transactions that consider sales of similar properties that have been transacted in the open market.

Level 3 fair values

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

	Investment properties \$
Balance at 1 January 2013	92,226,296
Additions	21,061,423
Transfer from properties under development	5,998,739
Transfer to property, plant and equipment	(49,537,264)
Fair value gain	5,454,781
Translation differences on consolidation	4,265,356
Balance at 31 December 2013	79,469,331

The following table shows the key unobservable inputs used in the valuation models:

Type	Valuation technique	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Completed properties	Discounted cash flow approach	<ul style="list-style-type: none"> • Investment property yield of 5.5% to 6% • Discount rate of 5.5% to 7% 	A significant increase in property yield and a significant decrease in discount rate would result in a significantly higher fair value measurement.
	Market comparable approach	<ul style="list-style-type: none"> • Average sale price for commercial units of RMB10,365 to RMB45,355 per square metre 	A significant increase in average sales prices would result in a significantly higher fair value measurement.
Properties under construction	Discounted cash flow and residual value	<ul style="list-style-type: none"> • Average daily rate (“ADR”) with increases of 3% to 5% from 2015 • Occupancy rate of 50% to 70% • Discount rate of 9% 	A significant increase in ADR and occupancy rate and a significant decrease in discount rate would result in a significantly higher fair value measurement.

Key unobservable inputs

Key unobservable inputs correspond to:

- Sale prices derived from the same open markets and sale prices of comparable commercial units.
- Investment property yields derived from market data for similar properties, adjusted for nature, location and condition of the properties.
- ADR and occupancy rates of hotels derived from market data for similar hotels, adjusted for the location and condition of the hotel.
- Discount rate, based on the average market yield for comparable properties, adjusted to reflect the location and condition of the properties.

27 Commitments

The Group has the following commitments as at the reporting date:

(a) Capital commitments

	Group	
	2013	2012
	\$	\$
Contracted but not provided for in the financial statements:		
- Expenditure in respect of investment properties and development properties	96,197,743	56,263,805
- Expenditure in respect of property, plant and equipment	430,385	50,619
	96,628,128	56,314,424

(b) Operating lease commitments

At the reporting date, the Group has commitments for future minimum lease payments under non-cancellable operating leases as follows:

	Group	
	2013	2012
	\$	\$
Within 1 year	92,419	754,520
After 1 year but within 5 years	–	2,552,205
After 5 years	–	74,509,384
	92,419	75,766,109

The Group is a lessor in respect of its investment properties. At the reporting date, the Group has non-cancellable operating lease rental receivables as follows:

	Group	
	2013	2012
	\$	\$
Within 1 year	2,911,552	1,901,117
After 1 year but within 5 years	10,797,521	7,444,141
After 5 years	11,578,101	11,170,398
	<u>25,287,174</u>	<u>20,515,656</u>

28 Contingent liabilities

On 28 May 2013, the Group filed a lawsuit against a contractor, which was engaged for the installation of the external glass curtain wall of the commercial buildings within the Chengdu Cityspring project, in the Sichuan Chengdu Municipal Intermediate People's Court (the Court). The Group claimed for, amongst others, (i) late completion penalty of \$0.3 million; and (ii) a refund of overpayment of \$0.7 million. The contractor countersued the Group, for amongst others, an additional payment of \$3.7 million plus late penalty payment of \$2,088 per day starting from 30 April 2013 to the date when payment is fully settled. In November 2013, the Group made a further application to the Court to seek further claims for an additional refund of overpayment to the contractor of \$1.9 million and to revoke the 17 project confirmation sheets signed by the Group and the contractor.

As at 31 December 2013, no judgment has been made on the case. The Group has cumulatively accrued for \$16.4 million on the basis that it is an amount that is similar to that of the claim made by the contractor and has paid \$11.7 million to the contractor as at 31 December 2013.

29 Related parties

In addition to the transactions disclosed elsewhere in the financial statements, there were the following significant related party transactions based on terms as agreed between the parties during the financial year:

	Group	
	2013	2012
	\$	\$
Licence fee paid or payable to an affiliated corporation	1,472	–
Service income received or receivable from an affiliated corporation	(6,101)	(7,994)
Service fee paid/payable to the immediate holding company	8,331,716	4,518,533
Consultancy fee payable to an affiliated corporation and capitalised as development properties	553,520	992,396
	<u>553,520</u>	<u>992,396</u>

Transactions with key management personnel

Transactions with key management personnel

The key management personnel compensation comprises:

	Group	
	2013	2012
	\$	\$
Short-term employee benefits	1,233,683	575,027
Post-employment benefits (including CPF)	43,187	36,348
	1,276,870	611,375

During the financial year ended 31 December 2013, the Group had entered into sale option agreements to sell two residential units in the Millennium Waterfront to a director of subsidiaries for an aggregate purchase price of approximately \$278,092 (RMB1.4 million).

30 Comparative figures

Comparatives have been re-presented as a result of the change in functional and presentation currencies (note 2.3) of the Company.

In addition, certain comparative information in the financial statements has been reclassified to conform with current year's presentation, as described below:

- Interest income on entrusted loans and vendor financing arrangements, and consultancy fees on vendor financing arrangements, have been reclassified from finance income and other expenses, respectively, to revenue as the Group had assessed property financing to be one of its principal activities; and
- Other investments related to structured deposits have been reclassified to cash and cash equivalents as the Group has assessed that these are short-term highly liquid investments that are readily convertible to cash.

	As previously reported US\$	As re-presented* \$	Re- classification \$	As restated \$
Group				
2012				
Statement of financial position				
Other investments	10,686,682	13,240,799	(13,240,799)	–
Cash and cash equivalents	67,937,500	84,174,562	13,240,799	97,415,361

	As previously reported US\$	As re-presented* \$	Re- classification \$	As restated \$
Group				
2012				
<i>Statement of profit or loss</i>				
Revenue	115,912,840	143,616,008	4,390,097	148,006,105
Other expenses	(3,426,811)	(4,245,819)	(865,137)	(5,110,956)
Other gains	–	–	328,671	328,671
Finance income	4,345,339	5,383,875	(3,853,631)	1,530,244
<i>Statement of cash flows</i>				
Net cash from operating activities	37,231,499	46,129,827	(39,909,231)	6,220,596
Net cash used in investing activities	(53,657,439)	(66,481,567)	21,422,260	(45,059,307)
Net cash from financing activities	50,162,263	62,151,044	(659,160)	61,491,884
Cash and cash equivalents at beginning of the year	33,953,812	42,068,773	32,622,506	74,691,279
Effect of exchange rate changes on balances held in foreign currencies	247,365	306,485	(235,576)	70,909
Cash and cash equivalents at end of the year	67,937,500	84,174,562	13,240,799	97,415,361
2011				
<i>Statement of financial position</i>				
Other investments	26,329,706	32,622,506	(32,622,506)	–
Cash and cash equivalents	33,953,812	42,068,773	32,622,506	74,691,279

* See note 2.3 – change in presentation currency

**AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF FIRST SPONSOR
GROUP LIMITED AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2014**

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



First Sponsor Group Limited and its subsidiaries

(Incorporated in the Cayman Islands)

Annual Report
Year ended 31 December 2014

Directors' report

We are pleased to submit this annual report to the members of the Company together with the audited financial statements for the financial year ended 31 December 2014.

Directors

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

Wong Hong Ren	
Ho Han Leong Calvin	
Ho Han Khoon	(Appointed on 19 May 2014)
(Alternate Director to Ho Han Leong Calvin)	
Neo Teck Pheng	
Ting Ping Ee, Joan Maria	(Appointed on 19 May 2014)
Yee Chia Hsing	(Appointed on 19 May 2014)
Hwang Han-Lung Basil	(Appointed on 19 May 2014)

Admission of the Company to the Official List of the Singapore Exchange Securities Trading Limited

The Company's shares were listed on the Singapore Exchange Securities Trading Limited ("SGX - ST") on 22 July 2014.

Directors' interests

According to the register kept by the Company, particulars of interests of directors who held office at the end of the financial year (including those held by their spouses and infant children) in shares, debentures, warrants and share options in the Company and in related corporations are as follows:

	Holdings in the name of the director, spouse and/or infant children		Holdings in which directors are deemed to have an interest	
	At beginning of the year/ date of appointment	At end of the year	At beginning of the year/ date of appointment	At end of the year
The Company				
<i>Ordinary shares</i>				
Wong Hong Ren	–	981,000	–	–
Ho Han Leong Calvin	–	–	286,587,231	263,643,791
Ho Han Khoon	–	–	260,694,791	260,694,791
(Alternate Director to Ho Han Leong Calvin)				
Neo Teck Pheng	–	–	286,587,231	274,146,791
Yee Chia Hsing	–	100,000	–	–

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 date of appointment if later, or at the end of the financial year.

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

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

Except for salaries, bonuses, fees and those benefits that are disclosed in this report and in notes 19 and 28 to the financial statements, and remuneration received by the directors from related corporations, since the end of the last financial year, no director has received or become entitled to receive, a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Share options

Employee share option scheme

On 19 May 2014, the shareholders of the Company adopted a share option scheme known as the First Sponsor Employee Share Option Scheme (the "Share Option Scheme").

The Share Option Scheme will provide eligible participants (which include the Non-Executive Directors) with an opportunity to participate in the equity of the Company and to motivate them towards better performance through increased dedication and loyalty.

The Share Option Scheme is administered by the Administration Committee, comprising members of the Remuneration Committee and the Nominating Committee. The exercise price of the options that are granted under the Share Option Scheme shall be determined at the discretion of the Administration Committee and may be:

- (a) set at a discount to a price (the "Market Price") equal to the average of the last dealt prices for the shares on the SGX-ST for the five consecutive market days immediately preceding the relevant date of grant of the relevant option (subject to a maximum discount of 20.0%), in which event, such options may be exercised after the second anniversary from the date of grant of the options; or
- (b) fixed at the Market Price. These options may be exercised after the first anniversary of the date of grant of that option.

The aggregate number of shares which may be offered by way of grant of options to all controlling shareholders of the Company and their respective associates under the Share Option Scheme shall not exceed 25.0% of the total number of shares available under the Share Option Scheme, with the number of shares which may be offered by way of granting options to each controlling shareholder of the Company and his respective associate not exceeding 10.0% of the total number of shares available under the Share Option Scheme.

During the year, no options have been granted under the Share Option Scheme.

Except as disclosed above, there were:

- (i) no options granted by the Company to any person to take up unissued shares in the Company; and
- (ii) no shares issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there were no unissued shares of the Company under option.

Audit committee

The members of the Audit Committee during the year and at the date of this report are:

Yee Chia Hsing	(Chairman)
Ting Ping Ee, Joan Maria	(Member)
Ho Han Leong Calvin	(Member)
Ho Han Khoon	
(Alternate Director to Ho Han Leong Calvin)	

The Audit Committee performs the functions specified in the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual and the Code of Corporate Governance.

The Audit Committee has held 3 meetings since it was formed to the date of this report. In performing its functions, the Audit Committee met with the Company's external auditors to discuss the scope of their work, the results of their examination and evaluation of the Company's internal accounting control system.

The Audit Committee also reviewed the following:

- assistance provided by the Company's officers to the external auditors;
- quarterly financial information and annual financial statements of the Group and the Company prior to their submission to the directors of the Company for adoption; and
- interested person transactions (as defined in Chapter 9 of the SGX Listing Manual).

The Audit Committee has full access to management and is given the resources required for it to discharge its functions. It has full authority and the discretion to invite any director or executive officer to attend its meetings. The Audit Committee also recommends the appointment of the external auditors and reviews the level of audit and non-audit fees.

The Audit Committee is satisfied with the independence and objectivity of the external auditors and has recommended to the board of directors of the Company that the auditors, KPMG LLP, be nominated for re-appointment as auditors at the forthcoming Annual General Meeting of the Company.

In appointing our auditors for the Company and its subsidiaries, we have complied with Rules 712 and 715 of the SGX Listing Manual.

Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the board of directors



Ho Han Leong Calvin
Director



Neo Teck Pheng
Director

9 March 2015

Statement by Directors

In our opinion:

- (a) the financial statements set out on pages FS1 to FS70 are drawn up so as to give a true and fair view of the state of affairs of the Group and the Company as at 31 December 2014 and the results, changes in equity and cash flows of the Group for the year ended on that date in accordance with International Financial Reporting Standards; and
- (b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The board of directors of the Company has, on the date of this statement, authorised these financial statements for issue.

On behalf of the board of directors



Ho Han Leong Calvin
Director



Neo Teck Pheng
Director

9 March 2015



KPMG LLP
16 Raffles Quay #22-00
Hong Leong Building
Singapore 048581

Telephone +65 6213 3388
Fax +65 6225 0984
Internet www.kpmg.com.sg

Independent auditors' report

Members of the Company
First Sponsor Group Limited

We have audited the accompanying financial statements of First Sponsor Group Limited (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Group and the Company as at 31 December 2014, the statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information, as set out on pages FS1 to FS70.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of financial statements 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.



*First Sponsor Group Limited
and its Subsidiaries
Independent auditors' report
Year ended 31 December 2014*

Opinion

In our opinion, the financial statements present fairly, in all material respects, the state of affairs of the Group and the Company as at 31 December 2014 and the results, changes in equity and cash flows of the Group for the year ended on that date in accordance with International Financial Reporting Standards.

KPMG LLP

KPMG LLP

*Public Accountants and
Chartered Accountants*

Singapore

9 March 2015

**Statements of Financial Position
As at 31 December 2014**

	Note	Group		Company	
		2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Non-current assets					
Property, plant and equipment	4	116,517	81,023	—	—
Intangible assets	5	—	—	—	—
Investment properties	6	80,979	80,137	—	—
Lease prepayments	7	—	3,009	—	—
Interests in subsidiaries	8	—	—	863,829	535,757
Other receivables	9	118,671	8,038	—	—
Deferred tax assets	10	8,951	10,303	—	—
		<u>325,118</u>	<u>182,510</u>	<u>863,829</u>	<u>535,757</u>
Current assets					
Lease prepayments	7	—	44	—	—
Development properties	11	559,522	333,839	—	—
Inventories		458	32	—	—
Trade and other receivables	9	276,105	128,103	39,405	39,975
Cash and cash equivalents	12	131,797	311,154	2,432	6,868
		<u>967,882</u>	<u>773,172</u>	<u>41,837</u>	<u>46,843</u>
Total assets		<u>1,293,000</u>	<u>955,682</u>	<u>905,666</u>	<u>582,600</u>
Equity attributable to owners of the Company					
Share capital	13	736,404	363,317	736,404	363,317
Reserves	14	158,070	92,563	(5,850)	(45,119)
Total equity		<u>894,474</u>	<u>455,880</u>	<u>730,554</u>	<u>318,198</u>
Non-current liabilities					
Deferred tax liabilities	10	13,036	12,165	—	—
Loans and borrowings	15	83,003	—	83,003	—
		<u>96,039</u>	<u>12,165</u>	<u>83,003</u>	<u>—</u>
Current liabilities					
Trade and other payables	16	280,865	460,302	92,109	264,402
Current tax payable		21,622	27,335	—	—
		<u>302,487</u>	<u>487,637</u>	<u>92,109</u>	<u>264,402</u>
Total liabilities		<u>398,526</u>	<u>499,802</u>	<u>175,112</u>	<u>264,402</u>
Total equity and liabilities		<u>1,293,000</u>	<u>955,682</u>	<u>905,666</u>	<u>582,600</u>

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

**Consolidated Statement of Profit or Loss
Year ended 31 December 2014**

	Note	Group	
		2014 \$'000	2013 \$'000
Revenue	17	153,211	157,532
Cost of sales		(96,096)	(110,537)
Gross profit		<u>57,115</u>	<u>46,995</u>
Administrative expenses		(17,764)	(8,992)
Selling expenses		(4,908)	(3,923)
Other (expenses)/income		(7,801)	16,406
Other gains	19	909	6,468
Results from operating activities		<u>27,551</u>	<u>56,954</u>
Finance income		15,073	2,564
Finance costs		(2,104)	–
Net finance income	18	<u>12,969</u>	<u>2,564</u>
Profit before tax	19	40,520	59,518
Tax expense	20	(18,816)	(11,887)
Profit for the year		<u>21,704</u>	<u>47,631</u>
Attributable to:			
Equity holders of the Company		21,704	47,991
Non-controlling interests		–	(360)
Profit for the year		<u>21,704</u>	<u>47,631</u>
Earnings per share			
Basic and diluted (cents)	21	<u>4.33</u>	<u>16.54</u>

