



Henderson Land MTN (S) Pte.
Limited

(Incorporated in Singapore)

Registration Number: 201120227N

Annual Report
31 December 2015

Directors' statement

We are pleased to submit this annual report to the member of the Company together with the audited financial statements for the financial year ended 31 December 2015.

In our opinion:

- (a) the financial statements set out on pages FS1 to FS19 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Company for the year ended on that date in accordance with the provisions of the Singapore Companies Act, Chapter 50 and Singapore 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 has, on the date of this statement, authorised these financial statements for issue.

Share options

During the financial year, 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 options.

Directors

The directors in office at the date of this statement are as follows:

Fung Lee Woon King
Kwok Ping Ho
Lee Ka Shing
Lee King Yue
Lee Wei Hsiung

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose 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 or any other body corporate.

Directors' interests

According to the register kept by the Company for the purposes of Section 164 of the Singapore Companies Act, Chapter 50 (the Act), 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 (other than wholly owned subsidiaries) are as follows:

	<i>Direct interest</i>		<i>Deemed interest</i>	
	<i>At the beginning of the year</i>	<i>At the end of the year</i>	<i>At the beginning of the year</i>	<i>At the end of the year</i>
Ultimate holding company				
<i>Henderson Development Limited</i>				
Lee Ka Shing				
Ordinary A shares	-	-	8,190	8,190
Non-voting B shares	-	-	3,510	3,510
Non-voting deferred shares	-	-	15,000,000	15,000,000
Intermediate holding company				
<i>Henderson Land Development Company Limited</i>				
Ordinary shares				
Lee Ka Shing	-	-	2,068,405,010	2,368,258,714
Lee King Yue	330,133	363,145	25,910	28,501
Fung Lee Woon King	1,548,043	1,702,847	-	-

Directors' interests (continued)

	<i>Direct interest</i>		<i>Deemed interest</i>	
	<i>At the beginning of the year</i>	<i>At the end of the year</i>	<i>At the beginning of the year</i>	<i>At the end of the year</i>
Related Corporations				
<i>Henderson Investment Limited</i>				
Ordinary shares				
Lee Ka Shing	-	-	2,110,868,943	2,115,274,943
Lee King Yue	1,001,739	1,001,739	-	-
<i>Best Homes Limited</i>				
Ordinary shares				
Lee Ka Shing	-	-	26,000	26,000
<i>Fordley Investment Limited</i>				
Ordinary shares				
Fung Lee Woon King	2,000	2,000	-	-
<i>Gain Base Development Limited</i>				
Ordinary shares				
Fung Lee Woon King	50	50	-	-
<i>Heyield Estate Limited</i>				
Ordinary shares				
Lee Ka Shing	-	-	100	100

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

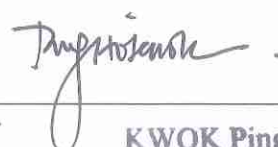
Auditors

The auditors, KPMG LLP, have indicated their willingness to accept re-appointment.

On behalf of the Board of Directors



Director **LEE King Yue**



Director **KWOK Ping Ho**

8 June 2016



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Independent auditors' report

Member of the Company
Henderson Land MTN (S) Pte. Limited

Report on the financial statements

We have audited the accompanying financial statements of Henderson Land MTN (S) Pte. Limited (the "Company"), which comprise the statement of financial position of the Company as at 31 December 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages FS1 to FS19.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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

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



Opinion

In our opinion, the financial statements are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

KPMG LLP

KPMG LLP

Public Accountants and
Chartered Accountants

Singapore

8 June 2016

Statement of financial position at 31 December 2015

(Expressed in Singapore dollars)

	Note	2015	2014
Non-current assets			
Amount due from a fellow subsidiary	4	\$ 200,000,000	\$ 600,000,000
Amount due from an intermediate holding company	5	7,959,130	6,433,699
		<u>\$ 207,959,130</u>	<u>\$ 606,433,699</u>
Current assets			
Amount due from a fellow subsidiary	4	\$ 400,000,000	\$ -
Cash at bank		47,218	517,737
		<u>\$ 400,047,218</u>	<u>\$ 517,737</u>
Current liabilities			
Interest payable		\$ (6,139,536)	\$ (6,139,536)
Accrued expense		(6,255)	(5,775)
Guaranteed notes	6	(399,826,410)	-
Current tax liabilities		(65,919)	(37,896)
		<u>\$ (406,038,120)</u>	<u>\$ (6,183,207)</u>
Net current liabilities		<u>\$ (5,990,902)</u>	<u>\$ (5,665,470)</u>
Total assets less current liabilities		\$ 201,968,228	\$ 600,768,229
Non-current liability			
Guaranteed notes	6	(199,721,108)	(599,059,598)
NET ASSETS		<u>\$ 2,247,120</u>	<u>\$ 1,708,631</u>
CAPITAL AND RESERVE			
Share capital	7	\$ 1	\$ 1
Retained profits		2,247,119	1,708,630
TOTAL EQUITY		<u>\$ 2,247,120</u>	<u>\$ 1,708,631</u>

