

## IMPORTANT NOTICE

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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 (as defined in Regulation S under the Securities Act of 1933 of the United States, as amended (the “**Securities Act**”)). 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 nor a U.S. person, as defined in Regulation S under the Securities Act nor are you acting on behalf of a U.S. person, the e-mail address that you gave us and to which this e-mail has been delivered is not located in the United States and to the extent that 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 the e-mail and accessing the attached information memorandum, if you are an investor in Singapore, you (A) represent and warrant that you are either an institutional investor as defined under Section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore (the “**SFA**”), a relevant person as defined under Section 275(2) of the SFA or a person to whom an offer, as referred to in Section 275(1A) of the SFA, is being made and (B) agree to be bound by the limitations and restrictions described herein.

The attached information memorandum has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of Vallianz Holdings Limited, DBS Bank Ltd. or any person who controls any of them nor any of their respective directors, officers, employees, agents, representatives or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the information memorandum distributed to you in electronic format and the hard copy version.

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

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

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

The attached information memorandum or any materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the dealers or any affiliate of the dealers is a licensed broker or dealer in that jurisdiction, the offering of securities shall be deemed to be made by the dealers or such affiliate on behalf of Vallianz Holdings Limited in such jurisdiction.

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

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

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

**You are responsible for protecting against viruses and other destructive items.** If you receive this document by e-mail, your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

**VALLIANZ HOLDINGS LIMITED**

(Incorporated in the Republic of Singapore on 23 December 1992)  
(UEN/Company Registration No.: 199206945E)

**S\$500,000,000****Multicurrency Debt Issuance Programme  
(the “Programme”)**

This Information Memorandum has not been and will not be 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 Vallianz Holdings Limited (the “**Issuer**”) pursuant to the Programme may not be circulated or distributed, nor may the Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “**SFA**”), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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

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

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

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

Approval in-principle has been received from the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for the establishment of the Programme and application will be made for the listing and quotation of Securities which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Securities have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Approval in-principle from, admission to the Official List of, and the listing and quotation of any Securities on, the SGX-ST are 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.

*Arranger*



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## NOTICE

DBS Bank Ltd. (the “**Arranger**”) has been authorised by Vallianz Holdings Limited (the “**Issuer**”) to arrange the S\$500,000,000 Multicurrency Debt Issuance Programme (the “**Programme**”) described herein. Under the Programme, the Issuer may, subject to compliance with all relevant laws, regulations and directives, from time to time issue Securities denominated in Singapore dollars and/or any other currencies.

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

Notes may be issued in series having one or more issue dates and the same maturity date, and on identical terms (including as to listing) except (in the case of Notes other than Variable Rate Notes (as described under “Summary of the Programme”)) for the issue dates, issue prices and/or the dates of the first payment of interest, or (in the case of Variable Rate Notes) for the issue prices and rates of interest. Each series may be issued in one or more tranches on the same or different issue dates. The Notes will be issued in bearer form or registered form and may be listed on a stock exchange. The Notes will initially be represented by a Temporary Global Security (as defined herein) in bearer form, a Permanent Global Security (as defined herein) in bearer form or a registered Global Certificate (as defined herein) which will be deposited on the issue date with or registered in the name of, or in the name of a nominee of, either CDP (as defined herein) or a common depository for Euroclear Bank S.A./N.V. (“**Euroclear**”) and/or Clearstream Banking, *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 (as defined herein) 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 a Temporary Global Security in bearer form, a Permanent Global Security in bearer form or a registered Global Certificate which will be deposited on the issue date with or registered in the name of, or in the name of a nominee of, either CDP or a common depository for Euroclear and/or Clearstream, Luxembourg or otherwise delivered as agreed between the Issuer and the relevant Dealer. Subject to compliance with all relevant laws, regulations and directives, the Perpetual Securities may be subject to redemption in whole or in part. The Perpetual Securities may confer a right to receive distributions at a fixed or floating rate. Details applicable to each series or tranche of Perpetual Securities will be specified in the applicable Pricing Supplement which is to be read in conjunction with this Information Memorandum.

The maximum aggregate principal amount of the Securities to be issued, when added to the aggregate principal amount of all Securities outstanding (as defined in the Trust Deed referred to below) shall be S\$500,000,000 (or its equivalent in any other currencies) or such higher amount as may be increased 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 Arranger or any of the Dealers. Save as expressly stated in this Information Memorandum, nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance or policies of the Issuer or any of its subsidiaries, its associated companies (if any) or its 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 Arranger or any of the Dealers to subscribe for or purchase, the Securities in any jurisdiction or under any circumstances in which such offer, solicitation or invitation is unlawful, or not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. The distribution and publication of this Information Memorandum or any such other document or information and the offer of the Securities in certain jurisdictions may be restricted by law. Persons who distribute or publish this Information Memorandum or any such other document or information or into whose possession this Information Memorandum or any such other document or information comes are required to inform themselves about and to observe any such restrictions and all applicable laws, orders, rules and regulations.

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

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

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

Neither the delivery of this Information Memorandum (or any part thereof) or the issue, offering, purchase or sale of the Securities shall, under any circumstances, constitute a representation, or give rise to any implication, that there has been no change in the prospects, results of operations or general affairs of the Issuer or any of its subsidiaries, its associated companies (if any) or its 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 Arranger and the Dealers have not separately verified the information contained in this Information Memorandum. None of the Arranger, any of the Dealers or any of their respective officers or employees is making any representation or warranty expressed or implied as to the merits of the Securities or the subscription for, purchase or acquisition thereof, the creditworthiness or financial condition or otherwise of the Issuer or its subsidiaries, its associated companies (if any) or its joint venture companies (if any). Further, none of the Arranger and the Dealers makes any representation or warranty as to the Issuer, its subsidiaries, its associated companies (if any) or its 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 thereof) delivered or supplied under or in relation to the Programme or the issue of the Securities is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Arranger or any of the Dealers that any recipient of this Information Memorandum



or such other document or information (or such part thereof) should subscribe for or purchase any of the Securities. A prospective purchaser shall make its own assessment of the foregoing and other relevant matters including the financial condition and affairs and the creditworthiness of the Issuer and its subsidiaries, its associated companies (if any) and its 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. Accordingly, notwithstanding anything herein, none of the Issuer, the Arranger, any of the Dealers or any of their respective officers, employees or agents shall be held responsible for any loss or damage suffered or incurred by the recipients of this Information Memorandum or such other document or information (or such part thereof) as a result of or arising from anything expressly or implicitly contained in or referred to in this Information Memorandum or such other document or information (or such part thereof) and the same shall not constitute a ground for rescission of any purchase or acquisition of any of the Securities by a recipient of this Information Memorandum or such other document or information (or such part thereof).

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

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

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

The attention of recipients of this Information Memorandum is drawn to the restrictions on resale of the Securities set out under "Subscription, Purchase and Distribution" on pages 125 and 126 of this Information Memorandum.