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

**Consolidated Statement of Comprehensive Income
Year ended 31 December 2014**

	Group	
	2014	2013
	\$'000	\$'000
Profit for the year	21,704	47,631
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss:		
Realisation of foreign currency translation differences arising from disposal of subsidiaries, net of tax	–	(1,544)
Translation differences on financial statements of foreign subsidiaries, net of tax	24,732	24,411
Translation differences on monetary items forming part of net investment in foreign subsidiaries, net of tax	1,013	8,957
Total other comprehensive income for the year, net of tax	25,745	31,824
Total comprehensive income for the year	47,449	79,455
Total comprehensive income attributable to:		
Equity holders of the Company	47,449	79,559
Non-controlling interests	–	(104)
Total comprehensive income for the year	47,449	79,455

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

**Consolidated Statements of Changes in Equity
Year ended 31 December 2014**

Group	Note	Share capital \$'000	Reserve for own shares \$'000	Statutory reserve \$'000	Capital reserve \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Total attributable to equity holders of the Company \$'000	Non- controlling interests \$'000	Total equity \$'000
At 1 January 2013		363,317	(3,717)	–	(1,563)	26,578	(8,294)	376,321	5,903	382,224
Total comprehensive income for the year		–	–	–	–	–	47,991	47,991	(360)	47,631
Profit for the year		–	–	–	–	–	–	–	–	–
Other comprehensive income		–	–	–	–	(1,544)	–	(1,544)	–	(1,544)
Exchange differences realised on disposal of subsidiaries		–	–	–	–	–	–	–	–	–
Translation differences on financial statements of foreign subsidiaries, net of tax		–	–	–	–	24,155	–	24,155	256	24,411
Translation differences on monetary items forming part of net investment in foreign subsidiaries, net of tax		–	–	–	–	8,957	–	8,957	–	8,957
Total other comprehensive income		–	–	–	–	31,568	–	31,568	256	31,824
Total comprehensive income for the year		–	–	–	–	31,568	47,991	79,559	(104)	79,455
Transaction with owners, recognised directly in equity		–	–	–	–	–	–	–	–	–
Contributions by and distributions to owners		–	–	10,190	–	–	(10,190)	–	3,081	3,081
Contribution by non-controlling interests		–	–	–	–	–	–	–	–	–
Transfer to statutory reserve		–	–	–	–	–	–	–	–	–
Dividend paid to non-controlling interests of a subsidiary		–	–	–	–	–	–	–	(2,033)	(2,033)
Total contributions by and distributions to owners	14	–	–	10,190	–	–	(10,190)	–	1,048	1,048

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

*First Sponsor Group Limited
and its Subsidiaries
Financial statements
Year ended 31 December 2014*

Note	Share capital \$'000	Reserve for own shares \$'000	Statutory reserve \$'000	Capital reserve \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Total attributable to equity holders of the Company \$'000	Non-controlling interests \$'000	Total equity \$'000
23	—	—	—	—	—	—	—	(6,847)	(6,847)
	—	—	—	—	—	—	—	(6,847)	(6,847)
	—	—	10,190	—	—	(10,190)	—	(5,799)	(5,799)
	363,317	(3,717)	10,190	(1,563)	58,146	29,507	455,880	—	455,880

Changes in ownership interests in subsidiaries

Disposal of subsidiaries
Total changes in ownership interests in subsidiaries

Total transactions with owners of the Company

At 31 December 2013

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

Consolidated Statements of Changes in Equity (cont'd)
Year ended 31 December 2014

Group	Note	Share capital \$'000	Share premium \$'000	Reserve for own shares \$'000	Statutory reserve \$'000	Capital reserve \$'000	Foreign currency translation reserve \$'000	Retained earnings \$'000	Total attributable to equity holders of the Company \$'000
At 1 January 2014		363,317	–	(3,717)	10,190	(1,563)	58,146	29,507	455,880
Total comprehensive income for the year									
Profit for the year		–	–	–	–	–	–	21,704	21,704
Other comprehensive income									
Translation differences on financial statements of foreign subsidiaries, net of tax		–	–	–	–	–	24,732	–	24,732
Translation differences on monetary items forming part of net investment in foreign subsidiaries, net of tax		–	–	–	–	–	1,013	–	1,013
Total other comprehensive income		–	–	–	–	–	25,745	–	25,745
Total comprehensive income for the year		–	–	–	–	–	25,745	21,704	47,449
Transaction with owners, recognised directly in equity									
Contributions by and distributions to owners									
Issue of ordinary shares	13	373,087	11,370	–	–	–	–	–	384,457
Share issue expenses		–	(1,800)	–	–	–	–	–	(1,800)
Issue of treasury shares		–	–	3,717	–	66	–	–	3,783
Share based payment transaction	19	–	–	–	–	–	–	4,705	4,705
Transfer to statutory reserve		–	–	–	4,645	–	–	(4,645)	–
Total contributions by and distributions to owners		373,087	9,570	3,717	4,645	66	–	60	391,145
Total transactions with owners of the Company		373,087	9,570	3,717	4,645	66	–	60	391,145
At 31 December 2014		736,404	9,570	–	14,835	(1,497)	83,891	51,271	894,474

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

**Consolidated Statement of Cash Flows
Year ended 31 December 2014**

	Note	Group	
		2014 \$'000	2013 \$'000
Cash flows from operating activities			
Profit for the year		21,704	47,631
Adjustments for:			
Amortisation of intangible assets	5	–	13
Amortisation of lease prepayments	7	25	725
Depreciation of property, plant and equipment	4	1,374	739
Fair value loss/(gain) on investment properties	6	597	(5,475)
Finance costs	18	2,104	–
Finance income	18	(15,073)	(2,564)
Impairment loss reversed on:			
- trade receivables	9	–	(312)
- other receivables and deposits	9	(1)	(21,112)
(Gain)/Loss on disposal of:			
- lease prepayments		(1,146)	–
- property, plant and equipment		237	(55)
- subsidiaries	23	–	(6,423)
Loss on dissolution of subsidiaries		–	10
Share-based charge		4,705	–
Tax expense	20	18,816	11,887
		33,342	25,064
Changes in working capital:			
Development properties		(213,270)	28,682
Inventories		(412)	(31)
Trade and other receivables		(153,928)	(27,011)
Trade and other payables		86,307	113,970
Cash (used in)/generated from operations		(247,961)	140,674
Interest received		19,219	7,964
Tax paid		(22,594)	(17,145)
Net cash (used in)/from operating activities		(251,336)	131,493
Cash flows from investing activities			
Acquisition of a subsidiary	22	(212)	–
Advances/Loans to third parties		(152,366)	(20,350)
Repayment of advances/loans by third parties		29,155	32,611
Interest received		15,839	9,198
Proceeds from disposal of:			
- lease prepayments		4,145	–
- property, plant and equipment		5	420
- subsidiaries		10,774	26,631
Increase in intangible assets		–	(29)
Capital expenditure on investment properties		–	(21,061)
Payment of lease prepayments		–	(22,987)
Payment for purchase of property, plant and equipment		(33,004)	(2,734)
Receipt of remaining consideration on the disposal of a subsidiary in prior years from a former director of the Company		–	24,013
Refund of deposit for acquisition of an investee company		–	2,450
Net cash (used in)/from investing activities		(125,664)	28,162

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

**Consolidated Statement of Cash Flows (cont'd)
Year ended 31 December 2014**

	Note	Group	
		2014 \$'000	2013 \$'000
Cash flows from financing activities			
Advances from non-controlling interests		–	191
Contribution from non-controlling interests		–	3,081
Dividend paid to non-controlling interests		–	(2,033)
Loan from former immediate holding company		1,562	199,298
Interest paid		(966)	(3,418)
Payment of transaction costs related to borrowings		(6,743)	–
Proceeds from issue of shares		125,350	–
Proceeds from bank borrowings		384,300	–
Repayment of:			
- loans from a shareholder of the former immediate holding company		–	(57,613)
- loan from an affiliated corporation		–	(95,403)
- bank borrowings		(299,700)	–
Share issue expense		(6,000)	–
Net cash from financing activities		197,803	44,103
Net (decrease)/increase in cash and cash equivalents		(179,197)	203,758
Cash and cash equivalents at beginning of the year		311,154	97,415
Effect of exchange rate changes on balances held in foreign currencies		(160)	9,981
Cash and cash equivalents at end of the year	12	131,797	311,154

Significant non-cash transaction

During the year, 205,477,157 (2013: Nil) ordinary shares were issued at US\$1 each and 3,000,000 (2013: Nil) treasury shares were reissued to First Sponsor Capital Limited (“FSCL”), the former immediate holding company, amounting to \$259,107,000 and \$3,783,000, respectively, pursuant to the capitalisation of a loan from FSCL.

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

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements were approved by the board of directors of the Company on 9 March 2015.

1 Domicile and activities

First Sponsor Group Limited (“FSGL” or the “Company”) is incorporated in the Cayman Islands and has its registered office at 190 Elgin Avenue, George Town, KY1-9005, Grand Cayman, Cayman Islands.

The Company was admitted to the Official List of the Mainboard of the Singapore Exchange Securities Trading Limited on 22 July 2014.

The principal activities of the Company are those relating to investment holding. The principal activities of the subsidiaries are those relating to investment holding, property development and sales, property investment, hotel ownership and operations and provision of property financing services.

The financial statements of the Group as at and for the year ended 31 December 2014 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”).

The directors had considered the immediate and ultimate holding companies to be First Sponsor Capital Limited (“FSCL”) and First Sponsor Management Limited (“FSML”), respectively, until 31 March 2014. On 31 March 2014, following a share buyback exercise by FSCL which was settled in cash and FSGL’s shares, FSCL and FSML ceased to be the immediate and ultimate holding companies of the Company, respectively.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs).

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

The financial statements are presented in Singapore dollars, which is the Company’s functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated.

2.4 *Use of estimates and judgements*

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements and assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 3.16 – Estimation of provisions for current and deferred taxation
- Note 4 – Estimation of useful lives, residual values and recoverable amounts of property, plant and equipment
- Note 6 – Valuation of investment properties
- Notes 10 and 20 – Estimation of provisions for withholding tax and land appreciation tax
- Note 11 – Measurement of realisable amounts of properties under development and completed properties for sale
- Note 25 – Valuation of financial instruments

Measurement of fair values

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

The Group has an established control framework with respect to the measurement of fair values. The Group Chief Executive Officer ("Group CEO") and Group Chief Financial Officer ("Group CFO") have overall responsibility for all significant fair value measurements, including Level 3 fair values.

If third party information, such as broker quotes or pricing services, is used to measure fair values, then the Group CEO and Group CFO assess the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

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

- Note 6 – Valuation of investment properties
- Note 25 – Valuation of financial instruments

2.5 *Changes in accounting policies*

The Group has adopted various new standards and amendments to standards, including any consequential amendments to other standards with an initial application of 1 January 2014. The adoption of the new standards and amendments to standards did not have a significant impact on these financial statements.

3 **Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities.

3.1 *Basis of consolidation*

(i) *Business combinations*

Business combinations are accounted for using the acquisition method in accordance with IFRS 3 *Business Combinations* as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
 - the recognised amount of any non-controlling interests in the acquiree; plus
 - if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree,
- over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

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

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

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

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date. The measurement basis taken is elected on a transaction-by-transaction basis. All other non-controlling interests are measured at acquisition-date fair value, unless another measurement basis is required by IFRSs.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as transactions with owners in their capacity as owners and therefore no adjustments are made to goodwill and no gain or loss is recognised in profit or loss. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

(ii) Subsidiaries

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

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

(iii) Acquisitions from entities under common control

Business combinations arising from transfer of interests in entities that are under the control of the shareholder that controls the Group are accounted for using book value accounting. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any gain/loss arising is recognised directly in equity.

In the separate financial statements, the acquirer and the transferor in a common control transaction account for the common control transaction using book value accounting. The gain/loss arising is recognised directly in equity.

(iv) Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(vi) Subsidiaries in the separate financial statements

Investments in subsidiaries are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the end of the reporting period are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are recognised in profit or loss.

(ii) Foreign operations

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

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest.

(iii) Net investment in a foreign operation

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation. These are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity.

3.3 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

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

(ii) *Reclassification to investment property*

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognised immediately in profit or loss.

When the property is sold, the related amount in the revaluation reserve is transferred to retained earnings.

(iii) *Subsequent costs*

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iv) *Depreciation*

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. No depreciation is recognised on construction-in-progress.

The estimated useful lives for the current and comparative periods are as follows:

Buildings

• Core component of hotel building	35 years
• Other buildings	50 years
• Surface, finishes and services of hotel building	30 years
Plant and machinery	5 to 15 years
Equipment and furniture	5 to 10 years
Motor vehicles	5 to 10 years

Residual values ascribed to the core component of the hotel building depend on the nature, location and tenure of the hotel property. No residual values are ascribed to building surface, finishes and services of the hotel building.

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.4 *Intangible assets*

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see note 3.1(i).

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses.

3.5 *Investment properties*

Investment properties are properties (including the leasehold interest under an operating lease for a property) held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment properties are measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

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

Property that is being constructed for future use as investment property is accounted for at fair value.

Transfers

Transfers to, or from, investment properties are made when there is a change in use, evidenced by:

- commencement of development with a view to sell, for a transfer from investment properties to development properties;
- commencement of an operating lease to another party, for a transfer from development properties or property, plant and equipment to investment properties; or
- commencement of occupation by owner, for a transfer from investment properties to property, plant and equipment.

When the use of a property changes such that it is reclassified as investment properties, its fair value at the date of transfer becomes its cost for subsequent accounting.

3.6 *Leased assets*

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and are not recognised in the Group's and Company's statements of financial position.

Lease prepayments

Prepaid land lease payments under operating leases, classified as interests in leasehold land held for own use and lease prepayments, are stated at cost less accumulated amortisation and accumulated impairment losses (see note 3.9). Amortisation is recognised in profit or loss on a straight-line basis over the terms of the land use rights of 40 to 50 years.

3.7 *Financial instruments*

(i) Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

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

The Group classifies non-derivative financial assets into the loans and receivables category.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables (excluding prepayments).

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, bank deposits, term deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and have maturities of three months or less from the acquisition date and are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

(ii) *Non-derivative financial liabilities*

All financial liabilities (including liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or when they expire.

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

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, and trade and other payables (excluding receipts in advance).

(iii) *Financial guarantees*

Financial guarantees are financial instruments issued by the Group that requires the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees are recognised initially at fair value and are classified as financial liabilities. Subsequent to initial measurement, the financial guarantees are stated at the higher of the initial fair value less cumulative amortisation and the amount that would be recognised if they were accounted for as contingent liabilities. When financial guarantees are terminated before their original expiry date, the carrying amount of the financial guarantees is transferred to profit or loss.

(iv) *Share capital*

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Repurchase, disposal and reissue of share capital (treasury shares)

When share capital recognised as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own shares account. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is presented in a non-distributable capital reserve.

3.8 *Development properties*

Properties under development for sale

Properties under development are those properties which are held with the intention of development and sale in the ordinary course of business. They are stated at the lower of cost and estimated net realisable value. Net realisable value represents the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses.

The cost of properties under development for sale comprise specifically identified costs, including the prepaid land lease payments, acquisition costs, development expenditure, capitalised borrowing costs and other related expenditure. Borrowing costs payable on loans funding a development property are capitalised, on a specific identification basis, as part of the cost of the properties under development for sale until the completion of development. When completed, the properties under development are classified as completed properties for sale.

Completed properties for sale

Completed properties for sale are stated at lower of cost or net realisable value. Cost is determined by apportionment of the total land cost, development costs and capitalised borrowing costs based on floor area of the unsold properties. Net realisable value is determined by reference to sale proceeds of properties sold in the ordinary course of business less all estimated selling expenses; or is estimated by management in the absence of comparable transactions after taking into consideration prevailing market conditions.

The aggregated costs are presented as development properties while progress billings are presented separately as receipts in advance as part of trade and other payables in the consolidated statement of financial position.

3.9 *Impairment*

(i) ***Non-derivative financial assets***

A financial asset not carried at fair value through profit or loss is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event(s) has occurred after the initial recognition of the asset, and that the loss event(s) has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the group, economic conditions that correlate with defaults or the disappearance of an active market for a security.

Loans and receivables

The Group considers evidence of impairment for loans and receivables at both a specific asset and collective level. All individually significant loans and receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Loans and receivables that are not individually significant are collectively assessed for impairment by grouping together loans and receivables with similar risk characteristics.

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

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

(ii) *Non-financial assets*

The carrying amounts of the Group's non-financial assets, other than investment properties, development properties, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU (group of CGUs), and then to reduce the carrying amounts of the other assets in the CGU (group of CGUs) on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.10 Employee benefits

(i) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(ii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts.