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

Statement of comprehensive income
for the year ended 31 December 2015
(Expressed in Singapore dollars)

	<i>Note</i>	<i>2015</i>	<i>2014</i>
Revenue	9	\$ 24,230,005	\$ 24,230,010
Direct costs		<u>(23,517,920)</u>	<u>(23,517,920)</u>
		\$ 712,085	\$ 712,090
Other net income		102	5,458
Administrative expenses		<u>(19,788)</u>	<u>(20,020)</u>
Profit before tax	10	\$ 692,399	\$ 697,528
Tax expense	11	<u>(153,910)</u>	<u>(157,977)</u>
Profit and total comprehensive income for the year		<u>\$ 538,489</u>	<u>\$ 539,551</u>

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

Statement of changes in equity
for the year ended 31 December 2015
(Expressed in Singapore dollars)

	Share capital	Retained profits	Total
Balance at 1 January 2014	\$ 1	\$ 1,169,079	\$ 1,169,080
Profit and total comprehensive income for the year	-	539,551	539,551
Balance at 31 December 2014 and 1 January 2015	\$ 1	\$ 1,708,630	\$ 1,708,631
Profit and total comprehensive income for the year	-	538,489	538,489
Balance at 31 December 2015	\$ 1	\$ 2,247,119	\$ 2,247,120

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

Statement of cash flows for the year ended 31 December 2015

(Expressed in Singapore dollars)

	2015	2014
Operating activities		
Profit before tax	\$ 692,399	\$ 697,528
Adjustments for:		
Interest income	(24,230,005)	(24,230,010)
Interest expenses	23,030,000	23,030,000
Amortisation of loan arrangement fee	487,920	487,920
Net foreign exchange gain	(102)	(5,389)
Operating loss before changes in working capital	\$ (19,788)	\$ (19,951)
Increase in accrued expense	239	342
Cash used in operations	\$ (19,549)	\$ (19,609)
Tax paid	(125,544)	(185,698)
Net cash used in operating activities	\$ (145,093)	\$ (205,307)
Investing activity		
Interest received	\$ 5	\$ 10
Net cash generated from investing activity	\$ 5	\$ 10
Financing activity		
(Advanced to)/repayment from an intermediate holding company	(325,431)	619,855
Net cash (used in)/generated from financing activity	\$ (325,431)	\$ 619,855

Statement of cash flows
for the year ended 31 December 2015 (continued)
(Expressed in Singapore dollars)

	2015	2014
Net (decrease)/increase in cash and cash equivalents	\$ (470,519)	\$ 414,558
Cash and cash equivalents at 1 January	<u>517,737</u>	<u>103,179</u>
Cash and cash equivalents at 31 December	<u>\$ 47,218</u>	<u>\$ 517,737</u>
Analysis of the balance of cash and cash equivalents		
Cash at bank	<u>\$ 47,218</u>	<u>\$ 517,737</u>

Note to statement of cash flows:

Major non-cash transactions:

Pursuant to intra-group financing arrangements, the following major receipt and payment were received and settled by the intermediate holding company on the Company's behalf and were recorded as movements on the current accounts with the intermediate holding company:

	2015	2014
Interest received	\$ 24,230,000	\$ 24,230,000
Interest paid	<u>(23,030,000)</u>	<u>(23,030,000)</u>
	<u>\$ 1,200,000</u>	<u>\$ 1,200,000</u>

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

Notes to the financial statements

(Expressed in Singapore dollars)

These notes form an integral part of the financial statements. The financial statements were authorised for issue by the Board of Directors on 8 June 2016.

1 Domicile and activities

Henderson Land MTN (S) Pte. Limited (the “Company”) is a company incorporated in Singapore. The address of the Company’s registered office is 1 Marina Boulevard, #28-00 One Marina Boulevard, Singapore 018989.