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

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

## FORWARD-LOOKING STATEMENTS

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

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

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

Given the risks and uncertainties that may cause the actual future results, performance or achievements of the Issuer or the Group to be materially different from the results, performance or achievements expected, expressed or implied by the financial forecasts, profit projections and other forward-looking statements in this Information Memorandum, undue reliance must not be placed on those forecasts, projections and statements. The Issuer, the Arranger, the Dealers and the Trustee 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 or the Group, or any statement of fact or information contained in this Information Memorandum since the date of this Information Memorandum or the date on which this Information Memorandum has been most recently amended or supplemented.

Further, the Issuer, the Arranger, the Dealers and the Trustee 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:

<b>“ABS”</b>	:	American Bureau of Shipping
<b>“Agency Agreement”</b>	:	The Agency Agreement dated 20 March 2014 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
<b>“Agent Bank”</b>	:	DBS Bank Ltd.
<b>“AHT”</b>	:	Anchor Handling Tug
<b>“AHTSV”</b>	:	Anchor Handling Tug Supply Vessel
<b>“Arranger”</b>	:	DBS Bank Ltd.
<b>“Bearer Securities”</b>	:	Securities in bearer form
<b>“BHP”</b>	:	Brake horsepower
<b>“Board”</b>	:	Board of Directors of the Issuer
<b>“BV”</b>	:	Bureau Veritas
<b>“Catalist Rules”</b>	:	Section B of the SGX-ST Listing Manual
<b>“CDP”</b>	:	The Central Depository (Pte) Limited
<b>“Certificate”</b>	:	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
<b>“Companies Act”</b>	:	The Companies Act, Chapter 50 of Singapore, as amended or modified from time to time
<b>“Couponholders”</b>	:	The holders of the Coupons
<b>“Coupons”</b>	:	The bearer coupons appertaining to an interest or distribution bearing Bearer Security
<b>“Dealers”</b>	:	Persons appointed as dealers under the Programme
<b>“Directors”</b>	:	The directors (including alternate directors, if any) of the Issuer as at the date of this Information Memorandum
<b>“DPS”</b>	:	Dynamic Positioning System
<b>“FY”</b>	:	Financial year ended or ending 31 December
<b>“GL”</b>	:	Germanischer Lloyd



<b>“Global Certificate”</b>	: 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) a common depository for Euroclear and/or Clearstream, Luxembourg, (ii) CDP and/or (iii) any other clearing system
<b>“Global Security”</b>	: 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
<b>“Group”</b>	: The Issuer and its subsidiaries
<b>“IMO”</b>	: The International Maritime Organisation
<b>“Interested person transaction”</b>	: This has the meaning ascribed to it in Chapter 9 of the SGX-Catalist Rules
<b>“interested persons”</b>	: This has the meaning ascribed to it in Chapter 9 of the SGX-Catalist Rules
<b>“ISM Code”</b>	: The International Safety Management Code
<b>“Issuer”</b>	: Vallianz Holdings Limited
<b>“Issuing and Paying Agent”</b>	: DBS Bank Ltd.
<b>“ITA”</b>	: Income Tax Act, Chapter 134 of Singapore, as amended or modified from time to time
<b>“Latest Practicable Date”</b>	: 14 March 2014
<b>“MAS”</b>	: The Monetary Authority of Singapore
<b>“NKK”</b>	: Nippon Kaiji Kyokai
<b>“Noteholders”</b>	: The holders of the Notes
<b>“Notes”</b>	: The notes issued or to be issued by the Issuer under the Programme
<b>“Permanent Global Security”</b>	: 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
<b>“Perpetual Securities”</b>	: The perpetual securities to be issued by the Issuer under the Programme
<b>“Perpetual Securityholders”</b>	: The holders of the Perpetual Securities
<b>“Pricing Supplement”</b>	: 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
<b>“Programme”</b>	: The S\$500,000,000 Multicurrency Debt Issuance Programme of the Issuer

<b>“Programme Agreement”</b>	: The Programme Agreement dated 20 March 2014 made between (1) the Issuer, as issuer, and (2) the Arranger, as arranger and (3) DBS Bank Ltd., as dealer, as amended, varied or supplemented from time to time
<b>“PSV”</b>	: Platform Supply Vessel
<b>“Rawabi Holding”</b>	: Rawabi Holding Company Limited
<b>“Rawabi Offshore”</b>	: Rawabi Swiber Offshore Services Co. Ltd.
<b>“RCCS”</b>	: Redeemable convertible capital securities
<b>“Registered Securities”</b>	: Securities in registered form
<b>“Registrar”</b>	: DBS Bank Ltd.
<b>“Securities”</b>	: The Notes and the Perpetual Securities
<b>“Securities Act”</b>	: Securities Act of 1933 of the United States, as amended
<b>“Securityholders”</b>	: The Noteholders and the Perpetual Securityholders
<b>“Senior Perpetual Securities”</b>	: Perpetual Securities which are expressed to rank as senior obligations of the Issuer
<b>“Series”</b>	: (1) (in relation to Securities other than Variable Rate Notes) a Tranche, together with any further Tranche or Tranches, which are (a) expressed to be consolidated and forming a single series and (b) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of interest and (2) (in relation to Variable Rate Notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest
<b>“SFA”</b>	: The Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time
<b>“SGX Sesdaq”</b>	: Stock Exchange of Singapore Dealing & Automated Quotation System
<b>“SGX-ST”</b>	: Singapore Exchange Securities Trading Limited
<b>“Shares”</b>	: Ordinary shares in the capital of the Issuer
<b>“Subordinated Perpetual Securities”</b>	: Perpetual Securities which are expressed to rank as subordinated obligations of the Issuer
<b>“Swiber Group”</b>	: Swiber Holdings and its subsidiaries
<b>“Swiber Holdings”</b>	: Swiber Holdings Limited
<b>“Swiber Offshore”</b>	: Swiber Offshore Construction Pte. Ltd.
<b>“Talons”</b>	: Talons for further Coupons
<b>“Temporary Global Security”</b>	: A Global Security representing Bearer Securities of one or more Tranches of the same Series on issue

<b>“Tranche”</b>	:	Securities which are identical in all respects (including as to listing)
<b>“Transfer Agent”</b>	:	DBS Bank Ltd.
<b>“Trust Deed”</b>	:	The Trust Deed dated 20 March 2014 made between (1) the Issuer, as issuer, and (2) the Trustee, as trustee, as amended, varied or supplemented from time to time
<b>“Trustee”</b>	:	DBS Trustee Limited
<b>“United States” or “U.S.”</b>	:	United States of America
<b>“Vallianz Capital”</b>	:	Vallianz Capital Ltd
<b>“S\$” or “\$” and “cents”</b>	:	Singapore dollars and cents respectively
<b>“US\$” or “US dollars”</b>	:	United States dollars
<b>“%”</b>	:	Per cent.