Payments to defined contribution plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed defined contribution schemes, such as the Singapore Central Provident Fund, are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

Pursuant to the relevant regulations of the People's Republic of China ("PRC") government, the PRC subsidiaries of the Group ("PRC Subsidiaries") have participated in central pension schemes (the "Schemes") operated by local municipal governments whereby the PRC Subsidiaries are required to contribute a certain percentage of the basic salaries of their employees to the Schemes to fund their retirement benefits. The local municipal governments undertake to assume the retirement benefit obligations of all existing and future retired employees of the PRC Subsidiaries. The only obligation of the PRC Subsidiaries with respect to the Schemes is to pay the ongoing required contributions under the Schemes mentioned above. Contributions under the Schemes are accounted for as contributions to defined contribution plans as described above.

(iii) Share-based payment transactions

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

3.11 Provisions and contingent liabilities

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

3.12 Revenue

(i) Sale of properties

Revenue from sale of properties is measured at the fair value of the consideration received or receivable, net of returns, trade discounts, sales taxes and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred. Risks and rewards are considered to have been transferred when the construction of relevant properties has been completed and the properties are ready for delivery to the purchasers pursuant to the sales agreements, and collectability of related receivables is reasonably assured.

Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the consolidated statement of financial position as receipts in advance under trade and other payables.

(ii) Rental income

Rental income receivable from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Contingent rentals are recognised as income in the accounting period in which they are earned.

(iii) Hotel income

Hotel revenue from accommodation, sales of food and beverages and other ancillary services is recognised at the point which the services are rendered.

(iv) Interest income on entrusted loans and vendor financing arrangements

Interest income on entrusted loans made via entrustment banks and from vendor financing arrangements with selected buyers of the Group's development properties is recognised as it accrues in profit or loss, using the effective interest method.

3.13 Government grants

An unconditional government grant is recognised in profit or loss as other income when the grant becomes receivable.

Government grants relating to assets are deducted against the carrying amount of the assets, and released to profit or loss over the expected useful life of the relevant asset or over the benefits received by the Group related to the assets.

3.14 Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

3.15 Finance income and costs

Finance income comprises interest income on funds invested and other receivables (other than entrusted loans). Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings and imputed interest on non-current financial instruments. All borrowing costs are recognised in profit or loss using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

3.16 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 3.5, the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are not discounted.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.17 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.18 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group CEO and Group CFO (the chief operating decision makers ("CODM")) to make decisions about resources to be allocated to the segment and to assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets (primarily the Company's headquarters), head office expenses, tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the year to acquire intangible assets, property, plant and equipment, investment properties and lease prepayments.

3.19 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company except as set out below. The Group does not plan to adopt these standards early.

- IFRS 9 *Financial Instruments*, published in July 2014, replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, including a new expected credit loss model from calculating impairment on financial assets, and the new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 9.

- IFRS 15 *Revenue from Contracts with Customers* establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and IFRIC 13 *Customer Loyalty Programmes*.

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2017, with early adoption permitted.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of IFRS 15.

4 Property, plant and equipment

Group	Note	Interests in leasehold land held for own use under operating leases \$'000	Buildings \$'000	Plant and machinery \$'000	Equipment and furniture \$'000	Motor vehicles \$'000	Construction-in-progress \$'000	Total \$'000
Cost								
At 1 January 2013		–	7,011	551	811	1,062	145	9,580
Additions		–	113	1,217	314	1,080	10	2,734
Transfer from intangible assets	5	–	–	–	102	–	–	102
Transfer from investment properties	6	9,076	38,252	–	–	–	2,210	49,538
Transfer from development properties		–	489	–	–	–	25,844	26,333
Disposal of subsidiaries		–	(1,133)	–	(640)	(183)	–	(1,956)
Other disposals		–	(346)	–	(7)	(94)	–	(447)
Transfer to development properties		–	(5,947)	–	–	–	(148)	(6,095)
Translation differences on consolidation		237	1,311	60	44	52	708	2,412
At 31 December 2013		9,313	39,750	1,828	624	1,917	28,769	82,201
At 1 January 2014								
At 1 January 2014		9,313	39,750	1,828	624	1,917	28,769	82,201
Additions		–	221	395	381	250	31,757	33,004
Acquisition of subsidiary	22	–	–	–	71	453	–	524
Transfer from development properties		213	870	–	–	–	–	1,083
Disposals		–	–	(522)	(40)	–	–	(562)
Reclassification		–	4,764	–	–	–	(4,764)	–
Translation differences on consolidation		176	913	29	28	25	1,383	2,554
At 31 December 2014		9,702	46,518	1,730	1,064	2,645	57,145	118,804

Group	Note	Interests in leasehold land held for own use under operating leases \$'000	Buildings \$'000	Plant and machinery \$'000	Equipment and furniture \$'000	Motor vehicles \$'000	Construction-in-progress \$'000	Total \$'000
Accumulated depreciation								
At 1 January 2013		–	953	238	259	403	–	1,853
Depreciation charge for the year		59	215	65	150	250	–	739
Transfer from intangible assets	5	–	–	–	51	–	–	51
Disposal of subsidiaries		–	(35)	–	(285)	(100)	–	(420)
Other disposals		–	(9)	–	(6)	(67)	–	(82)
Transfer to development properties		–	(1,040)	–	–	–	–	(1,040)
Translation differences on consolidation		2	26	14	11	24	–	77
At 31 December 2013		61	110	317	180	510	–	1,178
At 1 January 2014		61	110	317	180	510	–	1,178
Depreciation charge for the year		243	468	198	185	280	–	1,374
Disposals		–	–	(286)	(34)	–	–	(320)
Translation differences on consolidation		9	18	3	11	14	–	55
At 31 December 2014		313	596	232	342	804	–	2,287
Carrying amounts								
At 1 January 2013		–	6,058	313	552	659	145	7,727
At 31 December 2013		9,252	39,640	1,511	444	1,407	28,769	81,023
At 31 December 2014		9,389	45,922	1,498	722	1,841	57,145	116,517

(i) Transfers

During the financial year ended 31 December 2014, the Group transferred certain commercial units from development properties (note 11) to property, plant and equipment as these are used as staff dormitory for a hotel.

During the financial year ended 31 December 2013, the Group transferred a hotel building and related staff dormitory from investment properties (note 6) and development properties (note 11), respectively, to property, plant and equipment.

(ii) Significant accounting estimates

Depreciation of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives, after taking into account the estimated residual values. The Group reviews the estimated useful lives and residual values of the assets at each reporting date. Changes in the expected level of use of these assets and the Group's historical experience with similar assets after taking into account anticipated technological changes could impact the economic useful lives and the residual values of the assets. Any changes in the economic useful lives and residual values could impact the depreciation charge and consequently, impact the Group's results.

Impairment assessment of property plant and equipment

Management's judgement is required in the area of asset impairment, particularly in assessing:

- (1) whether an event has occurred that may indicate that the related asset values may not be recoverable;
- (2) whether the carrying value of an asset can be supported by its estimated recoverable amount which may be determined using its fair value or value in use; and
- (3) the appropriate key assumptions to be applied in arriving at the recoverable amount.

Changing the assumptions used in the determining the recoverable amount could impact the Group's financial conditions and results.

5 Intangible assets

Group	Note	Goodwill \$'000	Display charges \$'000	Software \$'000	Total \$'000
Cost					
At 1 January 2013		259	5	71	335
Additions		–	–	29	29
Disposal of subsidiary		(266)	–	–	(266)
Written off		–	(5)	–	(5)
Transfer to property, plant and equipment	4	–	–	(102)	(102)
Translation differences on consolidation		7	–	2	9
At 31 December 2013 and 31 December 2014		–	–	–	–
Accumulated amortisation and impairment losses					
At 1 January 2013		259	5	37	301
Amortisation charge for the year	19	–	–	13	13
Disposal of subsidiary		(266)	–	–	(266)
Written off		–	(5)	–	(5)
Transfer to property, plant and equipment	4	–	–	(51)	(51)
Translation differences on consolidation		7	–	1	8
At 31 December 2013 and 31 December 2014		–	–	–	–
Carrying amounts					
At 1 January 2013		–	–	34	34
At 31 December 2013		–	–	–	–
At 31 December 2014		–	–	–	–

Amortisation

Amortisation is recognised in other expenses in consolidated statement of profit or loss.

6 Investment properties

	Note	Group	
		2014 \$'000	2013 \$'000
At 1 January		80,137	120,885
Additions		–	21,061
Disposal of subsidiaries	23	–	(28,971)
Transfer from properties under development		–	5,999
Transfer to property, plant and equipment	4	–	(49,538)
Fair value (loss)/gain	19	(597)	5,475
Translation differences on consolidation		1,439	5,226
At 31 December		80,979	80,137
Analysed between:			
Completed properties		33,229	33,262
Properties under construction		47,750	46,875
		80,979	80,137

As at 31 December 2014 and 2013, all the investment properties were completed, except for 21,875 square metres (“sq m”) of commercial space completed in bare-shell condition and earmarked for the potential expansion of a hotel.

Completed investment properties comprise a number of commercial properties and residential units that are leased to external customers. The leases contain initial non-cancellable periods of one to fifteen years. Subsequent renewals are negotiated with the lessees. No contingent rents are charged.

In 2013, the Group reclassified a hotel and certain retail units of two commercial buildings to property, plant and equipment (note 4) upon commencement of the hotel operations, and certain retail units from development properties (note 11) to investment properties upon the commencement of the leases.

Measurement of fair value

(i) Fair value hierarchy

The fair value measurement for investment properties of \$680,000 (2013: \$668,000) has been categorised as a Level 2 fair value based on the comparable market transactions that consider sales of similar properties that have been transacted in the open market.

The fair value measurement for investment properties of \$80,299,000 (2013: \$79,469,000) has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

As at 31 December 2014 and 31 December 2013, the investment properties were valued by DTZ. The fair values of the investment properties were based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

The valuation of the investment properties was derived using the discounted cash flow method, which takes into consideration the estimated net rent (using the current and projected average rental rates and occupancy) and a discount rate applicable to the nature and type of asset in question, the market comparable method which takes into consideration the sales of similar properties that have been transacted in the open market and residual value method which takes into consideration the estimated net worth of the properties after completion, and deducting the estimated costs to complete.

(ii) Level 3 fair value

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy.

	Group	
	2014	2013
	\$'000	\$'000
Balance at 1 January	79,469	92,227
Additions	–	21,061
Transfer from properties under development	–	5,999
Transfer to property, plant and equipment	–	(49,538)
Fair value (loss)/gain recognised in profit or loss – unrealised	(597)	5,455
Translation differences on consolidation	1,427	4,265
Balance at 31 December	80,299	79,469

The following table shows the key unobservable inputs used in the valuation models:

Type	Valuation technique	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Completed properties	Discounted cash flow method	<ul style="list-style-type: none"> • Rental yield of 5.5% to 8.0% (2013: 5.5% to 6.0%) • Discount rate of 5.5% to 9.0% (2013: 5.5% to 7.0%) 	A significant increase in rental yield and a significant decrease in discount rate would result in a significantly higher fair value measurement.
		<ul style="list-style-type: none"> • Average sales price for commercial units of RMB10,300 to RMB45,122 (2013: RMB10,365 to RMB45,355) per sq m 	A significant increase in average sales prices would result in a significantly higher fair value measurement.
Properties under construction	Discounted cash flow and residual value method	<ul style="list-style-type: none"> • Average daily rate (“ADR”) with increases of 3.0% to 10.6% (2013: 3.0% to 5.0%) • Occupancy rate of 28% to 44% (2013: 50% to 70%) • Discount rate of 9% (2013: 9%) 	A significant increase in ADR and occupancy rate and a significant decrease in discount rate would result in a significantly higher fair value measurement.

Key unobservable inputs

Key unobservable inputs correspond to:

- Sale prices derived from the same open markets and sale prices of comparable commercial units.
- Rental yields derived from market data for similar properties, adjusted for nature, location and condition of the properties.
- ADR and occupancy rates of hotels derived from market data for similar hotels, adjusted for the location and condition of the hotel.
- Discount rate, based on the average market yield for comparable properties, adjusted to reflect the location and condition of the properties.

7 Lease prepayments

	Note	Group \$'000
Cost		
At 1 January 2013		76,468
Additions		22,987
Disposal of subsidiaries		(20,479)
Transfer to properties under development		(77,548)
Translation differences on consolidation		1,860
At 31 December 2013		3,288
Disposals		(3,255)
Translation differences on consolidation		(33)
At 31 December 2014		–
Accumulated amortisation		
At 1 January 2013		3,756
Amortisation charge for the year	19	725
Disposal of subsidiaries		(2,604)
Transfer to properties under development		(1,740)
Translation differences on consolidation		98
At 31 December 2013		235
Amortisation charge for the year	19	25
Disposals		(256)
Translation differences on consolidation		(4)
At 31 December 2014		–
Carrying amounts		
At 1 January 2013		72,712
At 31 December 2013		3,053
At 31 December 2014		–

	Group	
	2014	2013
	\$'000	\$'000
Analysed between:		
Non-current	–	3,009
Current	–	44
	–	3,053
	–	3,053

8 Interests in subsidiaries

	Company	
	2014	2013
	\$'000	\$'000
Investments in subsidiaries		
Unquoted equity shares, at cost	126,038	125,129
Redeemable preference shares	737,791	21,640
	–	388,988
Amounts due from subsidiaries		
Loans to subsidiaries	–	388,988
Total interests in subsidiaries	863,829	535,757

Loans to subsidiaries were unsecured and interest-free and were assigned to a subsidiary during the year. Settlement of amounts due from subsidiaries is neither planned nor likely to occur in the foreseeable future. As these amounts were a part of the Company's net investment in the subsidiaries, they were stated at cost.

The investment in redeemable preference shares of two (2013: one) wholly-owned subsidiaries entitles the Company to receive a fixed cumulative preferential dividend of 9.00 (2013: 2.75) Singapore cents per share per annum and to redeem at par the whole or any part of the redeemable preference shares held by the Company upon giving not less than 30 days prior written notice to the subsidiaries. The wholly-owned subsidiaries may redeem the whole or any part of the redeemable preference shares at the original issue price upon giving not less than 30 days prior written notice to the holders of the redeemable preference shares.

Details of the subsidiaries are as follows:

Name of subsidiary	Principal activity	Principal place of business / Country of incorporation	Effective equity interest held by the Group	
			2014	2013
			%	%
<u>Held by the Company</u>				
Chengdu Industries Pte. Ltd.	Investment holding	Singapore	100	100
First Kaiser Company Limited	Investment holding	Hong Kong	100	100

Name of subsidiary	Principal activity	Principal place of business / Country of incorporation	Effective equity interest held by the Group	
			2014 %	2013 %
<u>Held by the Company</u>				
First Sponsor Investment Limited	Investment holding	Hong Kong	100	100
FS Investment Holdings Limited	Investment holding	British Virgin Islands	100	100
FS Dongguan Investment Holdings Limited ⁽ⁱ⁾	Investment holding	British Virgin Islands	100	100
FS Euro Capital Limited (formerly known as FS Dongguan No. 2 Investment Holdings Limited) ⁽ⁱⁱ⁾	Investment holding	British Virgin Islands	100	–
Gaeronic Pte Ltd	Investment holding	Singapore	100	100
Idea Valley No. 3 Company Limited	Investment holding	Hong Kong	100	100
Wenjiang (BVI) Limited	Investment holding	British Virgin Islands	100	100
First Sponsor Management Pte. Ltd. ⁽ⁱⁱⁱ⁾	Provision of consultancy services	Singapore	100	–
<u>Held through subsidiaries</u>				
<i>Held by Chengdu Industries Pte. Ltd.</i>				
Chengdu Ming Ming Management Consultancy Co., Ltd (formerly known as Chengdu Jumping Dragon Management Services Co., Ltd) (CDMM) ^(iv)	Consultancy and management services	People's Republic of China	100	100

Name of subsidiary	Principal activity	Principal place of business / Country of incorporation	Effective equity interest held by the Group	
			2014 %	2013 %
<u>Held through subsidiaries</u>				
<i>Held by First Kaiser Company Limited</i>				
Chengdu Kaiser Management Consultancy Co., Ltd	Consultancy and management services and property management services	People's Republic of China	100	100
<i>Held by FS Investment Holdings Limited</i>				
FS Chengdu No. 1 Pte. Ltd.	Investment holding	Singapore	100	100
<i>Held by FS Dongguan Investment Holdings Limited</i>				
FS Dongguan No. 1 Pte. Ltd. ^(v)	Investment holding	Singapore	100	100
<i>Held by FS Dongguan No. 2 Investment Holdings Limited</i>				
FS Europe Investment Pte. Ltd. (formerly known as FS Dongguan No. 2 Pte. Ltd.) ^(vi)	Investment holding	Singapore	100	–
<i>Held by First Sponsor Investment Limited</i>				
First Sponsor (Guangdong) Group Limited	Investment holding	People's Republic of China	100	100
<i>Held by Gaeronic Pte Ltd</i>				
Chengdu Gaeronic Real Estate Co., Ltd ^(vii)	Property development, property investment, hotel ownership and operations, and investment holding	People's Republic of China	100	100

Name of subsidiary	Principal activity	Principal place of business / Country of incorporation	Effective equity interest held by the Group	
			2014 %	2013 %
<u>Held through subsidiaries (cont'd)</u>				
<i>Held by Idea Valley No. 3 Company Limited</i>				
Sichuan First Sponsor Construction Co., Ltd	Construction related services	People's Republic of China	100	100
<i>Held by Wenjiang (BVI) Limited</i>				
Wenjiang Singapore Pte. Ltd.	Investment holding	Singapore	100	100
<i>Held by FS Chengdu No. 1 Pte. Ltd.</i>				
Chengdu Millennium Zhong Ren Real Estate Co., Ltd	Property development and property investment	People's Republic of China	100	100
<i>Held by First Sponsor (Guangdong) Group Limited</i>				
Guangdong Idea Valley Advertisement Limited	Property investment and investment holding	People's Republic of China	100	100
<i>Held by Chengdu Gaeronic Real Estate Co., Ltd</i>				
Shanghai Sigma Investment Co., Ltd ^(viii)	Provision of property financing services	People's Republic of China	100	100
<i>Held by Wenjiang Singapore Pte. Ltd.</i>				
Chengdu Yong Chang Real Estate Co. Ltd	Property development and property investment	People's Republic of China	100	100
<i>Held by Guangdong Idea Valley Advertisement Limited</i>				
Dongguan Huiying Consultancy Management Limited ^(ix)	Dormant	People's Republic of China	100	100

Name of subsidiary	Principal activity	Principal place of business / Country of incorporation	Effective equity interest held by the Group	
			2014 %	2013 %

Held through subsidiaries (cont'd)

Held by FS Dongguan No. 1 Pte. Ltd.