The principal activity of the Company is the provision of financial services to group companies.

2 Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (“FRS”).

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis, except as otherwise stated below.

(c) Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Company’s functional currency.

(d) Use of estimates and judgements

The preparation of the financial statements in conformity with FRSs 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 year in which the estimates are revised and in any future periods affected.

2 Basis of preparation (continued)

(d) Use of estimates and judgements (continued)

As referred to in note 3(g) of these financial statements, the Company believes that its accruals for tax liabilities are adequate for all open years based on its assessment of many factors, including interpretations of tax law and prior experience. Such assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Company to change its judgement regarding the adequacy of existing tax liabilities, and such changes to tax liabilities will impact tax expense in the period that such a determination is made. Save as aforementioned, there are no other significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements and that have a significant risk of resulting in a material adjustment within the next financial year.

(e) Changes in accounting policies

Various new standards, amendments to standards and interpretations are effective for annual periods beginning 1 January 2015. Among them, FRS 24, *Related party disclosure*, has been amended to expand the definition of a “related party” to include a management entity that provides key management personnel services to the reporting entity, and to require the disclosure of the amounts incurred for obtaining the key management personnel services provided by the management entity. These amendments do not have an impact on the Company’s related party disclosures as the Company does not obtain key management personnel services from management entities.

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 the Company, except as explained in note 2(e) which addresses changes in accounting policies.

(a) Financial instruments

(i) Non-derivative financial assets

The Company initially recognises loans and receivables on the date that they are originated. All other financial assets are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

3 Significant accounting policies (continued)

(a) Financial instruments (continued)

(i) Non-derivative financial assets (continued)

The Company 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 Company 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 Company 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 Company has the following non-derivative financial assets:

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 at bank and amounts due from a fellow subsidiary and an intermediate holding company.

(ii) Non-derivative financial liabilities

All financial liabilities are recognised initially on the trade date, which is the date that the Company becomes a party to the contractual provisions of the instrument.

The Company derecognises a financial liability when its contractual obligations expire or are discharged or cancelled.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company 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.

3 Significant accounting policies (continued)

(a) *Financial instruments (continued)*

(ii) Non-derivative financial liabilities (continued)

The Company 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 interest payable, accrued expense and guaranteed notes.

(b) *Share capital*

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.

(c) *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 of impairment. 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 has a negative impact on the estimated future cash inflows 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 Company on terms that the Company would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers of the Company, 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

The Company considers objective 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.

3 Significant accounting policies (continued)

(c) *Impairment (continued)*

Loans and receivables (continued)

In assessing collective impairment, the Company 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 Company 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.

(d) *Provisions*

A provision is recognised if, as a result of a past event, the Company 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.

(e) *Revenue recognition*

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Company and the revenue and costs, if applicable, can be measured reliably, interest income is recognised as it accrues using the effective interest method.

(f) *Finance costs*

Finance costs comprise interest expense and loan arrangement fee on borrowings.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

3 Significant accounting policies (continued)

(g) Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income, in which case the relevant amounts of tax are recognised directly in equity or in other comprehensive income, respectively.

Current tax is the expected tax payable or receivable on the taxable income or loss for the reporting period, using tax rates enacted or substantively enacted at the end of the reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. 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.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

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 taxable entities but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised and settled 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 the end of the reporting period 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 Company takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Company 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 Company to change its judgement regarding the adequacy of existing tax liabilities, and such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3 Significant accounting policies (continued)

(h) New standards and interpretations not adopted

A number of new standards, amendments to standard interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these financial statements. The Company is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it is concluded that, except for FRS 109 *Financial Instruments* in relation to which it is not practicable to provide a reasonable estimate about the impact on the Company's financial statements until the Company performs a detailed review, none of these are expected to have a significant effect on the financial statements of the Company.

4 Amount due from a fellow subsidiary

The non-trade amount due from a fellow subsidiary is unsecured, bears interest at fixed rates ranging from 3.85% to 4.2% (2014: ranging from 3.85% to 4.2%) per annum and has no fixed terms of repayment. Apart from the amount due from a fellow subsidiary of \$400,000,000 (2014: Nil) at 31 December 2015 which is recoverable on demand, the remaining balance is not expected to be recovered within one year after the end of the reporting period.