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

## CORPORATE INFORMATION

Board of Directors	: Raymond Kim Goh Yeo Chee Neng Ling Yong Wah Yeo Jeu Nam Bote de Vries
Company Secretary	: Lee Bee Fong
Registered Office	: 12 International Business Park #03-02 Swiber@IBP Singapore 609920
Auditors to the Issuer	: Deloitte & Touche LLP 6 Shenton Way #32-00 OUE Downtown 2 Singapore 068809
Arranger of the Programme	: DBS Bank Ltd. 12 Marina Boulevard, Level 42 Marina Bay Financial Centre Tower 3 Singapore 018982
Legal Advisers to the Arranger and the Trustee	: Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Legal Advisers to the Issuer	: WongPartnership LLP 12 Marina Boulevard Level 28 Marina Bay Financial Centre Tower 3 Singapore 018982
Issuing and Paying Agent, Agent Bank, Transfer Agent and Registrar	: DBS Bank Ltd. 10 Toh Guan Road Level 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 Programme Agreement, the Trust Deed, the Agency Agreement and the relevant Pricing Supplement.

Issuer	:	Vallianz Holdings Limited.
Arranger	:	DBS Bank Ltd.
Dealers	:	DBS Bank Ltd. and/or such other Dealers as may be appointed by the Issuer in accordance with the Programme Agreement.
Issuing and Paying Agent, Agent Bank, Registrar and Transfer Agent	:	DBS Bank Ltd.
Description	:	Multicurrency Debt Issuance Programme.
Programme Size	:	The maximum aggregate principal amount of the Securities outstanding at any time shall be S\$500,000,000 (or its equivalent in other currencies) or such higher amount as may be increased in accordance with the terms of the Programme Agreement.

### **NOTES**

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

Issuer and the relevant Dealer(s)), as adjusted for any applicable margin. Interest periods in relation to the Floating Rate Notes will be agreed between the Issuer and the relevant Dealer(s) prior to their issue.

Floating Rate Notes which are denominated in other currencies will bear interest to be determined separately for each Series by reference to such other benchmark as may be agreed between the Issuer and the relevant Dealer(s).

- Variable Rate Notes : Variable Rate Notes will bear interest at a variable rate determined in accordance with the 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, a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other agreed clearing system and will be exchangeable, upon request as described therein, either for a Permanent Global Security or definitive Notes (as indicated in the applicable Pricing Supplement). Each Permanent Global Security may be exchanged, unless otherwise specified in the applicable Pricing Supplement, upon request as described therein, in whole (but not in part) for definitive Notes upon the terms therein. Each Tranche or Series of registered Notes will initially be represented by a Global Certificate. Each Global Certificate may be registered in the name of, or in the name of a nominee of, CDP, a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other agreed clearing system. Each Global Certificate may be exchanged, unless otherwise specified in the applicable Pricing Supplement, 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.



- Custody of the Notes : Notes which are to be listed on the SGX-ST may be cleared through CDP. Notes which are to be cleared through CDP are required to be kept with CDP as authorised depository. Notes which are cleared through Euroclear and/or Clearstream, Luxembourg are required to be kept with a common depository on behalf of Euroclear and/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 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 upon Cessation or Suspension of Trading of the Issuer's Shares : If so provided on the face of the Note and the relevant Pricing Supplement, the Issuer shall, at the option of the holder of any Note, in the event that (i) the shares of the Issuer cease to be listed or admitted to trading on the SGX-ST or (ii) trading in the shares of the Issuer on the SGX-ST is suspended for a continuous period of more than 14 market days, redeem such Note at its Redemption Amount together with interest accrued to the date fixed for redemption on any date on which interest is due to be paid on such Notes or, if earlier, the date falling 60 days after the Effective Date.
- For the purposes of this paragraph:
- "Effective Date"** means (in the case of (i) above) the date of cessation of listing or admission to trading or (in the case of (ii) above) the business day immediately following the expiry of such continuous period of 14 market days; and
- "market day"** means a day on which the SGX-ST is open for securities trading.
- Negative Pledge : The Issuer has covenanted with the Trustee in the Trust Deed that so long as any of the Notes remains outstanding, it will not, and will ensure that none of its Principal Subsidiaries (as defined in Condition 10 of the Notes) will, create or have outstanding any security on or over their respective present or future assets, save for:
- (i) liens or rights of set off arising in the ordinary course of its business or by operation of law, in either case, in respect of Indebtedness (as defined in the Trust Deed) which either (1) has been due for less than 14 days or (2) is being contested in good faith and by appropriate means;
  - (ii) any security existing as at the date of the Trust Deed to secure any Indebtedness and disclosed in writing to the Trustee on or prior to the date of the Trust Deed;

- (iii) any security over any assets for the sole purpose of financing or refinancing the acquisition of such assets or the working capital relating to the operations of such assets;
- (iv) any security over any assets created in respect of the US\$500,000,000 Multicurrency Islamic Trust Certificates Issuance Programme established by Vallianz Capital Ltd on 23 December 2013;
- (v) pledges of goods and/or related documents of title, arising in the ordinary course of its business, as security for bank borrowings directly relating to the purchase of the goods; and
- (vi) any other security as shall be created with the prior consent of the Trustee or Noteholders by way of Extraordinary Resolution (as defined in the Trust Deed).

Financial Covenants

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

- (i) its Consolidated Tangible Net Worth (as defined in the Trust Deed) shall not:
  - (1) at any time up to 31 December 2014, be less than US\$60,000,000;
  - (2) at any time on or after 31 December 2014 (but prior to 31 December 2015), be less than US\$80,000,000; and
  - (3) at any time on or after 31 December 2015, be less than US\$100,000,000;
- (ii) the ratio of Consolidated Total Borrowings (as defined in the Trust Deed) to Consolidated Tangible Net Worth shall not:
  - (1) at any time up to 31 December 2014, exceed 4:1;
  - (2) at any time on or after 1 January 2015 (but prior to 1 July 2015), exceed 3.75:1;
  - (3) at any time on or after 1 July 2015 (but prior to 1 January 2016), exceed 3.50:1;
  - (4) at any time on or after 1 January 2016 (but prior to 1 July 2016), exceed 3.25:1;
  - (5) at any time on or after 1 July 2016 (but prior to 1 January 2017), exceed 3:1;
  - (6) at any time on or after 1 January 2017 (but prior to 1 July 2017), exceed 2.75:1; and
  - (7) at any time on or after 1 July 2017, exceed 2.5:1; and
- (iii) the Interest Coverage Ratio (as defined in the Trust Deed) shall not at any time be less than 2:1.

Non-disposal of Assets	<p>: The Issuer has covenanted with the Trustee in the Trust Deed that so long as any of the Securities remains outstanding, it will not, and will ensure that none of its Principal Subsidiaries will, (whether by a single transaction or a number of related or unrelated transactions and whether at one time or over a period of time) sell, transfer, lease out, lend or otherwise dispose of all or substantially all of its assets nor of any part of its assets which, either alone or when aggregated with all other disposals required to be taken into account under Clause 16.28 of the Trust Deed, is substantial in relation to its assets, or those of itself and its subsidiaries, taken as a whole or the disposal of which (either alone or when so aggregated) would have a material adverse effect on it. The following disposals shall not be taken into account under Clause 16.28 of the Trust Deed:</p> <ul style="list-style-type: none"> <li>(i) disposals in the ordinary course of business;</li> <li>(ii) any disposal of assets which are obsolete, excess or no longer required for the purpose of its business;</li> <li>(iii) any disposal of assets for the sole purpose of facilitating an Islamic financing transaction of the Group;</li> <li>(iv) the transfer of the shares held by Vallianz Capital Ltd in Rawabi Swiber Offshore Services Co. Ltd. to any other member of the Group; and</li> <li>(v) any disposal which the Trustee, or the Securityholders by way of an Extraordinary Resolution, shall have agreed shall not be taken into account.</li> </ul>
Events of Default	: See Condition 10 of the Notes.
Taxation	<p>: All payments in respect of the Notes and the Coupons by the Issuer shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer will 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, see the section on “Singapore Taxation” below.</p>
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 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).