First Sponsor No. 1 (Dongguan) Real Estate Co., Ltd ^(x)	Property development and property investment	People's Republic of China	100	–
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- (i) The subsidiary was incorporated on 19 November 2013.
- (ii) The subsidiary was incorporated on 27 January 2014.
- (iii) The subsidiary was acquired on 22 July 2014 from its former ultimate holding company, FSML.
- (iv) The subsidiary was incorporated on 18 June 2013, pursuant to the legal exercise of division by continued existence of Chengdu Jumping Dragon Food Co. Ltd (CJD). At the completion of this legal exercise, CDMM took over those assets and liabilities which are real estate related together with the relevant accounting records.
- (v) The subsidiary was incorporated on 21 November 2013.
- (vi) The subsidiary was incorporated on 17 February 2014.
- (vii) Certain ordinary shares in Chengdu Gaeronic Real Estate Co., Ltd were subject to a preservation order by the Sichuan Chengdu Municipal Intermediate People's Court. The preservation order was lifted in February 2014.
- (viii) 50% equity interest is held through Chengdu Gaeronic Real Estate Co., Ltd and 50% equity interest is held through First Sponsor (Guangdong) Group Limited with effect from 25 December 2013.
- (ix) 80% equity interest is held through Guangdong Idea Valley Advertisement Limited and 20% equity interest is held through Chengdu Gaeronic Real Estate Co., Ltd. The subsidiary commenced its voluntary liquidation process on 1 July 2014 and was liquidated on 9 January 2015.
- (x) The subsidiary was incorporated on 9 May 2014.

KPMG LLP is the auditor of all Singapore-incorporated subsidiaries. Other member firms of KPMG International are auditors of significant foreign-incorporated subsidiaries. For this purpose, a subsidiary is considered significant as defined under the Singapore Exchange Limited Listing Manual if its net tangible assets represent 20% or more of the Group's consolidated net tangible assets, or if its pre-tax profits account for 20% or more of the Group's consolidated pre-tax profits.

9 Trade and other receivables

	Note	Group		Company	
		2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Trade receivables	(i)	178,377	31,361	–	–
Impairment losses		(15)	(15)	–	–
Net receivables		178,362	31,346	–	–
Loans to third parties	(ii)	163,054	37,860	–	–
Advances to third party	(iii)	21,260	20,880	–	–
Non-trade amounts due from subsidiaries	(iv)	–	–	31,560	21,845
Security deposits	(v)	7,166	10,572	–	–
Other receivables	(vi)	8,786	25,405	5,641	18,130
Impairment losses		–	(1)	–	–
Net other receivables		8,786	25,404	5,641	18,130
		378,628	126,062	37,201	39,975
Prepayments	(vii)	16,148	10,079	2,204	–
		394,776	136,141	39,405	39,975

Analysed between:

Non-current	118,671	8,038	–	–
Current	276,105	128,103	39,405	39,975
	394,776	136,141	39,405	39,975

(i) Included in trade receivables are secured entrusted loans to third parties of \$170,293,000 (2013: \$31,320,000) via entrusted banks and bear interest ranging from 17.5% to 20.0% (2013: 18.0%) per annum.

(ii) As at 31 December 2014, the balance comprised the following:

- unsecured loans with a total principal of \$106,300,000 to a local government authority in the PRC which bear a nominal interest rate of 13.0% and are due in 2017.
- an unsecured loan with a principal of \$51,024,000 (2013: Nil) to a local government authority in the PRC which bears a nominal interest rate of 12.8% and is due in 2015.

As at 31 December 2013, the balance comprised the following:

- an unsecured loan of \$8,293,000 to a former subsidiary, Dongguan Junxuan Enterprise Limited, which bore interest at 5.0% per annum. The amount was fully repaid in 2014.
- unsecured loans of \$29,567,000 to a local government authority in the PRC which bore interest at 6.0% per annum. The amounts were fully repaid in 2014.

- (iii) An advance of \$21,260,000 (2013: \$20,880,000) (the “Initial Fund”) was granted to a PRC government linked entity (the “PRC Entity”) in November 2013 for the preliminary development and compensation for resettlement of occupants on a parcel of land which the Group intends to purchase under a memorandum of understanding and a framework agreement (together, the “Zhongtang Agreements”). The advance was unsecured and interest-free.

In January 2015, the Group entered into an agreement with the PRC Entity to mutually terminate the Zhongtang Agreements (the “Termination Agreement”). Pursuant to the Termination Agreement:

- the PRC Entity paid the Group an agreed return of \$3,507,900;
 - the repayment date of the Initial Fund was extended to no later than 25 November 2015; and
 - the PRC Entity shall pay a return of 10.0% per annum on the Initial Fund for the period from 26 November 2014 to the settlement date.
- (iv) The non-trade amounts due from subsidiaries are unsecured and interest-free, and are repayable on demand.
- (v) The security deposits were paid to a local PRC government authority in relation to the construction of civil air defence facilities (the “Facilities”) for a project carried out by the Group. These deposits will be refunded to the Group after the commencement of the construction of the Facilities.
- (vi) The Group and the Company’s other receivables mainly relate to:
- consideration receivable of \$5,625,000 (2013: \$16,451,000) from a third party arising from the disposal of a subsidiary during the financial year ended 31 December 2013. Under the terms of the agreement relating to the disposal, settlement of part of the consideration amounting to \$7,517,000 is deferred to 30 June 2014. On 31 December 2014, the Group entered into a supplementary agreement to extend the payment deadline of the remaining unpaid balance to 31 March 2015. The balance is unsecured and interest-free until 31 December 2014, after which it will bear interest of 5.0% per annum from 1 January 2015 to the settlement date.
 - consideration receivable of \$1,680,000 from a non-controlling shareholder for the disposal of a subsidiary as at 31 December 2013. The balance was interest-free and secured on 1,348,838 ordinary shares of the Company held by the non-controlling shareholder. The balance was fully repaid in 2014.

In addition, included in the balance of the Group as at 31 December 2013 is interest receivable of \$5,881,000 from a local government authority in the PRC. The balance was fully repaid in 2014.

- (vii) Included in the prepayments of the Group as at 31 December 2014 was prepaid taxes of \$13,619,000 (2013: \$9,843,000).

Concentration of credit risk relating to third party trade receivables is limited due to the Group's many varied customers. The Group's historical experience in the collection of accounts receivable falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond the amounts provided for collection losses is inherent in the Group's trade receivables.

Impairment losses

The ageing of trade receivables at the reporting date is:

Group	2014		2013	
	Gross \$'000	Impairment losses \$'000	Gross \$'000	Impairment losses \$'000
Not past due	178,318	–	31,346	–
Past due 1 – 60 days	43	–	–	–
Past due 61 – 90 days	1	–	–	–
More than 90 days	15	15	15	15
	<u>178,377</u>	<u>15</u>	<u>31,361</u>	<u>15</u>

Based on historical default rates, the Group believes that the impairment allowance is adequate.

The movements in impairment losses in respect of trade receivables during the year are as follows:

	Note	Group	
		2014 \$'000	2013 \$'000
At 1 January		15	318
Impairment loss reversed	19	–	(312)
Translation differences on consolidation		–	9
At 31 December		<u>15</u>	<u>15</u>

The movements in impairment losses in respect of other receivables during the year are as follows:

	Note	Group	
		2014 \$'000	2013 \$'000
At 1 January		1	20,861
Impairment loss reversed	19	(1)	(21,112)
Translation differences on consolidation		–	252
At 31 December		<u>–</u>	<u>1</u>

10 Deferred tax assets/(liabilities)

Movements in deferred tax assets and liabilities of the Group (prior to offsetting of balances) during the year are as follows:

Group	At 1 January 2013 \$'000	Recognised in profit or loss (note 20) \$'000	Disposal of subsidiaries (note 23) \$'000	Translation differences on consolidation \$'000	At 31 December 2013 \$'000	Recognised in profit or loss (note 20) \$'000	Translation differences on consolidation \$'000	At 31 December 2014 \$'000
Deferred tax assets								
Development properties	5,522	77	—	305	5,904	(980)	79	5,003
Investment properties	—	822	—	62	884	(872)	(12)	—
Property, plant and equipment	1,344	(1,326)	—	(18)	—	—	—	—
Receipts in advance	2,508	2,356	—	348	5,212	2,144	165	7,521
Tax losses	355	(347)	—	(8)	—	—	—	—
Others	357	367	—	46	770	(120)	10	660
Total	10,086	1,949	—	735	12,770	172	242	13,184
Deferred tax liabilities								
Investment properties	(21,280)	7,800	4,845	(371)	(9,006)	(5)	(164)	(9,175)
Lease prepayments	(5,111)	104	4,504	(131)	(634)	634	—	—
Property, plant and equipment	—	(2,004)	—	(251)	(2,255)	(1,978)	(86)	(4,319)
Trade and other receivables	(203)	(2,166)	—	(174)	(2,543)	(931)	(77)	(3,551)
Others	(4)	(108)	(5)	(77)	(194)	(29)	(1)	(224)
Total	(26,598)	3,626	9,344	(1,004)	(14,632)	(2,309)	(328)	(17,269)

The amounts determined after appropriate offsetting are included in the statement of financial position as follows:

	Group	
	2014	2013
	\$'000	\$'000
Deferred tax assets	8,951	10,303
Deferred tax liabilities	(13,036)	(12,165)

Unrecognised deferred tax liabilities

As at 31 December 2014, deferred tax liabilities of \$7,981,000 (2013: \$5,270,000) in respect of temporary differences of \$133,027,000 (2013: \$91,713,000) related to the withholding tax on the distributable profit of the Group's subsidiaries in the PRC were not recognised because the Company controls whether the liability will be incurred and it is satisfied that it will not be incurred in the foreseeable future.

Unrecognised deferred tax assets

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

	Group	
	2014	2013
	\$'000	\$'000
Deductible temporary differences	7,233	3,194
Tax losses	131	1,015
	7,364	4,209

The tax losses and deductible temporary differences are subject to agreement by the tax authorities and compliance with tax regulations in the respective countries in which certain subsidiaries operate.

Deferred tax assets have not been recognised in respect of the above items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits.

The tax losses with expiry dates are as follows:

	Group	
	2014	2013
	\$'000	\$'000
Expiry date:		
- After 1 year but less than 5 years	131	1,015

11 Development properties

		Group	
	Note	2014 \$'000	2013 \$'000
Properties under development for sale		516,790	297,875
Completed properties for sale		42,732	35,964
		559,522	333,839
Net interest expense/(income) capitalised in properties under development during the year	18	710	(1,011)

Net interest has been capitalised at rates ranging from 1.26% to 6.00% (2013: 2.75% to 6.00%) per annum for properties under development.

Included in development properties are staff costs capitalised of \$2,037,000 (2013: \$1,620,000) during the financial year ended 31 December 2014.

During the financial year ended 31 December 2014, development properties recognised in cost of sales amounted to \$93,546,000 (2013: \$109,870,000).

During the financial year ended 31 December 2014, the Group reclassified 11 commercial units to be used as staff dormitory for a hotel from development properties to property, plant and equipment at its carrying value.

During the financial year ended 31 December 2013, the Group reclassified a staff dormitory from development properties to property, plant and equipment. Prior to the reclassification, the staff dormitory was valued by DTZ using the direct comparison approach and the Group recognised a write-down of development properties of \$253,000. The write-down was included in other expenses in the consolidated statement of profit or loss (note 19).

Management assesses whether allowances for foreseeable losses on properties under development for sale are required based on their estimates of selling prices and construction costs or independent professional valuations undertaken, where appropriate. Selling prices are based on recent selling prices and the prevailing market conditions. Construction costs are estimated based on contracted amounts and in respect of amounts not contracted for, management's estimates of the amounts to be incurred. Where independent professional valuations are undertaken, the valuations were based on the residual approach which involved making estimates of the value of the proposed property to be constructed and the related costs to construct the property.

Management also assesses if any write-down of completed properties for sale is required based on their estimates of selling prices which are based on recent selling prices and the prevailing market conditions.

12 Cash and cash equivalents

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Fixed and structured deposits	60,619	49,046	1,197	13
Cash at bank and in hand	71,178	262,108	1,235	6,855
	131,797	311,154	2,432	6,868

The balance as at 31 December 2014 included \$56,389,000 (2013: \$117,805,000) which were held under PRC development project rules, where the utilisation of the funds is restricted to project related payments.

Structured deposits are Renminbi (“RMB”) denominated deposits placed by certain subsidiaries with banks. At the reporting date, the principal and minimum annual returns ranging from 3.1% to 4.8% (2013: 4.6% to 5.0%) were guaranteed by the banks.

Cash and cash equivalents at 31 December 2014 included \$127,805,000 (2013: \$301,649,000) which were deposited with financial institutions in the PRC. The remittance of these funds by the Group out of the PRC is subject to currency exchange restrictions.

13 Share capital

	2014		2013	
	Number of shares	US\$'000	Number of shares	US\$'000
Authorised share capital:				
At 1 January	300,000,000	300,000	300,000,000	300,000
Increase during the year	1,700,000,000	1,700,000	–	–
At 31 December	2,000,000,000	2,000,000	300,000,000	300,000

	2014		2013	
	Number of shares	\$'000	Number of shares	\$'000
Ordinary shares of US\$1 each issued and fully paid				
In issue at 1 January	293,234,231	363,317	293,234,231	363,317
Issued pursuant to the capitalisation of shareholder loans	205,477,157	259,107	–	–
Issued for cash	91,103,561	113,980	–	–
In issue at 31 December	589,814,949	736,404	293,234,231	363,317

The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company’s residual assets.

Issue of ordinary shares

There were the following issues of ordinary shares during the year ended 31 December 2014:

- (i) 205,477,157 ordinary shares were issued at US\$1 each amounting to \$259,107,000, together with the re-issuance of 3,000,000 treasury shares (note 14), pursuant to the capitalisation of a loan from FSCL, in March 2014.
- (ii) In March 2014, 21,453,561 ordinary shares were issued to the shareholders then for cash at US\$1 each, amounting to \$27,053,000 for working capital purposes;
- (iii) 25,850,000 ordinary shares were issued for cash at US\$1 each, amounting to \$32,597,000, pursuant to the Management Equity Participation scheme (note 19) in March 2014; and
- (iv) 43,800,000 ordinary shares with par value of US\$1 each, amounting to \$54,330,000, were issued for cash at \$1.50 (equivalent to US\$1.21) each, as part of the Company's initial public offering of shares ("IPO") in July 2014.

Capital management

The Group defines "capital" as including all components of equity. The Group's objectives when managing its capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. This will in turn maintain investor and creditor confidence and sustain the future development of the business.

In order to achieve an optimal capital structure, the Group may issue new shares, obtain new borrowings or sell its assets. Excess capital, if any, may also be returned to shareholders.

The Group's capital structure is regularly reviewed and managed with due regard to its capital management objectives and practices. Adjustments are made to the capital structure in light of changes in economic conditions affecting the Company or the Group, to the extent that these do not conflict with the directors' fiduciary duties towards the Company.