5 Amount due from an intermediate holding company

The non-trade amount due from an intermediate holding company is unsecured, interest-free and has no fixed terms of repayment. The balance is not expected to be recovered within one year after the end of the reporting period.

6 Guaranteed notes

The carrying amount of guaranteed notes outstanding at 31 December 2015 includes the following guaranteed notes under the Medium Term Note Programme established by the Company's intermediate holding company on 30 August 2011:

- (i) On 19 September 2011, the Company issued guaranteed notes with an aggregate principal amount of \$200,000,000. These notes bear a fixed coupon rate of 4% per annum payable semi-annually in arrears, are guaranteed by its intermediate holding company and will mature on 19 September 2018.
- (ii) On 11 November 2011, the Company issued guaranteed notes with an aggregate principal amount of \$200,000,000. These notes bear a fixed coupon rate of 3.865% per annum payable semi-annually in arrears, are guaranteed by its intermediate holding company and will mature on 11 November 2016.
- (iii) On 15 February 2012, the Company issued guaranteed notes with an aggregate principal amount of \$200,000,000. These notes bear a fixed coupon rate of 3.65% per annum payable semi-annually in arrears, are guaranteed by its intermediate holding company and will mature on 15 February 2016.

6 **Guaranteed notes (continued)**

At 31 December 2015, the guaranteed notes were repayable as follows:

	2015	2014
Within 1 year	\$ 399,826,410	\$ -
After 1 year but within 5 years	199,721,108	599,059,598
	<u>\$ 599,547,518</u>	<u>\$ 599,059,598</u>

7 **Share capital**

	2015	2014
Fully paid ordinary share, with no par value:		
1 ordinary share	US\$ <u>1</u>	US\$ <u>1</u>
Equivalent to	\$ <u>1</u>	\$ <u>1</u>

The holder of ordinary share is entitled to receive dividends as declared from time to time and is entitled to one vote per share at meetings of the Company.

8 **Financial instruments**

Overview

The Company has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- interest rate risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

8 Financial instruments (continued)

Risk management framework

The Company's risk management policies are established to identify and analyse the risks faced by the Company, 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 Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(i) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from amounts due from a fellow subsidiary and an intermediate holding company.

The amount due from a fellow subsidiary represents a significant portion of the Company's financial assets. Except as disclosed, there is no significant concentration of credit risk. The carrying amount of financial assets in the statement of financial position represents the Company's maximum exposure to credit risk, before taking into account any collateral held. The Company does not hold any collateral in respect of its financial assets.

(ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company'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 Company's reputation.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	2015				
	Contractual undiscounted cash outflow				
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total	Carrying amount
Guaranteed notes	\$ 415,593,016	\$ 8,000,000	\$ 205,720,544	\$ 629,313,560	\$ 599,547,518
Interest payable	6,139,536	-	-	6,139,536	6,139,536
Accrued expense	6,255	-	-	6,255	6,255
	<u>\$ 421,738,807</u>	<u>\$ 8,000,000</u>	<u>\$ 205,720,544</u>	<u>\$ 635,459,351</u>	<u>\$ 605,693,309</u>

8 Financial instruments (continued)

Risk management framework (continued)

(ii) Liquidity risk (continued)

	2014				
	Contractual undiscounted cash outflow				
	Within 1 year or on demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	Total	Carrying amount
Guaranteed notes	\$ 23,030,000	\$ 415,593,016	\$ 213,720,544	\$ 652,343,560	\$ 599,059,598
Interest payable	6,139,536	-	-	6,139,536	6,139,536
Accrued expense	5,775	-	-	5,775	5,775
	\$ 29,175,311	\$ 415,593,016	\$ 213,720,544	\$ 658,488,871	\$ 605,204,909

The maturity analyses show the undiscounted cash flows of the Company's financial liabilities on the basis of their earliest possible contractual maturity.

(iii) Interest rate risk

The Company is not exposed to interest rate risk on income-earning financial assets and interest-bearing financial liabilities which bear fixed interest rates. The following table details the interest rate profile of the Company's income-earning financial assets and interest-bearing financial liabilities at the end of the reporting period:

	2015		Carrying amount
	<i>Fixed/floating</i>	<i>Effective interest rate</i>	
Amount due from a fellow subsidiary	Fixed	3.85% - 4.2%	\$ 600,000,000
Guaranteed notes	Fixed	3.65% - 4%	<u>(599,547,518)</u>

	2014		Carrying amount
	<i>Fixed/floating</i>	<i>Effective interest rate</i>	
Amount due from a fellow subsidiary	Fixed	3.85% - 4.2%	\$ 600,000,000
Guaranteed notes	Fixed	3.65% - 4%	<u>(599,059,598)</u>

8 Financial instruments (continued)

Risk management framework (continued)

(iv) Fair values

All financial instruments are carried at amounts not materially different from their fair values at 31 December 2015 and 2014.