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 Issuing and Paying Agent and the Perpetual Securityholders (in accordance with Condition 14 of the Perpetual Securities) not more than 20 nor less than 10 business days (or such other notice period as may be specified on the face of the Perpetual Security and the relevant Pricing Supplement) prior to a scheduled Distribution Payment Date.

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

- (a) a dividend, distribution or other payment has been declared or paid on or in respect of any 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 in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, directors or consultants of the Group 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)(a) of the Perpetual Securities applicable to any deferral of an accrued distribution. The Issuer is not subject to any limit as to the number of times distributions and Arrears of Distribution can or shall be deferred pursuant to Condition 4(IV) of the Perpetual Securities except that Condition 4(IV)(c) of the Perpetual Securities shall be complied with until all outstanding Arrears of Distribution have been paid in full.

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

Restrictions in the case of  
Non-Payment

: If Dividend Stopper is so provided on the face of the Perpetual Security and the relevant Pricing Supplement and on any Distribution Payment Date, payments of all distribution scheduled to be made on such date are not made in full by reason of Condition 4(IV) of the Perpetual Securities, the Issuer shall not:

- (a) declare or pay any dividends, distributions or make any other payment on, and will procure that no dividend, distribution or other payment is made on, any of its Junior Obligations or, in relation to Subordinated Perpetual Securities only, (except on a pro-rata basis) any of its Parity Obligations; or
- (b) redeem, reduce, cancel, buy-back or acquire for any consideration and will procure that no redemption, reduction, cancellation, buy-back or acquisition for any consideration is made in respect of, any of its Junior Obligations, or in relation to Subordinated Perpetual Securities only, (except on a pro-rata basis) any of its Parity Obligations,

in each case, unless and until (1) (if Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) the Issuer has satisfied in full all outstanding Arrears of Distribution, (2) (if Non-Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) the next scheduled distribution has been paid in full or an Optional Distribution equal to the amount of distribution payable with respect to the most recent Distribution Payment Date that was unpaid in full or in part, has been paid in full or (3) the Issuer is permitted to do so by an Extraordinary Resolution of the Perpetual Securityholders and/or as otherwise specified in the applicable Pricing Supplement.

Form and Denomination of  
Perpetual Securities

: The Perpetual Securities will be issued in bearer form or registered form and in such denominations as may be agreed between the Issuer and the relevant Dealer(s). Each Tranche or Series of bearer Perpetual Securities may initially be represented by a Temporary Global Security or a Permanent Global Security. Each Temporary Global Security may be deposited



on the relevant issue date with CDP, a common depository for Euroclear and/or Clearstream, Luxembourg and/or any other agreed clearing system and will be exchangeable, upon request as described therein, either for a Permanent Global Security or definitive Perpetual Securities (as indicated in the applicable Pricing Supplement). Each Permanent Global Security may be exchanged, unless otherwise specified in the applicable Pricing Supplement, upon request as described therein, in whole (but not in part) for definitive Perpetual Securities upon the terms therein. Each Tranche or Series of registered Perpetual Securities will initially be represented by a Global Certificate. Each Global Certificate may be registered in the name of, or in the name of a nominee of, CDP, a common depository for Euroclear and/or Clearstream, Luxembourg and/or any other agreed clearing system. Each Global Certificate may be exchanged, unless otherwise specified in the applicable Pricing Supplement, 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.

Custody of the Perpetual Securities	:	Perpetual Securities which are to be listed on the SGX-ST may be cleared through CDP. Perpetual Securities which are to be cleared through CDP are required to be kept with CDP as authorised depository. Perpetual Securities which are cleared through Euroclear and/or Clearstream, Luxembourg are required to be kept with a common depository on behalf of Euroclear and/or Clearstream Luxembourg.
Status of the Senior Perpetual Securities	:	The Senior Perpetual Securities and Coupons relating to them will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank <i>pari passu</i> , without any preference or priority among themselves, and <i>pari passu</i> 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 <i>pari passu</i> , without any preference or priority among themselves, and <i>pari passu</i> with any Parity Obligations of the Issuer.
Subordination of Subordinated Perpetual Securities	:	Subject to the insolvency laws of Singapore and other applicable laws, in the event of the winding-up of the Issuer, the rights of the Perpetual Securityholders and Couponholders 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 <i>pari passu</i> with all other subordinated obligations of the Issuer that are not expressed by their terms to rank junior to the Subordinated Perpetual Securities and in priority to the claims of shareholders of the Issuer and/or as otherwise specified in the applicable Pricing Supplement.

- Set-off in relation to Subordinated Perpetual Securities : Subject to applicable law, no holder of Subordinated Perpetual Securities or any Coupons relating to them may exercise, claim or plead any right of set-off, deduction, withholding or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them, and each holder of Subordinated Perpetual Securities or any Coupons relating to them shall, by virtue of his holding of any Subordinated Perpetual Securities or Coupons relating to them, be deemed to have waived all such rights of set-off, deduction, withholding or retention against the Issuer. Notwithstanding the preceding sentence, if any of the amounts owing to any holder of Subordinated Perpetual Securities or any Coupons relating to them by the Issuer in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them is discharged by set-off, such holder of Subordinated Perpetual Securities or any Coupons relating to them shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of its winding-up or administration, the liquidator or, as appropriate, administrator of the Issuer) and, until such time as payment is made, shall hold such amount in trust for the Issuer (or the liquidator or, as appropriate, administrator of the Issuer) and accordingly any such discharge shall be deemed not to have taken place.
- Redemption at the Option of the Issuer : If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Issuer may, on giving irrevocable notice to the Perpetual Securityholders and the Trustee falling within the Issuer's Redemption Option Period shown on the face thereof, redeem all or, if so provided, some of the Perpetual Securities at their Redemption Amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Perpetual Securities shall be at their Redemption Amount, together with distribution accrued (including any Arrears of Distribution and any Additional Distribution Amount) to the date fixed for redemption.
- Redemption for Taxation Reasons : If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders and the Trustee (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including Arrears of Distribution and any Additional Distribution Amount) accrued to the date fixed for redemption), if:
- (i) the Issuer receives a ruling by the Comptroller of Income Tax (or other relevant authority) which confirms that:
    - (A) the Perpetual Securities will not be regarded as "debt securities" for the purpose of Section 43N(4) of the ITA and Regulation 2 of the Income Tax (Qualifying Debt Securities) Regulations;