The Company is not subject to any externally imposed capital requirements. However, the subsidiaries incorporated in the PRC are subject to currency exchange restrictions on the remittance of funds out of the PRC.

14 Reserves

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Share premium	9,570	–	9,821	–
Reserve for own shares	–	(3,717)	–	(3,717)
Statutory reserve	14,835	10,190	–	–
Capital reserve	(1,497)	(1,563)	245	179
Foreign currency translation reserve	83,891	58,146	–	–
Retained earnings/ (Accumulated losses)	51,271	29,507	(15,916)	(41,581)
	158,070	92,563	(5,850)	(45,119)

Share premium

The share premium account represents the excess of the issue price over the par value of ordinary shares issued by the Company and may be applied only for the purposes specified in the Cayman Islands Companies Law.

During the year ended 31 December 2014, the Company recorded a share premium of \$11,370,000 (2013: Nil) following the issuance of 43,800,000 (2013: Nil) new fully-paid ordinary shares at \$1.50 (equivalent to US\$1.21) (2013: Nil) each in connection with its IPO. Share issue expenses of \$1,800,000 (2013: Nil) was applied to the account.

Reserve for own shares

The reserve for own shares comprise the cost of the Company's shares held by the Group. As at 31 December 2013, the Group held 3,000,000 of the Company's shares. During the financial year ended 31 December 2014, the treasury shares were issued at US\$1.00 each, amounting to \$3,783,000, as part of the consideration for capitalisation of a loan from FSCL.

Statutory reserve

In accordance with the Foreign Enterprise Law applicable to the subsidiaries in the PRC, wholly-owned subsidiaries are required to make appropriation to a statutory reserve. At least 10% of the statutory after tax profits as determined in accordance with the applicable PRC accounting standards and regulations must be allocated to the statutory reserve until the cumulative total of the reserve reaches 50% of the subsidiaries' registered capital. Subject to approval from the relevant PRC authorities, the statutory reserve may be used to offset any accumulated losses or increase the registered capital of the subsidiaries. The statutory reserve is not available for dividend distribution to shareholders of the PRC subsidiaries.

Capital reserve

The capital reserve comprises:

- (a) interest waived on intercompany loans
- (b) the difference between the adjustment to non-controlling interests and the fair value of consideration paid on acquisition of non-controlling interests in a subsidiary; and
- (c) the difference between the fair value and the cost of the treasury shares reissued.

Foreign currency translation reserve

The foreign currency translation reserve comprises:

- (a) foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company; and
- (b) the exchange differences on monetary items which form part of the Group's net investment in foreign operations, provided certain conditions are met.

Dividends

The following dividend was declared and paid by the Group for the year ended 31 December 2013:

	Group \$'000
Paid by a subsidiary to non-controlling interests	2,033

No dividends were declared and paid by the Group and Company for the year ended 31 December 2014.

After the reporting date, the following exempt (one-tier) dividend was proposed by the directors. The exempt (one-tier) dividend has not been provided for.

	Company	
	2014 \$'000	2013 \$'000
0.76 cents (2013: Nil) per qualifying ordinary share	4,483	–

15 Loans and borrowings

	Group and Company	
	2014 \$'000	2013 \$'000
Non-current		
Bank loans (unsecured)	83,003	–

Terms and debt repayment schedule

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

		2014		2013	
		Face value \$'000	Carrying amount \$'000	Face value \$'000	Carrying amount \$'000
Group and Company					
Bank loans (unsecured)	2016 - 2017	84,600	83,003	–	–

The effective interest rates of unsecured bank loans of the Group and Company range from 2.4% to 2.8% per annum at the reporting date.

16 Trade and other payables

	Group		Company	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Trade payables	59,719	37,943	–	–
Receipts in advance	200,158	139,297	–	–
Accruals	6,738	3,890	934	806
Amounts due to an affiliated corporation (trade)	–	482	–	–
Other payables	5,426	8,175	–	–
Value added tax, business tax and other taxes payable	6,826	5,591	–	–
Non-trade amounts due to:				
- former shareholders and affiliates of subsidiaries	1,998	2,034	–	–
- former immediate holding company	–	262,890	–	262,890
- subsidiaries	–	–	91,175	706
	280,865	460,302	92,109	264,402

An affiliated corporation is defined as a corporation:

- (a) in which a director of the Group has substantial financial interests or who is in a position to exercise significant influence; and/or
- (b) which directly or indirectly, through one or more intermediaries, is under the control of a common shareholder.

Receipts in advance mainly represent deposits and instalments received on properties for sale.

The non-trade amounts due to former shareholders and affiliates of subsidiaries and subsidiaries are unsecured and interest-free, and are repayable on demand.

The non-trade amount due to former immediate holding company was unsecured and interest-free, and was capitalised during the current financial year.

17 Revenue

	Group	
	2014 \$'000	2013 \$'000
Sale of properties	129,916	147,374
Rental income from investment properties	1,497	683
Interest income on:		
- entrusted loans to an affiliated corporation	–	2,481
- entrusted loans to third parties	19,120	5,347
- vendor financing arrangements	99	137
	19,219	7,965
Hotel operations	2,314	337
Others	265	1,173
	153,211	157,532

18 Net finance income

	Group	
	2014	2013
	\$'000	\$'000
Finance income		
Imputed interest on receivable from a non-controlling shareholder	29	57
Interest income on:		
- bank deposits	4,884	5,063
- loans to local government authority in the PRC	11,273	1,874
	16,186	6,994
Less: Amount capitalised	(1,113)	(4,430)
	15,073	2,564
Finance costs		
Amortisation of transaction costs	(2,962)	–
Interest expense on:		
- bank loans	(965)	–
- loans from an affiliated corporation	–	(2,132)
- loans from a shareholder of the former immediate holding company	–	(1,287)
	(3,927)	(3,419)
Less: Amount capitalised	1,823	3,419
	(2,104)	–
 Net finance income	 12,969	 2,564

19 Profit before tax

(a) Other gains comprise:

	Group	
Note	2014	2013
	\$'000	\$'000
Gain/(Loss) on disposal of:		
- lease prepayments	1,146	–
- property, plant and equipment (net)	(237)	55
- subsidiaries	–	6,423
Loss on dissolution of subsidiaries	–	(10)
	909	6,468
	909	6,468

(b) Profit before tax includes the following:

	Note	Group	
		2014 \$'000	2013 \$'000
Audit fees paid/payable to:			
- auditors of the Company		100	103
- other auditors		137	379
Non-audit fees paid to:			
- auditors of the Company		540	48
- other auditors		18	24
Amortisation of intangible assets	5	–	13
Amortisation of lease prepayments	7	25	725
Depreciation of property, plant and equipment	4	1,374	739
Direct operating expenses arising from rental of investment properties		198	33
Exchange gain (net)		(166)	(217)
Fair value loss/(gain) on investment properties	6	597	(5,475)
Write-down of development property	11	–	253
Hotel base stocks written off		91	733
Hotel pre-opening expenses		–	951
Impairment losses reversed on:			
- trade receivables	9	–	(312)
- other receivables and deposits	9	(1)	(21,112)
Operating lease expense		330	1,187
Reversal of accrual for construction costs no longer required		(2,753)	–
Staff costs		8,755	4,416
Share-based charge		4,705	–

In addition to the amounts disclosed above, non-audit fees of \$38,000 (2013: Nil) paid to the auditors of the Company are included in share issue expenses within the share premium of the Company.

	Group	
	2014 \$'000	2013 \$'000
Staff costs		
Wages and salaries	9,625	5,278
Contributions to defined contribution plans	1,158	694
Termination benefits	9	64
	<hr/> 10,792	<hr/> 6,036
Less: Amounts capitalised	(2,037)	(1,620)
	<hr/> 8,755	<hr/> 4,416

Share-based charge

In March 2014, the Company issued 25,850,000 (2013: Nil) new shares (“Management Equity Participation Shares”) to certain management personnel pursuant to the Management Equity Participation scheme. Under this one-off scheme, certain management personnel were entitled to subscribe for shares in the Company at US\$1 each in cash, prior to the IPO. The Company accounted for the issue of the Management Equity Participation Shares under IFRS 2 *Share-based Payments* and recognised a share-based charge of \$4,705,000 (2013: Nil) in profit or loss for the year ended 31 December 2014, representing the difference between the fair value and par value of the Management Equity Participation Shares subscribed for, and issued to, each of the management personnel. The fair value of the Management Equity Participation Shares of \$1.44 each was measured based on the discounted revalued net asset value of the Group as at the issuance date.

20 Tax expense

	Group	
	2014	2013
	\$'000	\$'000
Current tax expense		
Current year	12,396	14,003
Overprovision in respect of prior year	(597)	(1,800)
	11,799	12,203
Withholding tax	49	72
Land appreciation tax expense	4,831	5,187
	16,679	17,462
Deferred tax expense		
Origination and reversal of temporary differences	2,137	(5,489)
Overprovision in respect of prior year	–	(86)
	2,137	(5,575)
Total tax expense	18,816	11,887
<i>Reconciliation of effective tax rate</i>		
Profit for the year	21,704	47,631
Total tax expense	18,816	11,887
Profit before income tax	40,520	59,518
Tax calculated using PRC tax rate of 25% (2013: 25%)	10,130	14,880
Adjustment of income tax on deemed profit basis	–	(209)
Effect of different tax rates in other jurisdictions	695	926
Effect of deferred tax assets not recognised	996	804
Expenses not deductible for tax purposes	4,297	2,686
Income not subject to tax	(127)	(7,532)
Recognition of previously unrecognised deferred tax assets	(250)	(1,822)
Land appreciation tax expense	4,831	5,187
Effect of tax deduction on land appreciation tax expense	(1,208)	(1,297)
Overprovision in respect of prior year	(597)	(1,886)
Withholding tax	49	72
Others	–	78
	18,816	11,887

The Company is established under the laws of the Cayman Islands and is not subject to income tax in that jurisdiction. On 18 December 2014, the Company obtained clearance on its Singapore tax resident status from the Inland Revenue Authority of Singapore which will be applicable from the Year of Assessment 2015 onwards.

The Group's operations are mainly in the PRC. Pursuant to the PRC Corporate Income Tax Law (CIT Law), the statutory tax rate applicable to the Group's PRC subsidiaries is 25% (2013: 25%).

For the financial year ended 31 December 2013, current income tax expense of a subsidiary of the Group was calculated on a fixed percentage of its revenue (deemed profit) multiplied by the applicable tax rate. The deemed profit ratio was 8% of the entity's revenue. Such deemed profit basis is subject to review and approval by the respective tax authorities for each tax filing year.

Withholding tax arising from the distribution of dividends

Pursuant to the CIT Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in the PRC in respect of earnings generated from 1 January 2008.

The Group's determination as to whether to accrue for withholding taxes arising from the distribution of dividends by certain subsidiaries is subject to judgement on the timing of the payment of the dividends (note 10). The Group considered that the applicable withholding tax rate to be 5% to 10% (2013: 5% to 10%).

PRC Land Appreciation Tax (LAT)

LAT is levied at prevailing progressive rates on the appreciation of land value, being the proceeds of the sales of properties less deductible costs. However, the implementation and settlement of the tax varies amongst different tax jurisdictions in various cities of the PRC and certain projects of the Group have not finalised their land appreciation tax calculations and payments with the local tax authorities.

Accordingly, significant judgement is required in determining the amount of land appreciation and the related income tax provision.

21 Earnings per share

Basic earnings per share

The calculation of basic earnings per share was based on the profit attributable to ordinary shareholders as set out below, and the weighted average number of ordinary shares outstanding, calculated as follows:

Profit attributable to ordinary shareholders

	Group	
	2014	2013
	\$'000	\$'000
Profit attributable to ordinary shareholders	21,704	47,991

Weighted average number of ordinary shares

	Group	
	2014	2013
	'000	'000
Issued ordinary shares at 1 January	293,234	293,234
Effect of own shares held	–	(3,000)
Effect of shares issued during the year	208,396	–
Weighted average number of ordinary shares during the year	501,630	290,234

Diluted earnings per share

There were no dilutive potential ordinary shares in existence for the financial years ended 31 December 2014 and 2013.

22 Acquisition of a subsidiary

On 22 July 2014, the Group acquired the entire equity interest in First Sponsor Management Pte. Ltd. (“FSMPL”) for a consideration of \$0.9 million from its former ultimate holding company, FSML, as part of its restructuring exercise for its IPO.

From 22 July 2014 to 31 December 2014, FSMPL contributed a net loss after tax of \$2,336,000 to the Group’s results. If the acquisition had occurred on 1 January 2014, management estimates that the consolidated profit for the year would have been \$22,521,000.

The cash flows and identifiable assets and liabilities of the subsidiary acquired are provided below:

	\$'000
Property, plant and equipment	524
Trade and other receivables	165
Cash and cash equivalents	697
Trade and other payables	(576)
Provision for taxation	99
Total identifiable net assets acquired	909
Consideration	909
Less: Cash acquired	(697)
Net cash outflow	212

The trade and other receivables comprise gross contractual amounts due of \$165,000 which are expected to be collectible in full at the acquisition date. The carrying amount of the identifiable assets and liabilities were reasonable approximation of their fair value on the date of acquisition.

23 Disposal of subsidiaries

There were the following disposals of subsidiaries during the financial year ended 31 December 2013:

- (a) On 26 March 2013, the Group disposed of its 70% equity interest in Fogang Idea Valley Property Development Limited and its subsidiary, Fogang County Idea Valley Property Management Limited, to a third party for a consideration of \$17,459,939.
- (b) On 11 December 2013, the Group disposed of its 100% equity interest in Dongguan Wangwu Commercial and Management Limited to a third party for a consideration of \$203,500.
- (c) On 12 December 2013, the Group disposed of its 100% equity interest in Dongguan Feng Xiang Investment Consultancy Limited and its 70% owned subsidiary, Dongguan Feng Er Investment Consultancy Co., Ltd, to a third party for a consideration of \$1,628,000.
- (d) On 25 December 2013, the Group disposed of its 100% equity interest in Dongguan Junxuan Enterprise Limited to a third party for a consideration of \$305,250.
- (e) On 26 December 2013, the Group disposed of its 100% equity interest in CJD to a third party for a consideration of \$4,660,150.
- (f) On 30 December 2013, the Group disposed of its 100% equity interest in Idea Valley No. 1 Company Limited and its wholly owned subsidiary, Idea Valley Lianzhou Property Development Limited, to a third party for a consideration of \$8,582,604. The buyer also assumed the amounts due to the Group of \$15,798,723.

The cash flows and the net assets of the subsidiaries disposed are provided below:

	Note	Disposals 2013 \$'000
Property, plant and equipment		1,536
Lease prepayments		17,875
Investment properties	6	28,971
Development properties		22,643
Trade and other receivables		4,706
Cash and cash equivalents		5,557
Trade and other payables		(35,805)
Tax payable		(1,332)
Deferred tax liabilities	10	(9,344)
Net identified assets		34,807
Less: Non-controlling interests		(6,847)
Identified net assets disposed		27,960
Realisation of foreign currency translation reserve		(1,544)
Gain on disposal	19	6,423
Total consideration		32,839
Repayment of amounts due to the Group		15,800
Portion of consideration for which payment is deferred		(16,451)
Cash and cash equivalents disposed of		(5,557)
Net cash inflow		26,631

The gain on disposal is recognised in other gains in the consolidated statement of profit or loss.