(v) Capital management

The Company's primary objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to provide financial returns to the shareholder, and by securing access to financing sources at reasonable costs. As the Company is part of a larger group, the Company's sources of additional capital and policies for distribution of excess capital may also be affected by the group's capital management objectives.

The Company defines "capital" as including all components of equity. Trading balances that arise as a result of trading transactions with other group companies are not regarded by the Company as capital.

The Company's capital structure is regularly reviewed and managed with due regard to the capital management practices of the group to which the Company belongs. 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 or the Singapore Companies Act.

The Company was not subject to externally imposed capital requirements during the year and at 31 December 2015.

9 Revenue

Revenue represents interest income earned during the year. Major items are analysed as follows:

	2015	2014
Interest income received from a fellow subsidiary	\$ 24,230,000	\$ 24,230,000
Bank interest income	5	10
	<u>\$ 24,230,005</u>	<u>\$ 24,230,010</u>

10 Profit before tax

The following items have been included in arriving at profit before tax for the year:

	2015	2014
Interest expenses (included under direct costs)	\$ 23,030,000	\$ 23,030,000
Amortisation of loan arrangement fee (included under direct costs)	487,920	487,920
Net foreign exchange gain	(102)	(5,389)
Auditor's remuneration	<u>6,255</u>	<u>5,775</u>

11 Tax expense

(a) Tax recognised in profit or loss

	2015	2014
Current tax expense for the year		
– Singapore	\$ 42,366	\$ 44,168
– Hong Kong	<u>114,189</u>	<u>114,201</u>
	\$ <u>156,555</u>	\$ <u>158,369</u>
Under-provision in respect of prior year		
– Singapore	\$ 547	\$ 1,247
– Hong Kong	<u>401</u>	<u>-</u>
	\$ <u>948</u>	\$ <u>1,247</u>
One-off rebate of Profits Tax		
– Hong Kong	<u>\$ (3,593)</u>	<u>\$ (1,639)</u>
	<u>\$ 153,910</u>	<u>\$ 157,977</u>

11 Tax expense (continued)

(b) Reconciliation of effective tax rate

	2015	2014
Profit for the year	\$ 538,489	\$ 539,551
Total tax expense - Singapore	42,913	45,415
Total tax expense - Hong Kong	<u>110,997</u>	<u>112,562</u>
Profit before tax	<u>\$ 692,399</u>	<u>\$ 697,528</u>
Tax using the Singapore tax rate of 17%	\$ 117,708	\$ 118,579
Tax exemption	(158,270)	(157,357)
Tax using the Hong Kong tax rate of 16.5%	114,245	115,092
Tax effect of non-deductible expense	82,946	82,946
Tax effect of non-taxable revenue	(74)	(891)
Under-provision in respect of prior year - Singapore	547	1,247
Under-provision in respect of prior year - Hong Kong	401	-
One-off rebate of Profits Tax - Hong Kong	<u>(3,593)</u>	<u>(1,639)</u>
	<u>\$ 153,910</u>	<u>\$ 157,977</u>

12 Material related party transaction

Other than as disclosed elsewhere in the financial statements, the Company entered into the following material related party transaction during the year:

	2015	2014
Accountancy fee payable to a fellow subsidiary	<u>\$ 584</u>	<u>\$ 460</u>

Note: In the opinion of the directors, the transaction was carried out on normal commercial terms and in the ordinary course of business.

13 Non-adjusting events after the end of the reporting period

Certain guaranteed notes with an aggregate principal amount of \$200,000,000 have been repaid after the end of the reporting period. Further details are disclosed in note 6(iii).

14 Parent and ultimate holding companies

At 31 December 2015, the directors consider the immediate parent of the Company to be Henderson Land Finance Limited, a company incorporated in the British Virgin Islands which is a subsidiary of the intermediate holding company, Henderson Land Development Company Limited, and the ultimate holding company to be Henderson Development Limited, both of which are incorporated in Hong Kong. Henderson Land Development Company Limited produces financial statements available for public use.