- (B) the distributions (including any Arrears of Distribution and any Additional Distribution Amount) on the Perpetual Securities will not be regarded as interest payable by the Issuer for the purpose of the withholding tax exemption on interest for “qualifying debt securities” under the ITA; or
- (C) the distributions (including any Arrears of Distribution and any Additional Distribution Amount) on the Perpetual Securities 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; or
- (ii) the Issuer satisfies the Trustee immediately prior to the giving of such notice that it 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 such obligations cannot be avoided by the Issuer taking reasonable measures available to it,

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

Redemption for Accounting Reasons

- : If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, at any time on giving not less than 30 nor more than 60 days’ notice to the Perpetual Securityholders and the Trustee (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including Arrears of Distribution and any Additional Distribution Amount) accrued to the date fixed for redemption), if, the Issuer satisfies the Trustee immediately prior to the giving of such notice that, as a result of any changes or amendments to Singapore Financial Reporting Standards issued by the Singapore Accounting Standards Council, as amended from time to time (the “**SFRS**”) or any other accounting standards that may replace SFRS for the purposes of the consolidated financial statements of the Issuer (the “**Relevant Accounting Standard**”), which change or amendment becomes effective on or after the Issue Date, the Perpetual Securities will not or will no longer be recorded as “equity” of the Issuer pursuant to the Relevant Accounting Standard, provided that no notice of redemption shall be given earlier than 90 days prior to the earliest date on which the relevant change or amendment to the Relevant Accounting Standard is due to take effect in relation to the Issuer.

Redemption for Tax Deductibility Reasons	<p>: 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, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders and the Trustee (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including Arrears of Distribution and any Additional Distribution Amount) accrued to the date fixed for redemption), if the Issuer satisfies the Trustee immediately before giving such notice that, as a result of:</p> <ul style="list-style-type: none"> <li>(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;</li> <li>(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</li> <li>(iii) any applicable official interpretation or pronouncement that provides for a position with respect to such laws or regulations that differs from the previous generally accepted position which is issued or announced on or after the Issue Date,</li> </ul> <p>payments by the Issuer are no longer, or would, within 90 days of the opinion delivered to the Trustee referred to in Condition 5(e) of the Perpetual Securities, no longer be, fully deductible by the Issuer for Singapore income tax purposes, provided that no notice of redemption may be given earlier than 90 days prior to the effective date on which payments on the Perpetual Securities would not be fully tax deductible by the Issuer for Singapore income tax purposes.</p>
Redemption in the case of Minimal Outstanding Amount	<p>: 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, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders and the Trustee (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including Arrears of Distribution and any Additional Distribution Amount) accrued to the date fixed for redemption), if, immediately before giving such notice, the aggregate principal amount of the Perpetual Securities outstanding is less than 10 per cent. of the aggregate principal amount originally issued.</p>
Limited right to institute proceedings in relation to Perpetual Securities	<p>: 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.</p>

Proceedings for Winding-Up	: If (i) a final and effective order is made or an effective resolution is passed for the bankruptcy, winding-up, liquidation, receivership or similar proceedings of the Issuer or (ii) the Issuer shall not make payment in respect of the Perpetual Securities for a period of five business days or more after the date on which such payment is due, the Issuer shall be deemed to be in default under the Trust Deed and the Perpetual Securities and the Trustee may, subject to the provisions of Condition 9(d) of the Perpetual Securities, institute proceedings for the winding-up of the Issuer and/or prove in the winding-up of the Issuer and/or claim in the liquidation of the Issuer for such payment.
Taxation	: All payments in respect of the Perpetual Securities and the Coupons by the Issuer shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such deduction or withholding is required by law. In such event, the Issuer shall pay such additional amounts as will result in the receipt by the Perpetual Securityholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, save for certain exceptions. For further details, see the section on “Singapore Taxation” below.
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.

## TERMS AND CONDITIONS OF THE NOTES

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

The Notes are constituted by a Trust Deed (as amended, varied or supplemented from time to time, the “**Trust Deed**”) dated 20 March 2014 made between (1) Vallianz Holdings Limited (the “**Issuer**”) and (2) DBS Trustee Limited (the “**Trustee**”, which expression shall wherever the context so admits include such company and all other persons for the time being the trustee or trustees of the Trust Deed), as trustee for the Noteholders (as defined below), and (where applicable) the Notes are issued with the benefit of a deed of covenant (as amended, varied or supplemented from time to time, the “**Deed of Covenant**”) dated 20 March 2014, relating to the Notes executed by the Issuer. These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Coupons and Talons referred to below. The Issuer has entered into an Agency Agreement (as amended, varied or supplemented from time to time, the “**Agency Agreement**”) dated 20 March 2014 made between (1) the Issuer, (2) DBS Bank Ltd., as issuing and paying agent (in such capacity, the “**Issuing and Paying Agent**” and, together with any other paying agents that may be appointed, the “**Paying Agents**”), (3) DBS Bank Ltd., as agent bank (in such capacity, the “**Agent Bank**”), (4) DBS Bank Ltd., as transfer agent (and, together with any other transfer agents that may be appointed, the “**Transfer Agents**”), (5) DBS Bank Ltd., as registrar (in such capacity, the “**Registrar**”), and (6) the Trustee, as trustee for the Noteholders. The Noteholders and the holders (the “**Couponholders**”) of the coupons (the “**Coupons**”) appertaining to the interest-bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the “**Talons**”) are bound by and are deemed to have notice of all of the provisions of the Trust Deed, the Agency Agreement and the Deed of Covenant.

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

### 1. Form, Denomination and Title

#### (a) Form and Denomination

- (i) The Notes of the Series of which this Note forms part (in these Conditions, the “**Notes**”) are issued in bearer form (“**Bearer Notes**”) or in registered form (“**Registered Notes**”), in each case in the Denomination Amount shown hereon.
- (ii) This Note is a Fixed Rate Note, a Floating Rate Note, a Variable Rate Note, a Hybrid Note or a Zero Coupon Note (depending upon the Interest Basis shown on its face).
- (iii) Bearer Notes are serially numbered and issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to default interest referred to in Condition 7(h)) in these Conditions are not applicable.
- (iv) Registered Notes are represented by registered certificates (“**Certificates**”) and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.



(b) Title

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

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

## 2. No Exchange of Notes and Transfers of Registered Notes

- (a) **No Exchange of Notes:** Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Denomination Amount may not be exchanged for Bearer Notes of another Denomination Amount. Bearer Notes may not be exchanged for Registered Notes.
- (b) **Transfer of Registered Notes:** Subject to Condition 2(f) below, one or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any other Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer) duly completed and executed and any other evidence as the Registrar or such other Transfer Agent may require to prove the title of the transferor and the authority of the individuals that have executed the form of transfer. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.
- (c) **Exercise of Options or Partial Redemption in Respect of Registered Notes:** In the case of an exercise of an Issuer's or Noteholders' option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any other Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.
- (d) **Delivery of New Certificates:** Each new Certificate to be issued pursuant to Condition 2(b) or 2(c) shall be available for delivery within five business days of receipt of the form of transfer or Exercise Notice (as defined in Condition 6(e)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Registrar or such other Transfer Agent (as the case may be) to whom delivery or surrender of such form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the Registrar or the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "**business day**" means a day (other than a Saturday, Sunday or gazetted public holiday) on which banks are open for business in the place of the specified office of the Registrar or the other relevant Transfer Agent (as the case may be).