24 Operating segments

Information reported to the Group's CODM for the purpose of resource allocation and assessment of performance is specifically focused on the functionality of services provided. The following summary describes the operations in each of the Group's reportable segments:

- Property development – development and/or purchase of properties for sale
- Property investment – development and/or purchase of investment properties for lease
- Property financing – provision of entrusted loans via entrustment banks and financial consultancy services
- Hotel operations – hotel owner

Other operations include candy manufacturing and property management. None of these segments meets any of the quantitative thresholds for determining reportable segments in 2014 and 2013.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before income tax, as included in the internal management reports that are reviewed by the Group's CODM. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Information about reportable segments

	Property development \$'000	Property investment \$'000	Property financing \$'000	Hotel operations \$'000	Total reportable segments \$'000	Unallocated \$'000	Total \$'000
2014							
Segment revenue	138,270	1,497	19,508	2,343	161,618	13,376	174,994
Elimination of inter-segment revenue	(8,378)	—	—	(29)	(8,407)	(13,376)	(21,783)
External revenue	129,892	1,497	19,508	2,314	153,211	—	153,211
Profit/(Loss) from operating activities	27,406	383	18,476	797	47,062	(19,511)	27,551
Finance income	11,538	—	3,488	—	15,026	47	15,073
Finance costs	(203)	—	—	—	(203)	(1,901)	(2,104)
Segment profit/(loss) before tax	38,741	383	21,964	797	61,885	(21,365)	40,520
Other material non-cash items:							
Depreciation and amortisation	(283)	—	(1)	(987)	(1,271)	(128)	(1,399)
Fair value loss on investment properties	—	(597)	—	—	(597)	—	(597)
Impairment loss reversed on trade and other receivables	—	1	—	—	1	—	1
Reversal of accrual for construction costs no longer required	—	—	—	(2,753)	(2,753)	—	(2,753)

Information about reportable segments

	Property development \$'000	Property investment \$'000	Property financing \$'000	Hotel operations \$'000	Total reportable segments \$'000	Others \$'000	Unallocated \$'000	Total \$'000
2014								
Assets								
Segment assets	846,996	81,846	214,194	114,142	1,257,178	—	35,822	1,293,000
Liabilities								
Segment liabilities	(357,642)	(274)	(414)	(538)	(358,868)	—	(39,658)	(398,526)
Other segment information:								
Additions to non-current assets*	278	—	1	32,722	33,001	—	3	33,004

Information about reportable segments

	Property development \$'000	Property investment \$'000	Property financing \$'000	Hotel operations \$'000	Total reportable segments \$'000	Others \$'000	Unallocated \$'000	Total \$'000
2013								
Segment revenue	153,280	683	8,437	337	162,737	132	7,400	170,269
Elimination of inter-segment revenue	(5,337)	—	—	—	(5,337)	—	(7,400)	(12,737)
External revenue	147,943	683	8,437	337	157,400	132	—	157,532
Profit/(Loss) from operating activities	29,263	26,959	7,574	(2,402)	61,394	70	(4,510)	56,954
Finance income	1,794	—	134	—	1,928	—	636	2,564
Segment profit/(loss) before tax	31,057	26,959	7,708	(2,402)	63,322	70	(3,874)	59,518
Other material non-cash items:								
Depreciation and amortisation	(1,453)	—	(1)	(23)	(1,477)	—	—	(1,477)
Fair value gain on investment properties	—	5,475	—	—	5,475	—	—	5,475
Write-down of development properties	(253)	—	—	—	(253)	—	—	(253)
Impairment loss reversed on trade and other receivables	—	21,424	—	—	21,424	—	—	21,424

Information about reportable segments

	Property development \$'000	Property investment \$'000	Property financing \$'000	Hotel operations \$'000	Total reportable segments \$'000	Others \$'000	Unallocated \$'000	Total \$'000
2013								
Assets								
Segment assets	718,778	80,137	32,957	75,677	907,549	—	48,133	955,682
Liabilities								
Segment liabilities	(193,311)	(801)	(347)	(471)	(194,930)	—	(304,872)	(499,802)
Other segment information:								
Additions to non-current assets*	23,195	21,061	—	1,577	45,833	—	978	46,811

* Non-current assets include property, plant and equipment, intangible assets, investment properties and lease prepayments

Geographical information

The Group's main businesses are those relating to property development, property investment, property financing and hotel operations which are mainly in the People's Republic of China. Accordingly, geographical information has not been presented.

25 Financial risk management

Overview

Risk management is integral to the whole business of the Group. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Risk management framework

The board of directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Credit risk

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

The loans to third parties represent a significant portion of the Group's trade and other receivables (note 9). Except as disclosed, there is no concentration of credit risk as at the reporting date. The carrying amounts of financial assets represent the maximum credit risk, before taking into account any collateral held.

Trade and other receivables

The Group has a credit policy in place which establishes credit limits for customers and monitors their balances on an ongoing basis.

The Group assesses the credit risk in respect of its property development operations to be relatively low as payments are usually received from property buyers in advance. In respect of the credit risk arising from property investment operations, the Group manages the risk by collecting rental deposits in advance and monitors the outstanding balances on an on-going basis.

In respect of the credit risk arising from the property financing operations, entrusted loans to third parties are generally secured by a mortgage of land use rights and/or property as well as personal guarantees and/or corporate guarantees in favour of the entrusted bank. The loan disbursed is capped at a pre-set loan to value ratio of the property collateral.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

Cash and cash equivalents

Cash and fixed deposits are placed with banks and financial institutions which are regulated. The Group limits its credit risk exposure in respect of investments by only investing in liquid securities and only with counterparties that have a sound credit rating.

Financial guarantees

As at 31 December 2014, the Group has issued guarantees to banks of up to \$123,874,000 (2013: \$77,833,000) to secure the mortgage arrangements of the buyers of the Group's development properties held for sale. The guarantees would be terminated upon the completion of the transfer of legal title of the properties to the buyers. At the reporting date, the directors did not consider it probable that the Group will sustain a loss under these guarantees as the Group has the authority to sell the property to recover any outstanding loan balance should the buyers default on payment. The Group had not recognised any liabilities in respect of these guarantees.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically, the Group ensures that it maintains sufficient reserves of cash on demand and adequate committed lines of funding from major financial institutions and its shareholders to meet its liquidity requirements in the short and longer term. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted.

The Group has contractual commitments to incur expenditure on its development properties, investment properties and property, plant and equipment (see note 26).

The following are the expected undiscounted cash outflows of financial liabilities, including interest payments, if any, and excluding netting agreements:

	Carrying amount \$'000	Contractual cash flows \$'000	Cash flows within 1 year \$'000	Cash flows after 1 year but within 5 years \$'000
Group				
2014				
Non-derivative financial liabilities				
Loans and borrowings	83,003	87,807	1,510	86,297
Trade and other payables*	80,707	80,707	80,707	–
Recognised financial liabilities	163,710	168,514	82,217	86,297
Financial guarantees	–	123,874	123,874	–
	<u>163,710</u>	<u>292,388</u>	<u>206,091</u>	<u>86,297</u>
2013				
Non-derivative financial liabilities				
Trade and other payables*/ recognised financial liabilities	321,005	321,005	321,005	–
Financial guarantees	–	77,833	77,833	–
	<u>321,005</u>	<u>398,838</u>	<u>398,838</u>	<u>–</u>
Company				
2014				
Non-derivative financial liabilities				
Loans and borrowings	83,003	87,807	1,510	86,297
Trade and other payables	92,109	92,109	92,109	–
Recognised financial liabilities	175,112	179,916	93,619	86,297
2013				
Non-derivative financial liabilities				
Trade and other payables/ recognised financial liabilities	264,402	264,402	264,402	–

* *Excluding receipts in advance*

The maturity analyses show the contractual undiscounted cash flows of the financial liabilities of the Group and the Company on the basis of their earliest possible contractual maturity.

The interest payments on variable interest rate loans in the table above reflect market forward interest rates at the period end and these amounts may change as market interest rates changes. Except for these financial liabilities and the cash flow arising from the financial guarantees issued, it is not expected that the cash flows included in the maturity analysis above could occur significantly earlier, or at significantly different amounts.

Market risk

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

Interest rate risk

The Group's interest rate risk arises primarily from its cash and cash equivalents, trade and other receivables, and loans and borrowings. Presently, the Group does not use derivative financial instruments to hedge its interest rate risk.

Interest rate profile

At the reporting date, the interest rate profile of the interest bearing financial instruments of the Group and the Company were:

	Group		Company	
	Nominal amount		Nominal amount	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
Fixed rate instruments				
Financial assets	329,494	63,213	1,197	13
Variable rate instruments				
Financial assets	129,901	308,806	1,235	6,855
Financial liabilities	(84,600)	-	(84,600)	-
	<u>45,301</u>	<u>308,806</u>	<u>(83,365)</u>	<u>6,855</u>

Sensitivity analysis

The Group does not account for any fixed rate financial assets at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cashflow sensitivity analysis for variable rate instruments

A change of 100 (2013: 100) basis points (bps) in interest rates at the reporting date would have increased/ (decreased) profit or loss by the amounts shown below. There is no impact on other components of equity. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

	Profit or loss	
	100 bps increase \$'000	100 bps decrease \$'000
Group		
31 December 2014		
Variable rate instruments	453	(453)
31 December 2013		
Variable rate instruments	<u>3,088</u>	<u>(3,088)</u>

Company	Profit or loss	
	100 bps increase \$'000	100 bps decrease \$'000
31 December 2014		
Variable rate instruments	(834)	834
31 December 2013		
Variable rate instruments	69	(69)

Foreign currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of Group entities. The currencies giving rise to this risk are primarily the Singapore dollar, Renminbi, US dollar, Ringgit Malaysia and Hong Kong dollar.

There is no formal hedging policy with respect to foreign exchange exposure. Exposure to foreign currency risk is monitored on an ongoing basis and the Group endeavours to keep the net exposure at an acceptable level.

The exposure of the Group and Company to foreign currencies are as follows based on nominal amounts:

	Singapore dollar \$'000	Renminbi \$'000	US dollar \$'000	Ringgit Malaysia \$'000	Hong Kong dollar \$'000
Group					
2014					
Cash and cash equivalents	–	86	785	–	1,258
Trade and other receivables	–	6,327	20	–	15
Trade and other payables	–	(207)	(10)	(1,944)	(23)
	–	6,206	795	(1,944)	1,250
2013					
Cash and cash equivalents	36	–	9,044	–	54
Trade and other receivables	2,041	19,361	5,907	–	21
Trade and other payables	(310,468)	(209)	(19,745)	(1,980)	–
	(308,391)	19,152	(4,794)	(1,980)	75

Company	Renminbi \$'000	US dollar \$'000	Hong Kong dollar \$'000
2014			
Cash and cash equivalents	65	53	1,168
Trade and other receivables	5,625	5	–
Trade and other payables	(63)	(10)	–
	5,627	48	1,168
2013			
Cash and cash equivalents	–	6,868	–
Trade and other receivables	18,085	1,680	–
Trade and other payables	(60)	(11,499)	–
	18,025	(2,951)	–

Sensitivity analysis

A 10% (2013: 10%) strengthening of the following major currencies against the functional currency of each of the Group's entities at the reporting date would impact the profit or loss (before any tax effects) of the Group and the Company by the amounts shown below. A 10% weakening of the above major currencies against the functional currency of each of the Group's entities at the reporting date would have an equal but opposite effect. There is no impact on other components of equity. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Group		Company	
	Increase/ (Decrease) in profit or loss 2014 \$'000	Increase/ (Decrease) in profit or loss 2013 \$'000	Increase/ (Decrease) in profit or loss 2014 \$'000	Increase/ (Decrease) in profit or loss 2013 \$'000
Singapore dollar	–	(30,839)	–	–
Renminbi	621	1,915	563	1,803
US dollar	80	(479)	5	(295)
Ringgit Malaysia	(194)	(198)	–	–
Hong Kong dollar	125	8	117	–

Accounting classifications and fair values

Fair values versus carrying amounts

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

Group	Note	Carrying amount		Fair value			Total \$'000
		Loans and receivables \$'000	Other financial liabilities \$'000	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
2014							
Financial assets not measured at fair value							
Trade and other receivables, excluding prepayments	9	378,628	–	–	369,533	–	369,533
Cash and cash equivalents	12	131,797	–	–	–	–	131,797
		510,425	–	–	–	–	510,425
Financial liabilities not measured at fair value							
Loans and borrowings	15	–	(83,003)	–	–	–	(83,003)
Trade and other payables, excluding receipts in advance	16	–	(80,707)	–	–	–	(80,707)
		–	(163,710)	–	–	–	(163,710)
2013							
Financial assets not measured at fair value							
Trade and other receivables, excluding prepayments	9	126,062	–	–	125,582	–	125,582
Cash and cash equivalents	12	311,154	–	–	–	–	311,154
		437,216	–	–	–	–	437,216
Financial liabilities not measured at fair value							
Trade and other payables, excluding receipts in advance	16	–	(321,005)	–	–	–	(321,005)

	Note	Loans and receivables \$'000	Carrying amount Other financial liabilities \$'000	Total \$'000
Company				
2014				
Financial assets not measured at fair value				
Trade and other receivables, excluding prepayments	9	37,201	–	37,201
Cash and cash equivalents	12	2,432	–	2,432
		<u>39,633</u>	<u>–</u>	<u>39,633</u>
Financial liabilities not measured at fair value				
Loans and borrowings	15	–	(83,003)	(83,003)
Trade and other payables, excluding receipts in advance	16	–	(92,109)	(92,109)
			<u>(92,109)</u>	<u>(92,109)</u>
2013				
Financial assets not measured at fair value				
Trade and other receivables, excluding prepayments	9	39,975	–	39,975
Cash and cash equivalents	12	6,868	–	6,868
		<u>46,843</u>	<u>–</u>	<u>46,843</u>
Financial liabilities not measured at fair value				
Trade and other payables, excluding receipts in advance	16	–	(264,402)	(264,402)
			<u>(264,402)</u>	<u>(264,402)</u>

Measurement of fair value

Valuation techniques

Type	Valuation technique
Trade and other receivables	Discounted cash flows

There were no transfers between levels during the year.

26 Commitments

The Group has the following commitments as at the reporting date:

(a) Capital commitments

	Group	
	2014 \$'000	2013 \$'000
Contracted but not provided for in the financial statements:		
- Expenditure in respect of investment properties and development properties	101,573	96,198
- Expenditure in respect of property, plant and equipment	<u>13,908</u>	<u>431</u>

(b) Operating lease commitments

At the reporting date, the Group has commitments for future minimum lease payments under non-cancellable operating leases as follows:

	Group	
	2014	2013
	\$'000	\$'000
Within 1 year	366	92
After 1 year but within 5 years	613	–
After 5 years	239	–
	1,218	92

The Group is a lessor in respect of its investment properties. At the reporting date, the Group has non-cancellable operating lease rental receivables as follows:

	Group	
	2014	2013
	\$'000	\$'000
Within 1 year	1,365	2,912
After 1 year but within 5 years	5,800	10,797
After 5 years	10,337	11,578
	17,502	25,287

27 Contingent liabilities

In 2013, the Group filed a lawsuit against a contractor, which was engaged for the installation of the external glass curtain wall of the commercial buildings within the Chengdu Cityspring project, in the Sichuan Chengdu Municipal Intermediate People's Court (the "Court"). The Group claimed for, amongst others, (i) late completion penalty of RMB1.6 million (\$0.3 million); and (ii) a refund of overpayment of RMB3.4 million (\$0.7 million). The contractor countersued the Group, for amongst others, an additional payment of RMB17.5 million (\$3.7 million) plus late penalty payment of RMB10,000 (\$2,088) per day starting from 30 April 2013 to the date when payment is fully settled. In November 2013, the Group made a further application to the Court to seek further claims for an additional refund of overpayment to the contractor of RMB9.2 million (\$1.9 million) and to revoke the 17 project confirmation sheets signed by the Group and the contractor.

As at 31 December 2014, no judgment has been made on the case. The Group has cumulatively accrued for RMB78.4 million (\$16.7 million) (2013: RMB78.4 million (\$16.4 million)) on the basis that it is an amount that is similar to that of the claim made by the contractor, of which RMB56.0 million (\$11.9 million) (2013: RMB56.0 million (\$11.7 million)) had been paid to the contractor as at 31 December 2014.

28 Related parties

Other than as disclosed elsewhere in the financial statements, the transactions with related parties based on terms agreed between the parties are as follows:

	Group	
	2014	2013
	\$'000	\$'000
Affiliated corporations		
Consultancy fees payable and capitalised as development properties	–	554
Licence fees, hotel management fees and reservation system fees paid and payable	19	1
Service income received and receivable	–	(6)
Former immediate holding company		
Service fees paid and payable	5,703	8,332

Transactions with key management personnel

The key management personnel compensation comprises:

	Group	
	2014	2013
	\$'000	\$'000
Directors' fees	152	–
Short-term employee benefits	2,851	1,234
Defined contribution plans	67	43
	3,070	1,277

The compensation above excludes a share-based charge of \$4,134,000 (2013: Nil) in connection with the issuance of Management Equity Participation Shares to certain key management personnel in March 2014.

During the financial year ended 31 December 2013, the Group entered into sale option agreements to sell two residential units in the Millennium Waterfront project to a director of certain subsidiaries (who is also the sole shareholder of a non-controlling shareholder in the Company) for an aggregate purchase price of approximately \$278,000.

29 Employee share option scheme

On 19 May 2014, the shareholders of the Company adopted a share option scheme known as the First Sponsor Employee Share Option Scheme (the "Share Option Scheme") that entitles eligible participants (which include the non-executive directors) to purchase shares in the Company. The Share Option Scheme shall continue in operation for a maximum period of 10 years commencing from 19 May 2014, and may continue for any further period thereafter with the approval of the shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

The Share Option Scheme is administered by the Administration Committee, comprising members of the Remuneration Committee and the Nominating Committee.

The aggregate number of shares which may be offered by way of grant of options to all controlling shareholders of the Company and their respective associates under the Share Option Scheme shall not exceed 25.0% of the total number of shares available under the Share Option Scheme, with the number of shares which may be offered by way of granting options to each controlling shareholder of the Company and his respective associate not exceeding 10.0% of the total number of shares available under the Share Option Scheme.

The exercise price of the options that are granted under the Share Option Scheme shall be determined at the discretion of the Administration Committee and may be:

- (a) set at a discount to a price (the "Market Price") equal to the average of the last dealt prices for the shares on the SGX-ST for the five consecutive market days immediately preceding the relevant date of grant of the relevant option (subject to a maximum discount of 20.0%), in which event, such options may be exercised after the second anniversary from the date of grant of the options; or
- (b) fixed at the Market Price. These options may be exercised after the first anniversary of the date of grant of that option.

Options granted under the Share Option Scheme will have a life span of 10 years.

During the year, no options have been granted under the Share Option Scheme.

30 Subsequent event

On 4 February 2015, the Company together with three co-investors (collectively, the "Purchasers") entered into a sale and purchase agreement to, *inter alia*, acquire all the issued shares in the capital of NL Property 1 B.V. (formerly known as Eurooffice 445 B.V.) ("NL1"), with the Company's equity interest in NL1 being 33%. NL1 is principally engaged in property investment and owns a commercial real estate property in Amsterdam, valued at EUR 51.5 million (\$77.7 million) for the purposes of the acquisition.

The acquisition was completed on 18 February 2015 and the Company's aggregate purchase consideration amounted to approximately EUR 49.9 million (\$75.3 million). EUR49.0 million (\$73.9 million) of the purchase consideration had been satisfied through the drawdown of bank borrowings and use of IPO proceeds at the date of these financial statements.

In addition, pursuant to a call option agreement entered amongst the Purchasers on 4 February 2015, the three co-investors have irrevocably and unconditionally granted to the Company, or its nominee, the right (but not the obligation) to acquire such number of new non-redeemable and non-convertible preference voting shares in the capital of NL1, at EUR 1 each, such that the Group would have majority voting interest in NL1 (the "Call Option"). As at the date of these financial statements, the Company has not exercised the Call Option.

As at the date of these financial statements, the financial effects of the acquisition could not be reasonably estimated.

**UNAUDITED FINANCIAL STATEMENTS OF FIRST SPONSOR GROUP LIMITED
AND ITS SUBSIDIARIES FOR THE FIRST QUARTER ENDED 31 MARCH 2015**

The information in this Appendix IV has been reproduced from the announcement on 28 April 2015 of the unaudited financial statements of First Sponsor Group Limited and its subsidiaries for the first quarter ended 31 March 2015 and has not been specifically prepared for inclusion in this Information Memorandum.



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FIRST SPONSOR GROUP LIMITED

(Incorporated in the Cayman Islands)

(Registration No. AT-195714)

UNAUDITED FIRST QUARTER FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2015

PART I – INFORMATION REQUIRED FOR ANNOUNCEMENT OF QUARTERLY (Q1, Q2 & Q3), HALF YEAR AND FULL YEAR RESULTS

- 1(a) An income statement and statement of comprehensive income, for the group, together with comparative statements for the corresponding period of the immediately preceding financial year.

	The Group Three months ended 31 March		Incr / (Decr) %
	2015 S\$'000	2014 S\$'000	
Revenue	12,650	7,420	70.5
Cost of sales	(2,069)	(3,334)	(37.9)
Gross profit	10,581	4,086	159.0
Administrative expenses	(3,732)	(7,220)	(48.3)
Selling expenses	(1,455)	(961)	51.4
Other income/(expenses)	4,822	(6,214)	n.m.
Other gains	278	-	n.m.
Results from operating activities	10,494	(10,309)	n.m.
Finance income	5,320	1,499	254.9
Finance costs	(913)	-	n.m.
Net finance income	4,407	1,499	194.0
Profit/(loss) before income tax	14,901	(8,810)	n.m.
Income tax expense	(4,007)	(365)	997.8
Profit/(loss) for the period	10,894	(9,175)	n.m.
Attributable to:			
Equity holders of the Company	10,730	(9,175)	n.m.
Non-controlling interests	164	-	n.m.
Profit/(loss) for the period	10,894	(9,175)	n.m.
Earnings per share (cents)			
- basic	1.82	(3.16)	n.m.
- diluted	1.82	(3.16)	n.m.

n.m.: not meaningful

The initial public offering of the Company's shares was sponsored by DBS Bank Ltd., who assumes no responsibility for the contents of this announcement.

Consolidated Statement of Comprehensive Income

	The Group	
	Three months ended	
	31 March	
	2015	2014
	S\$'000	S\$'000
Profit/(loss) for the period	10,894	(9,175)
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss:		
Realisation of foreign currency translation differences arising from liquidation of a subsidiary	(403)	-
Translation differences on financial statements of foreign subsidiaries, net of tax	30,709	(15,046)
Translation differences on monetary items forming part of net investment in foreign subsidiaries, net of tax	1,908	(1,416)
Other comprehensive income for the period, net of tax	32,214	(16,462)
Total comprehensive income for the period	<u>43,108</u>	<u>(25,637)</u>
Total comprehensive income attributable to:		
Equity holders of the Company	43,134	(25,637)
Non-controlling interests	(26)	-
Total comprehensive income for the period	<u>43,108</u>	<u>(25,637)</u>

Notes to the Group's Income Statement:

Profit/(loss) before income tax includes the following:

	The Group	
	Three months ended	
	31 March	
	2015	2014
	S\$'000	S\$'000
Other gains comprise:		
Property, plant and equipment written off	(7)	-
Gain on liquidation of a subsidiary	285	-
	<hr/>	<hr/>
	278	-
	<hr/>	<hr/>
Profit/(loss) before income tax includes the following expenses/(income):		
Amortisation of lease prepayments	-	11
Depreciation of property, plant and equipment	407	286
Exchange (gain)/loss (net)	(691)	392
Service fees paid and payable to a former immediate holding company	-	5,705
(Write back)/provision for IPO expenses	(562)	151
Operating lease expense	99	79
Share-based charge	-	4,705
Net investment return from a PRC government linked entity	(4,076)	-
	<hr/>	<hr/>

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year.

	The Group		The Company	
	As at 31.03.2015 S\$'000	As at 31.12.2014 S\$'000	As at 31.03.2015 S\$'000	As at 31.12.2014 S\$'000
Non-current assets				
Property, plant and equipment	126,284	116,517	-	-
Investment properties	161,908	80,979	-	-
Interest in subsidiaries	-	-	951,987	863,829
Other receivables	124,270	118,671	-	-
Deferred tax assets	8,516	8,951	-	-
	<u>420,978</u>	<u>325,118</u>	<u>951,987</u>	<u>863,829</u>
Current assets				
Development properties	607,430	559,522	-	-
Inventories	513	458	-	-
Trade and other receivables	357,129	276,105	57,639	39,405
Cash and cash equivalents	76,125	131,797	1,353	2,432
	<u>1,041,197</u>	<u>967,882</u>	<u>58,992</u>	<u>41,837</u>
Total assets	<u>1,462,175</u>	<u>1,293,000</u>	<u>1,010,979</u>	<u>905,666</u>
Equity attributable to equity holders of the Company				
Share capital	736,404	736,404	736,404	736,404
Reserves	201,243	158,070	9,422	(5,850)
	<u>937,647</u>	<u>894,474</u>	<u>745,826</u>	<u>730,554</u>
Non-controlling interests	5,505	-	-	-
Total equity	<u>943,152</u>	<u>894,474</u>	<u>745,826</u>	<u>730,554</u>
Non-current liabilities				
Loans and borrowings	181,065	83,003	181,065	83,003
Deferred tax liabilities	13,440	13,036	-	-
	<u>194,505</u>	<u>96,039</u>	<u>181,065</u>	<u>83,003</u>
Current liabilities				
Trade and other payables	302,388	280,865	84,088	92,109
Current tax payables	22,130	21,622	-	-
	<u>324,518</u>	<u>302,487</u>	<u>84,088</u>	<u>92,109</u>
Total liabilities	<u>519,023</u>	<u>398,526</u>	<u>265,153</u>	<u>175,112</u>
Total equity and liabilities	<u>1,462,175</u>	<u>1,293,000</u>	<u>1,010,979</u>	<u>905,666</u>

1(b)(ii) Aggregate amount of the Group's borrowings and debt securities.

The Group's net borrowings refer to aggregate borrowings from banks and financial institutions, after deducting cash and cash equivalents. Unamortised balance of transaction costs have not been deducted from the gross borrowings.

	The Group	
	As at 31.03.2015 S\$'000	As at 31.12.2014 S\$'000
Unsecured		
- repayable within one year	-	-
- repayable after one year	181,065	83,003
Loans and borrowings	<u>181,065</u>	<u>83,003</u>
Gross borrowings	184,440	84,600
Less: cash and cash equivalents as shown in the statement of financial position	<u>(76,125)</u>	<u>(131,797)</u>
Net borrowings/(net cash and cash equivalents)	<u>108,315</u>	<u>(47,197)</u>

The Group has no secured borrowings as at 31 March 2015 and 31 December 2014.

Details of any collateral

Not applicable.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Three months ended 31 March	
	2015 S\$'000	2014 S\$'000
Cash flows from operating activities		
Profit/(loss) for the period	10,894	(9,175)
Adjustments for:		
Amortisation of lease prepayments	-	11
Depreciation of property, plant and equipment	407	286
Finance income	(5,320)	(1,499)
Finance expenses	913	-
Property, plant and equipment written off	7	-
Gain on liquidation of a subsidiary	(285)	-
Share-based charge	-	4,705
Income tax expense	4,007	365
	10,623	(5,307)
Change in working capital:		
Development properties	(28,131)	(11,534)
Inventories	(40)	(427)
Trade and other receivables	(84,804)	(104,673)
Trade and other payables	17,534	37,214
Cash used in operations	(84,818)	(84,727)
Interest received	6,277	2,794
Income tax paid	(3,525)	(5,472)
Net cash used in operating activities	(82,066)	(87,405)
Cash flows from investing activities		
Receipt of investment return from a PRC government linked entity	3,567	-
Advances/loans to third parties	-	(35,275)
Acquisition of a subsidiary	(74,428)	-
Interest received	5,742	2,544
Proceeds from disposal of subsidiaries	-	5,126
Payment for additions to property, plant and equipment	(6,213)	(4,004)
Net cash used in investing activities	(71,332)	(31,609)
Cash flows from financing activities		
Proceeds from issue of shares	-	59,650
Interest paid	(468)	-
Payment of transaction costs related to borrowings	(788)	(842)
Proceeds from bank borrowings	114,588	-
Repayment of bank borrowings	(14,748)	-
Net cash generated from financing activities	98,584	58,808
Net decrease in cash and cash equivalents	(54,814)	(60,206)
Cash and cash equivalents at beginning of the period	131,797	311,154
Effect of exchange rate changes on balances held in foreign currencies	(858)	(5,191)
Cash and cash equivalents at end of the period	76,125	245,757

1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

	Share capital S\$'000	Share premium S\$'000	Statutory Reserves S\$'000	Capital reserve S\$'000	Foreign currency translation reserve S\$'000	Retained earnings S\$'000	Total attributable to equity holders of the Company S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
The Group									
At 1 January 2015	736,404	9,570	14,835	(1,497)	83,891	51,271	894,474	-	894,474
Total comprehensive income for the period									
Profit for the period	-	-	-	-	-	10,730	10,730	164	10,894
Exchange differences realised on liquidation of a subsidiary	-	-	-	-	(403)	-	(403)	-	(403)
Translation differences on financial statements of foreign subsidiaries, net of tax	-	-	-	-	30,899	-	30,899	(190)	30,709
Translation differences on monetary items forming part of net investment in foreign subsidiaries, net of tax	-	-	-	-	1,908	-	1,908	-	1,908
Total comprehensive income for the period	-	-	-	-	32,404	10,730	43,134	(26)	43,108
Transaction with owners, recognised directly in equity									
Contributions by and distributions to owners									
Reversal of share issue expenses	-	39	-	-	-	-	39	-	39
Total contributions by and distributions to owners	-	39	-	-	-	-	39	-	39
Changes in ownership interests in subsidiaries									
Acquisition of a subsidiary with non-controlling interests	-	-	-	-	-	-	-	5,531	5,531
Liquidation of a subsidiary	-	-	(851)	1,722	-	(871)	-	-	-
Total changes in ownership interests in subsidiaries	-	-	(851)	1,722	-	(871)	-	5,531	5,531
Total transactions with owners of the Company	-	39	(851)	1,722	-	(871)	39	5,531	5,570
At 31 March 2015	736,404	9,609	13,984	225	116,295	61,130	937,647	5,505	943,152

	Share capital S\$'000	Reserve for own shares S\$'000	Statutory reserves S\$'000	Capital reserve S\$'000	Foreign currency translation reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
The Group							
At 1 January 2014	363,317	(3,717)	10,190	(1,563)	58,146	29,507	455,880
Total comprehensive income for the period							
Loss for the period	-	-	-	-	-	(9,175)	(9,175)
Translation differences on financial statements of foreign subsidiaries, net of tax	-	-	-	-	(15,046)	-	(15,046)
Translation differences on monetary items forming part of net investment in foreign subsidiaries, net of tax	-	-	-	-	(1,416)	-	(1,416)
Total comprehensive income for the period	-	-	-	-	(16,462)	(9,175)	(25,637)
Transaction with owners, recognised directly in equity							
Contributions by and distributions to owners							
Issue of ordinary shares	318,757	-	-	-	-	-	318,757
Issue of treasury shares	-	3,717	-	66	-	-	3,783
Share based payment transaction	-	-	-	-	-	4,705	4,705
Transfer to statutory reserves	-	-	(543)	-	-	543	-
Total contributions by and distributions to owners	318,757	3,717	(543)	66	-	5,248	327,245
Total transactions with owners of the Company	318,757	3,717	(543)	66	-	5,248	327,245
At 31 March 2014	682,074	-	9,647	(1,497)	41,684	25,580	757,488

	Share capital S\$'000	Share premium S\$'000	Reserve for own shares S\$'000	Capital reserve S\$'000	Retained earnings S\$'000	Total equity S\$'000
The Company						
At 1 January 2015	736,404	9,821	-	245	(15,916)	730,554
Total comprehensive income for the period						
Profit for the period	-	-	-	-	15,272	15,272
Total comprehensive income for the period	-	-	-	-	15,272	15,272
At 31 March 2015	736,404	9,821	-	245	(644)	745,826
At 1 January 2014	363,317	-	(3,717)	179	(41,581)	318,198
Total comprehensive income for the period						
Loss for the period	-	-	-	-	(11,644)	(11,644)
Total comprehensive income for the period	-	-	-	-	(11,644)	(11,644)
Transaction with owners, recognised directly in equity						
Contributions by and distributions to owners						
Issue of ordinary shares	318,757	-	-	-	-	318,757
Issue of treasury shares	-	-	3,717	66	-	3,783
Share based payment transaction	-	-	-	-	4,705	4,705
Total contributions by and distributions to owners	318,757	-	3,717	66	4,705	327,245
Total transactions with owners of the Company	318,757	-	3,717	66	4,705	327,245
At 31 March 2014	682,074	-	-	245	(48,520)	633,799

- 1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.**

There was no change in the Company's issued share capital during the period ended 31 March 2015. As at 31 March 2015 and 31 December 2014, the issued and fully paid up share capital of the Company was US\$589,814,949 comprising 589,814,949 ordinary shares of US\$1 each.

There were also no outstanding convertible instruments and treasury shares as at 31 March 2015 and 31 March 2014.

- 1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.**

The total number of issued ordinary shares (excluding treasury shares) as at 31 March 2015 and 31 December 2014 is 589,814,949.

- 1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.**

There were no sales, transfers, disposal, cancellation and/or use of treasury shares during the period ended 31 March 2015.

- 2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.**

The figures have neither been audited nor reviewed by our auditors.

- 3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter).**

Not applicable.

- 4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.**

Except as disclosed in Note 5 below, the Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period as that of the audited financial statements for the year ended 31 December 2014.

5. **If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group adopted various new standards, amendments to standards and interpretations that are effective for the financial period beginning on 1 January 2015. The adoption of these IFRSs did not result in any significant impact on the financial statements of the Group.

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends.**

	Three months ended 31 March	
	2015	2014
Basic and diluted earnings per share (cents)	1.82	(3.16)
a) Profit/(loss) attributable to equity holders of the Company (S\$'000)	10,730	(9,175)
b) Weighted average number of ordinary shares in issue: - basic and diluted	589,814,949	290,234,231

7. **Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:—**

- (a) current financial period reported on; and
(b) immediately preceding financial year.