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

### 3. Status

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

### 4. Negative Pledge and Financial Covenants

- (a) The Issuer has covenanted with the Trustee in the Trust Deed that so long as any of the Notes remains outstanding, it will not, and will ensure that none of its Principal Subsidiaries will, create or have outstanding any security on or over their respective present or future assets, save for:
  - (i) liens or rights of set off arising in the ordinary course of its business or by operation of law, in either case, in respect of Indebtedness which either (1) has been due for less than 14 days or (2) is being contested in good faith and by appropriate means;
  - (ii) any security existing as at the date of the Trust Deed to secure any Indebtedness and disclosed in writing to the Trustee on or prior to the date of the Trust Deed;
  - (iii) any security over any assets for the sole purpose of financing or refinancing the acquisition of such assets or the working capital relating to the operations of such assets;
  - (iv) any security over any assets created in respect of the US\$500,000,000 Multicurrency Islamic Trust Certificates Issuance Programme established by Vallianz Capital Ltd on 23 December 2013;
  - (v) pledges of goods and/or related documents of title, arising in the ordinary course of its business, as security for bank borrowings directly relating to the purchase of the goods; and
  - (vi) any other security as shall be created with the prior consent of the Trustee or Noteholders by way of Extraordinary Resolution (as defined in the Trust Deed).
- (b) The Issuer has further covenanted with the Trustee in the Trust Deed that so long as any of the Notes remains outstanding, it will ensure that:
  - (i) its Consolidated Tangible Net Worth shall not:
    - (1) at any time up to 31 December 2014, be less than US\$60,000,000;
    - (2) at any time on or after 31 December 2014 (but prior to 31 December 2015), be less than US\$80,000,000; and
    - (3) at any time on or after 31 December 2015, be less than US\$100,000,000;

- (ii) the ratio of Consolidated Total Borrowings to Consolidated Tangible Net Worth shall not:
  - (1) at any time up to 31 December 2014, exceed 4:1;
  - (2) at any time on or after 1 January 2015 (but prior to 1 July 2015), exceed 3.75:1;
  - (3) at any time on or after 1 July 2015 (but prior to 1 January 2016), exceed 3.50:1;
  - (4) at any time on or after 1 January 2016 (but prior to 1 July 2016), exceed 3.25:1;
  - (5) at any time on or after 1 July 2016 (but prior to 1 January 2017), exceed 3:1;
  - (6) at any time on or after 1 January 2017 (but prior to 1 July 2017), exceed 2.75:1; and
  - (7) at any time on or after 1 July 2017, exceed 2.5:1; and
- (iii) the Interest Coverage Ratio shall not at any time be less than 2:1.

For the purposes of this Condition 4(b):

(A) “**Consolidated Tangible Net Worth**” means in relation to the Group, the amount (expressed in US dollars), calculated in accordance with generally accepted accounting principles in Singapore, equal to the aggregate of:

- (I) the amount paid up or credited as paid up on the issued share capital of the Issuer;
- (II) the amounts standing to the credit of the reserves (included in the consolidated statement of financial position of the Group) of the Group on a consolidated basis; and
- (III) any amount which is attributable to non-controlling interests (included in “Total Equity” in the consolidated statement of financial position of the Group),

all as shown in the then latest audited full year consolidated statement of financial position or, as the case may be, unaudited three-months consolidated statement of financial position or, where the Issuer is not required under the listing guidelines of the SGX-ST to prepare unaudited three-months consolidated statement of financial position, unaudited six-months consolidated statement of financial position of the Group but after:

- (aa) making such adjustments as may be appropriate in respect of any variation in the issued and paid up share capital and the reserves set out in paragraph (II) above of the Group since the date of such latest audited consolidated statement of financial position, unaudited three-months consolidated statement of financial position or, as the case may be, unaudited six-months consolidated statement of financial position of the Group;
- (bb) excluding any sums set aside for future taxation; and

(cc) deducting:

- (1) an amount equal to any distribution by any member of the Group out of profits earned prior to the date of such latest audited consolidated statement of financial position, unaudited three-months consolidated statement of financial position or, as the case may be, unaudited six-months consolidated statement of financial position of the Group and which have been declared, recommended or made since that date except so far as provided for in such statement of financial position and/or paid or due to be paid to members of the Group;
- (2) all goodwill and other intangible assets;
- (3) any debit balances on consolidated income statement; and
- (4) any amounts arising from a writing-up after the date of the Trust Deed of the book value of any property of the Group (any increases in the book value of property which results from its transfer being deemed for this purpose to have arisen from a writing-up);

(B) “**Consolidated Total Borrowings**” means in relation to the Group, an amount (expressed in US dollars) (excluding accrued expenses and trade payables) as shown in the then latest audited full year consolidated statement of financial position or, as the case may be, unaudited three-months consolidated statement of financial position or, where the Issuer is not required under the listing guidelines of the SGX-ST to prepare unaudited three-months consolidated statement of financial position, unaudited six-months consolidated statement of financial position, in accordance with generally accepted accounting principles in Singapore, equal to the aggregate of:

- (I) bank overdrafts and all other Indebtedness of the Group (excluding Indebtedness referred to in paragraph (IV) below);
- (II) 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;
- (III) the liabilities of the Issuer under the Trust Deed or the Notes; and
- (IV) Indebtedness of the Group representing the deferred purchase price of assets or services (other than goods or services obtained on normal commercial terms in the ordinary course of trading),

where such aggregate amount falls to be calculated, no amount shall be taken into account more than once in the same calculation, and if and to the extent any of the preceding items would appear as a liability upon the consolidated statement of financial position of the Group prepared in accordance with generally accepted accounting principles in Singapore;

(C) “**EBITDA**” means, in relation to the relevant period, the aggregate of the net earnings of the Group on its ordinary activities during such period before taking into account Interest Expense and income tax expense but making adjustments thereto by adding back depreciation charged and any amount attributable to amortisation of goodwill and other intangibles to the extent deducted in arriving at such earnings on ordinary activities during such period;

(D) “**Interest Coverage Ratio**” means the ratio of EBITDA to Interest Expense all as shown in the latest audited full year consolidated income statement or, as the case may be, unaudited three-months consolidated income statement or, where the Issuer is not required under the listing guidelines of the SGX-ST to prepare unaudited three-months consolidated income statement, unaudited six-months consolidated income statement of the Group;

- (E) **“Group”** means the Issuer and its subsidiaries;
- (F) **“Interest Expense”** means, in relation to the relevant period, the consolidated amount of profit/interest, commission, discounts and other fees or charges incurred, paid or payable by the Group in connection with all Indebtedness during that period; and
- (G) **“SGX-ST”** means the Singapore Exchange Securities Trading Limited.