	The Group		The Company	
	As at 31 March 2015	As at 31 December 2014	As at 31 March 2015	As at 31 December 2014
Net asset value per ordinary share (cents) based on 589,814,949 issued ordinary shares (excluding treasury shares) as at 31 March 2015 and 31 December 2014	158.97	151.65	126.45	123.86

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:—

(a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and

Group performance

Revenue and cost of sales

Revenue of the Group mainly comprises revenue arising from the sale of properties, rental income from investment properties, revenue from hotel operations and interest income from the provision of property financing services. The breakdown of our revenue (net of business tax) for the period under review is as follows:

	Three months ended 31 March	
	2015 S\$'000	2014 S\$'000
Revenue from sale of properties	2,109	3,585
Rental income from investment properties	1,130	372
Hotel operations	691	419
Revenue from property financing	8,720	3,044
Total	12,650	7,420

Revenue of the Group in 1Q 2015, increased by S\$5.2 million or 70.5%, from S\$7.4 million in 1Q 2014 to S\$12.6 million in 1Q 2015. The increase in 1Q 2015 is mainly due to increase in rental income from investment properties, revenue from hotel operations and revenue from property financing by S\$0.7 million, S\$0.3 million and S\$5.7 million respectively, offset by decrease in revenue from sale of properties by S\$1.5 million.

Rental income from investment properties increased by S\$0.7 million or 203.8%, from S\$0.4 million in 1Q 2014 to S\$1.1 million in 1Q 2015. The increase is mainly due to contribution from Zuiderhof I, an office building in Amsterdam acquired on 18 February 2015.

Revenue from hotel operations increased by S\$0.3 million or 64.9%, from S\$0.4 million in 1Q 2014 to S\$0.7 million in 1Q 2015. The increase is mainly due to improved performance from M Hotel Chengdu.

Revenue from property financing increased by S\$5.7 million or 186.5%, from S\$3.0 million in 1Q 2014 to S\$8.7 million in 1Q 2015. This is mainly due to higher interest income generated on secured entrusted loans to third parties due to a larger average loan portfolio of S\$199.3 million in 1Q 2015 as compared to S\$67.1 million in 1Q 2014.

Revenue from sale of properties is recognised when the construction of the properties has been completed and ready for delivery to the purchasers pursuant to the sale and purchase agreements and collectability of related receivables is reasonably assured. Revenue from sale of properties in 1Q 2014 amounted to S\$3.6 million and was contributed by sales recognition of 18 commercial units and 40 car park lots from the Chengdu Cityspring project. The revenue decreased by S\$1.5 million to S\$2.1 million in 1Q 2015, which was contributed by the sales recognition of 2 residential units, 1 commercial unit and 13 car park lots from the Chengdu Cityspring project and 9 residential units from the Millennium Waterfront project.

Cost of sales mainly comprises land costs, development expenditure, borrowing costs, hotel-related depreciation charge, and other related expenditure. Cost of sales decreased by S\$1.2 million, from S\$3.3 million in 1Q 2014 to S\$2.1 million in 1Q 2015. The decrease in cost of sales is in line with the decrease in revenue from sale of properties in 1Q 2015.

Our gross profit increased by S\$6.5 million, from S\$4.1 million in 1Q 2014 to S\$10.6 million in 1Q 2015. The increase was mainly due to the gross profit of S\$5.7 million from property financing and S\$0.7 million from higher rental income from investment properties.

The Group's gross profit margin for each business segment has increased and the overall gross profit margin has increased from 55.1% for 1Q 2014 to 83.6% 1Q 2015. This is mainly due to 82.4% of the Group's gross profit for 1Q 2015 was from the property financing segment which contributed 100.0% gross profit margin, whereas in 1Q 2014 only 74.5% of the total gross profit was generated from the property financing segment.

Administrative expenses

Our administrative expenses mainly comprise staff costs, rental expenses and depreciation charge in relation to non-hotel assets, professional fees, and other expenses such as office, telecommunications and travelling expenses, stamp duties and other indirect PRC taxes.

The S\$3.5 million decrease in administrative expenses or 48.3% to S\$3.7 million in 1Q 2015 is mainly due to a share based charge of S\$4.7 million in connection with the Company's issuance of 25,850,000 ordinary shares to certain management staff and employees of the Group at par value incurred in 1Q 2014, offset by the increase in staff costs of S\$1.2 million in 1Q 2015, arising from by the increase in headcount for M Hotel Chengdu and the property development operations in Chengdu and Dongguan.

Selling expenses

Our selling expenses mainly comprise staff costs of our sales and marketing staff, advertising and promotion expenses, sales commissions paid to external sales agents and other expenses. These expenses increased by 51.4% or S\$0.5 million, from S\$1.0 million in 1Q 2014 to S\$1.5 million in 1Q 2015, mainly due to marketing activities to promote the Millennium Waterfront project during 1Q 2015.

Other income/(expenses)

In 1Q 2015, the Group recorded S\$4.8 million of other income mainly comprising a S\$4.1 million net investment return from a PRC government linked entity and S\$0.6 million of reversal of overprovision for IPO expenses.

Income tax expense

Income tax expense increased by S\$3.6 million in 1Q 2015 in line with the increase in profit from operating activities. The Group recorded total income tax expense of S\$4.0 million on profit before tax of S\$14.9 million in 1Q 2015. After adjusting for the net tax effect of S\$0.1 million due to non-deductible expenses and non-taxable income in 1Q 2015, the effective tax rate of the Group would be approximately 25.1% for the current period.

The Group recorded income tax expense of S\$0.4 million despite a loss before tax of S\$8.8 million in 1Q 2014. The income tax expense included recognition of a deferred tax credit of S\$0.2 million. After adjusting for the tax effect of non-deductible expenses of S\$2.8 million in 1Q 2014, the effective tax rate of the Group would be approximately 25.3% for 1Q 2014.

(b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Non-current assets

Property, plant and equipment increased by S\$9.8 million, from S\$116.5 million as at 31 December 2014 to S\$126.3 million as at 31 March 2015. S\$8.2 million of the increase is attributable to additions to construction in progress for the Millennium Waterfront Hotel.

Investment properties nearly doubled, from S\$81.0 million as at 31 December 2014 to S\$161.9 million as at 31 March 2015. The increase is mainly due to acquisition of a 33% owned subsidiary incorporated in the Netherlands, which owns the Zuiderhof I Building in Amsterdam carried at S\$78.2 million (EUR52.0 million) as at 31 March 2015.

Current assets

Development properties increased by S\$47.9 million, from S\$559.5 million as at 31 December 2014 to S\$607.4 million as at 31 March 2015, mainly due to increase in development costs for ongoing PRC development projects, being the Star of East River project in Dongguan and the Millennium Waterfront project in Chengdu, partially offset by profit recognition on the sales of the Chengdu Cityspring and Millennium Waterfront projects.

Trade and other receivables increased by S\$81.0 million, from S\$276.1 million as at 31 December 2014 to S\$357.1 million as at 31 March 2015. The increase is mainly due to the net disbursement of short term entrusted loans to third parties amounting to RMB300.0 million, bringing the total property financing loan portfolio as at 31 March 2015 to S\$242.0 million (RMB1,101.0 million) from S\$170.3 million (RMB801.0 million) as at 31 December 2014.

Current liabilities

Trade and other payables increased by S\$21.5 million, from S\$280.9 million as at 31 December 2014 to S\$302.4 million as at 31 March 2015, mainly due to the increase in receipts in advance from the Millennium Waterfront project of S\$41.2 million, partially offset by the decrease in trade payables and accrued operating expenses of approximately S\$13.6 million and S\$6.0 million respectively. Receipts in advance of the Group as at 31 March 2015 amounted to S\$241.4 million (31 December 2014: S\$200.2 million).

Loans and borrowings

Gross bank borrowings increased by S\$99.8 million, from S\$84.6 million as at 31 December 2014 to S\$184.4 million as at 31 March 2015. S\$73.7 million of this increase was mainly due to the financing of the acquisition of the Zuiderhof I building in Amsterdam of EUR49.0 million, with the balance due to the financing of the development of the Millennium Waterfront project and the Star of East River project.

Foreign currency risk management

The Group is exposed to volatility of the RMB due to its operations in the PRC. Therefore, any depreciation in the RMB against the S\$ will adversely affect the Group's earnings, net assets, value of any dividends we pay to our shareholders in S\$ or require us to use more RMB funds to service the same amount of any S\$ debt. Fluctuations in RMB exchange rates are affected by, amongst others, changes in political and economic conditions and the PRC's foreign exchange regime and policy.

With the Group's entry to the Dutch property market in the current quarter, whilst the Group tries to fully hedge its currency exposure by financing all its Dutch acquisitions with euro-denominated borrowings, the Group's earnings is still exposed to the volatility of the euro against S\$.

As at 31 March 2015, the Group has a cumulative translation gain of S\$116.3 million recorded as part of the reserves in its shareholders' equity. This has mainly arisen from the translation of the net assets and income and expenses of the Group's foreign operations in the PRC to S\$ at the exchange rates prevailing at the end of each reporting period. The Group has been benefitting from favorable exchange rate movements between the RMB and S\$ so far.

We do not currently have a formal hedging policy with respect to our foreign exchange exposure and have not used any financial hedging instruments to actively manage our foreign exchange risk. We will continue to monitor our foreign exchange exposure and may employ hedging instruments to manage our foreign exchange exposure should the need arise. The cost of such hedging instruments may fluctuate significantly over time and can outweigh the potential benefit from the reduced exposure to currency volatility. There is no assurance as to the effectiveness and success of any hedging action that we might or might not take.

Statement of cash flows of the Group

Net cash used in operating activities of S\$82.1 million in 1Q 2015 was mainly due to the net disbursement of secured entrusted loans of S\$64.9 million (RMB300.0 million) to third parties, payment of income tax of S\$3.5 million and payment of construction costs for the Millennium Waterfront project and Star of East River project of S\$28.1 million in aggregate. This was partially offset by interest received on the entrusted loans to third parties of S\$6.3 million and cash inflows from operating activities.

Net cash used in investing activities of S\$71.3 million in 1Q 2015 consists of approximately S\$74.4 million (EUR47.8 million, which including cash acquired from the acquisition of EUR1.2 million) used in connection with the acquisition of the Zuiderhof I building in Amsterdam and additions of property, plant and equipment of S\$6.2 million, partially offset by interest received, and investment return received from a PRC government linked entity of S\$5.7 million and S\$3.6 million respectively.

Net cash generated from financing activities amounted to S\$98.6 million in 1Q 2015 mainly due to net draw down of bank borrowings of S\$99.8 million and partially offset by interest paid and payment of transaction costs related to borrowings of S\$0.4 million and S\$0.8 million respectively.

Note:

The figures stated in our statement of financial position have been translated based on the exchange rates at the end of each reporting period; and the figures in our income statement, statement of comprehensive income and statement of cash flows have been translated based on the average exchange rate for the relevant period and exchange rate at the date of the transaction, where applicable.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

No forecast or prospect statement for the current financial period has been previously disclosed to shareholders.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

Industry Outlook

People's Republic of China

Continuing its trend on relaxing mortgage policies to boost demand in the housing market and spur economic growth, China has, through its central bank, the People's Bank of China

("PBOC"), cut the minimum down payment for second home buyers from 60% to 40% in March 2015. In a separate statement, the Ministry of Finance has also announced the waiver of business tax for select homeowners selling property held for two or more years, down from the minimum of five years. The relaxation of policies came after the central government announced a reduced economic growth target of 7 percent for 2015 at the recently concluded National People's Congress in March 2015, which was widely anticipated and seen as signaling moves to transition the country's economy to a lower but more sustainable level of growth.

The PBOC has also embarked on its second interest rate cut in less than 4 months to step up support for the country's slowing growth. In February 2015, the one-year deposit rate was reduced to 2.5% from 2.75%, and the one-year lending rate reduced to 5.35% from 5.6%. The PBOC has also lowered the reserve requirement ratio by a further one percentage point in April 2015, less than 2 months from the earlier half a percentage point reduction in February 2015, freeing up additional funds in which the banks can lend to the market.

The recent changes in policies highlighted the responsiveness of the central government towards changes in the macro-economic environment. The Group continues to be cautiously optimistic that China's property market will make a gradual and sustainable recovery in the near future.

The Netherlands

Property outlook for 2015 has been boosted by the quantitative easing stimulus ("QE") from the European Central Bank which has begun for the Eurozone countries in March 2015. The QE exercise is expected to continue till the end of September 2016. Interest yields on bonds are expected to stay low or become lower, increasing the attractiveness of yield premiums offered by property investments over bonds. Coupled with the expected increase in the supply of Euros, the Group is facing stiff competition from local and international buyers for acquisition opportunities in the Netherlands property market. The Group takes a long term view of its property holding business in the Netherlands and hence will exercise financial discipline as appropriate in its deal sourcing.

Company Outlook

Property Development

Barring any unforeseen circumstances, the Group anticipates to commence the handover of Plot B commercial units and further blocks of Plot B residential units in various phases from 2Q 2015. Plot C residential units are expected to be handed over in various phases from December 2015 onwards.

The Group has launched initial pre-sale of residential units of Plot A in March 2015 and will continue to launch additional blocks of residential units in the course of FY2015.

Site preparation works are in progress for the Star of East River project. The Group has decided to build a super high-rise office building with a larger floor plate instead of the previously approved twin-tower structure. The tender for East River Plot Two (constituting approximately 25% of the total site area) is expected to be held in the next 6 months.

Property Holding

On the property holding front, the Group has completed the acquisition of the office building known as Zuiderhof I in the South Axis of Amsterdam on 18 February 2015. The property has contributed S\$0.7 million or 64.6% of the total gross profit of the property holding business in 1Q 2015.

In addition, as part of the Group's ongoing efforts to explore new investment opportunities in the Netherlands, we had signed a sale and purchase agreement with a German institutional real estate fund on 27 April 2015 to acquire the Holiday Inn/Holiday Inn Express hotels in

Amsterdam Southeast and the ancillary 509 car park lots, for a net purchase consideration of EUR 54.6 million, inclusive of estimated transaction costs. The hotels and 440 car park lots have been leased to a lessee under a master lease arrangement for 25 years from May 2014 with two renewal option periods of ten years each at the lessee's options. The remaining 69 car park lots have been leased to another lessee for ten years from August 2012. The proposed acquisition is expected to be completed around mid-June 2015. Assuming this proposed acquisition was completed on 31 March 2015, our Dutch property holding portfolio will constitute approximately 10.4% of the Group's gross assets at 31 March 2015.

The Group remains alert to any new investment opportunities in the Netherlands.

Property Financing

The property financing business has continued to grow with a nearly two-fold increase in revenue from S\$3.0 million in 1Q 2014 to S\$8.7 million in 1Q 2015. The property financing loan portfolio stands at RMB1,101.0 million (S\$242.0 million) as at 31 March 2015 with all interest servicing being current and no instances of any loan default to date.

The Group continues to manage and grow its property financing business on a prudent basis.

11. If a decision regarding dividend has been made:—

(a) Current Financial Period Reported On

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any dividend declared for the corresponding period of the immediately preceding financial year?

No dividend was declared for the corresponding period of the immediately preceding financial year.

(c) Date payable

Not applicable.

(d) Book closure date

Not applicable.

12. If no dividend has been declared (recommended), a statement to that effect.

Not applicable.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Group does not have a shareholders' general mandate for IPTs.

14. Use of IPO proceeds

As stated in the Prospectus, the gross proceeds raised by the Company from the placement of new shares in conjunction with its initial public offering ("IPO") on 22 July 2014 were \$65.7 million. After deducting issue expenses incurred in connection thereon, initially estimated at S\$6.0 million, the net IPO proceeds were estimated to be approximately S\$59.7 million. After using S\$3.0 million for working capital purposes on 10 September 2014, in line with the described use of the net IPO proceeds stated in the Prospectus, the remaining balance of the net IPO proceeds amounted to approximately S\$56.7 million.

On 18 February 2015, the Company announced that the finalised issue expenses amounted to approximately S\$5.4 million, which represents a savings of approximately S\$0.6 million (the "Surplus"). Correspondingly, the net IPO proceeds have increased to approximately S\$57.3 million. This entire sum was fully utilised by the Group to partially finance its investment in and loans to a newly acquired subsidiary incorporated in the Netherlands which owns an office building in Amsterdam.

BY ORDER OF THE BOARD

Neo Teck Pheng
Group Chief Executive Officer
28 April 2015

FIRST SPONSOR GROUP LIMITED

(Registration No. AT-195714)

CONFIRMATION BY THE BOARD

The Directors of the Company hereby confirm, to the best of their knowledge, nothing has come to the attention of the Board of Directors which may render the Group's unaudited financial results for the three months ended 31 March 2015 to be false or misleading in any material respect.

On behalf of the Board of Directors

Ho Han Leong Calvin
Chairman

Neo Teck Pheng
Group Chief Executive Officer

28 April 2015