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

## 5. Interest and other Calculations

### (I) Interest on Fixed Rate Notes

#### (a) Interest Rate and Accrual

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

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

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

#### (b) Calculations

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

### (II) Interest on Floating Rate Notes or Variable Rate Notes

#### (a) Interest Payment Dates

Each Floating Rate Note or Variable Rate Note bears interest on its Calculation Amount from the Interest Commencement Date in respect thereof and as shown on the face of such Note, and such interest will be payable in arrear on each interest payment date (**“Interest Payment Date”**). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Date(s) or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period on the face of the Note (the **“Specified Number of Months”**) after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date (and which corresponds numerically with such preceding Interest Payment Date or the Interest



Commencement Date, as the case may be), provided that the Agreed Yield (as defined in Condition 5(II)(c)) in respect of any Variable Rate Note for any Interest Period (as defined below) relating to that Variable Rate Note shall be payable on the first day of that Interest Period. If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day, then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding business day and (ii) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

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

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

**(b) Rate of Interest - Floating Rate Notes**

- (i) Each Floating Rate Note bears interest at a floating rate determined by reference to a Benchmark as stated on the face of such Floating Rate Note, being (in the case of Notes which are denominated in Singapore dollars) SIBOR (in which case such Note will be a SIBOR Note) or Swap Rate (in which case such Note will be a Swap Rate Note) or in any 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 Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page 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 Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page (or such other replacement page as aforesaid) or if the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page (or such other replacement page as aforesaid) is unavailable for any reason, the Agent Bank will, at or about the Relevant Time on such Interest Determination Date, determine the Rate of Interest for such Interest Period which shall be the 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);
  - (C) if on any Interest Determination Date, no such rate appears on the Reuters Screen ABSIRFIX01 Page (or such other replacement page as aforesaid) or if the Reuters Screen ABSIRFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Agent Bank will request the principal Singapore offices of each of the Reference Banks to provide the Agent Bank with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Interest Determination Date to prime banks in the Singapore interbank market for a period equivalent to the duration of such Interest Period commencing on such Interest Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Notes. The Rate of Interest for such Interest Period shall be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of such offered quotations and as adjusted by the Spread (if any), as determined by the Agent Bank;
  - (D) if on any Interest Determination Date, two but not all the Reference Banks provide the Agent Bank with such quotations, the Rate of Interest for the relevant Interest Period shall be determined in accordance with (C) above on the basis of the quotations of those Reference Banks providing such quotations; and
  - (E) if on any Interest Determination Date, one only or none of the Reference Banks provides the Agent Bank with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date and as adjusted by the Spread (if any);
- (2) in the case of Floating Rate Notes which are Swap Rate Notes:
- (A) the Agent Bank will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period as being the rate which appears on the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page under the column headed "SGD Swap Offer" (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 Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page (or such other replacement page as aforesaid) or the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page (or such other replacement page as aforesaid) is unavailable for any reason, the Agent Bank will, at or about the Relevant Time on such Interest Determination Date, determine the Rate of Interest for such Interest Period which shall be determined by the Agent Bank as being the rate which appears on the Reuters Screen ABSFIX01 Page under the caption “SGD SOR rates as of 11:00hrs London Time” under the column headed “SGD SOR” (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period and as adjusted by the Spread (if any);
- (C) if on any Interest Determination Date, no such rate is quoted on the Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) or if 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 1/16 per cent.)) for a period equal to the duration of such Interest Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as may be agreed between the Agent Bank and the Issuer; and
- (D) if on any Interest Determination Date, the Agent Bank is otherwise unable to determine the Rate of Interest under paragraphs (b)(ii)(2)(A), (b)(ii)(2)(B) and (b)(ii)(2)(C) above or if no agreement on the relevant authority is reached between the Agent Bank and the Issuer under paragraph (b)(ii)(2)(C) 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 1/16 per cent.) 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 the Relevant 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 a period equivalent to the duration of such Interest Period commencing on such Interest Payment Date, an amount equal to the aggregate principal amount of the relevant Floating Rate Notes 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 which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date and as adjusted by the Spread (if any);

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

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

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

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

and as adjusted by the Spread (if any);

(B) if the Primary Source for the Floating Rate is Reference Banks or if paragraph (b)(ii)(3)(A)(aa) applies and no Relevant Rate appears on the Screen Page at the Relevant Time on the Interest Determination Date or if paragraph (b)(ii)(3)(A)(bb) applies and fewer than two Relevant Rates appear on the Screen Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre (as defined below) at the Relevant Time on the Interest Determination Date and as adjusted by the Spread (if any); and

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

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

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

**(c) Rate of Interest - Variable Rate Notes**

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

- (ii) The Agreed Yield or, as the case may be, the Rate of Interest payable from time to time in respect of each Variable Rate Note for each Interest Period shall, subject as referred to in paragraph (c)(iv) below, be determined as follows:
  - (1) not earlier than 9.00 a.m. (Singapore time) on the ninth business day nor later than 3.00 p.m. (Singapore time) on the third business day prior to the commencement of each Interest Period, the Issuer and the Relevant Dealer (as defined below) shall endeavour to agree on the following:
    - (A) whether interest in respect of such Variable Rate Note is to be paid on the first day or the last day of such Interest Period;
    - (B) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the first day of such Interest Period, an Agreed Yield in respect of such Variable Rate Note for such Interest Period (and, in the event of the Issuer and the Relevant Dealer so agreeing on such Agreed Yield, the Interest Amount (as defined below) for such Variable Rate Note for such Interest Period shall be zero); and
    - (C) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the last day of such Interest Period, a Rate of Interest in respect of such Variable Rate Note for such Interest Period (an “**Agreed Rate**”) and, in the event of the Issuer and the Relevant Dealer so agreeing on an Agreed Rate, such Agreed Rate shall be the Rate of Interest for such Variable Rate Note for such Interest Period; and
  - (2) if the Issuer and the Relevant Dealer shall not have agreed either an Agreed Yield or an Agreed Rate in respect of such Variable Rate Note for such Interest Period by 3.00 p.m. (Singapore time) on the third business day prior to the commencement of such Interest Period, or if there shall be no Relevant Dealer during the period for agreement referred to in (1) above, the Rate of Interest for such Variable Rate Note for such Interest Period shall automatically be the rate per annum equal to the Fall Back Rate (as defined below) for such Interest Period.
- (iii) The Issuer has undertaken to the Issuing and Paying Agent and the Agent Bank that it will as soon as possible after the Agreed Yield or, as the case may be, the Agreed Rate in respect of any Variable Rate Note is determined but not later than 10.30 a.m. (Singapore time) on the next following business day:
  - (1) notify the Issuing and Paying Agent and the Agent Bank of the Agreed Yield or, as the case may be, the Agreed Rate for such Variable Rate Note for such Interest Period; and
  - (2) cause such Agreed Yield or, as the case may be, Agreed Rate for such Variable Rate Note to be notified by the Issuing and Paying Agent to the relevant Noteholder at its request.
- (iv) For the purposes of sub-paragraph (ii) above, the Rate of Interest for each Interest Period for which there is neither an Agreed Yield nor Agreed Rate in respect of any Variable Rate Note or no Relevant Dealer in respect of the Variable Rate Note(s) shall be the rate (the “**Fall Back Rate**”) determined by reference to a Benchmark as stated on the face of such Variable Rate Note(s), being (in the case of Variable Rate Notes which are denominated in Singapore dollars) SIBOR (in which case such Variable Rate Note(s) will be SIBOR Note(s)) or Swap Rate (in which case such Variable Rate Note(s) will be Swap Rate Note(s)) or (in any other case or in the case of Variable Rate Notes which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out on the face of such Variable Rate Note(s).

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

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

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

**(d) Definitions**

As used in these Conditions:

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

“**business day**” means, in respect of each Note, (i) a day (other than a Saturday or Sunday) on which Euroclear, Clearstream, Luxembourg and the Depository, as applicable, are operating, (ii) a day 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 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 on which banks and foreign exchange markets are open for general business in the principal financial centre for that currency;

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

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

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

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

“**Reference Banks**” means the institutions specified as such hereon or, if none, three major banks selected by the Agent Bank (in consultation with the Issuer) in the interbank market that is most closely connected with the Benchmark;



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

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

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

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

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

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

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

### **(III) Interest on Hybrid Notes**

#### **(a) Interest Rate and Accrual**

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

#### **(b) Fixed Rate Period**

- (i) In respect of the Fixed Rate Period shown on the face of such Note, each Hybrid Note bears interest on its Calculation Amount from the first day of the Fixed Rate Period at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Note payable in arrear on each Interest Payment Date or Interest Payment Dates shown on the face of the Note in each year and on the last day of the Fixed Rate Period if that date does not fall on an Interest Payment Date.
- (ii) The first payment of interest will be made on the Interest Payment Date next following the first day of the Fixed Rate Period (and if the first day of the Fixed Rate Period is not an Interest Payment Date, will amount to the Initial Broken Amount shown on the face of such Note), unless the last day of the Fixed Rate Period falls before the date on which the first payment of interest would otherwise be due. If the last day of the Fixed Rate Period is not an Interest Payment Date, interest from the preceding Interest Payment Date (or from the first day of the Fixed Rate Period, as the case may be) to the last day of the Fixed Rate Period will amount to the Final Broken Amount shown on the face of the Note.

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

**(c) Floating Rate Period**

- (i) In respect of the Floating Rate Period shown on the face of such Note, each Hybrid Note bears interest on its Calculation Amount from the first day of the Floating Rate Period, and such interest will be payable in arrear on each interest payment date ("**Interest Payment Date**"). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Date(s) or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period on the face of the Note (the "**Specified Number of Months**") after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the first day of the Floating Rate Period (and which corresponds numerically with such preceding Interest Payment Date or the first day of the Floating Rate Period, as the case may be). If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day, then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding business day and (ii) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.
- (ii) The period beginning on the first day of the Floating Rate Period and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date is herein called an "**Interest Period**".
- (iii) Where the due date of redemption of any Hybrid Note falls within the Floating Rate Period, interest will cease to accrue on the Note from the due date for redemption thereof unless, upon due presentation thereof, payment of principal (or Redemption Amount, as the case may be) is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 5(III) and the Agency Agreement to the Relevant Date.
- (iv) The provisions of Condition 5(II)(b) shall apply to each Hybrid Note during the Floating Rate Period as though references therein to Floating Rate Notes are references to Hybrid Notes.

**(IV) Zero Coupon Notes**

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note (determined in accordance with Condition 6(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 or (where applicable) Hybrid Notes for the relevant Interest Period. The amount of interest payable per Calculation Amount in respect of any Floating Rate Note, Variable Rate Note or (where applicable) Hybrid Note shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount, by the Day Count Fraction shown on the Note and rounding the resultant figure to the nearest sub-unit of the Relevant Currency. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Agent Bank shall (in the absence of manifest error) be final and binding 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, the Agent Bank will also cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to Noteholders in accordance with Condition 16 as soon as possible after their determination. The Interest Amounts and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period by reason of any Interest Payment Date not being a business day. If the Floating Rate Notes, Variable Rate Notes or, as the case may be, Hybrid Notes become due and payable under Condition 10, the Rate of Interest and Interest Amounts payable in respect of the Floating Rate Notes, Variable Rate Notes or, as the case may be, Hybrid Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest and Interest Amounts need to be made unless the Trustee requires otherwise.

**(c) Determination or Calculation by the Trustee**

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

**(d) Agent Bank and Reference Banks**

The Issuer will procure that, so long as any Floating Rate Note, Variable Rate Note or Hybrid Note remains outstanding, there shall at all times be three Reference Banks (or such other number as may be required) and, so long as any Floating Rate Note, Variable Rate Note, Hybrid Note or Zero Coupon Note remains outstanding, there shall at all times be an Agent Bank. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank or the Agent Bank is unable or unwilling to act as such

or if the Agent Bank fails duly to establish the Rate of Interest for any Interest Period or to calculate the Interest Amounts, the Issuer will appoint another bank with an office in the Relevant Financial Centre to act as such in its place. The Agent Bank may not resign its duties without a successor having been appointed as aforesaid.

## **6. Redemption and Purchase**

### **(a) Final Redemption**

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

### **(b) Purchase at the Option of Issuer**

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

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

### **(c) Purchase at the Option of Noteholders**

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

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

**(d) Redemption at the Option of the Issuer**

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

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

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

**(e) Redemption at the Option of Noteholders**

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



**(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 accrued to (but excluding) the date fixed for redemption), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement, and (ii) such obligations cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee and the Issuing and Paying Agent a certificate signed by a duly authorised officer of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal, tax or any other professional advisers of recognised standing to the effect that the Issuer has or is likely to become obliged to pay such additional amounts as a result of such change or amendment.

**(g) Redemption upon Cessation or Suspension of Trading of Shares**

If so provided hereon, the Issuer shall, at the option of the holder of any Note, in the event that (i) the shares of the Issuer cease to be listed or admitted to trading on the SGX-ST or (ii) trading in the shares of the Issuer on the SGX-ST is suspended for a continuous period of more than 14 market days, redeem such Note at its Redemption Amount together with interest accrued to the date fixed for redemption on any date on which interest is due to be paid on such Notes or, if earlier, the date falling 60 days after the Effective Date. The Issuer shall within seven days after the Effective Date, give notice to the Trustee, the Issuing and Paying Agent and the Noteholders of the occurrence of the event specified in this paragraph (g) (provided that any failure by the Issuer to give such notice shall not prejudice any Noteholder of such option). To exercise such option, the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons and unexchanged Talons) with any Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or with any other Transfer Agent at its specified office, together with an Exercise Notice in the form obtainable from any Paying Agent, the Registrar, any other Transfer Agent or the Issuer (as applicable) not later than 30 days after the Effective Date. Any Note so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

In this Condition 6(g):

**"Effective Date"** means (in the case of (i) above) the date of cessation of listing or admission to trading or (in the case of (ii) above) the business day immediately following the expiry of such continuous period of 14 market days; and

**"market day"** means a day on which the SGX-ST is open for securities trading.

**(h) Purchases**

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



Notes purchased by or on behalf of the Issuer or any of its subsidiaries may be surrendered by the purchaser through the Issuer to the Issuing and Paying Agent for cancellation or may at the option of the Issuer or relevant subsidiary be held or resold.

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

**(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 specified hereon.

**(j) Cancellation**

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

**7. Payments**

**(a) Principal and Interest in respect of Bearer Notes**

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

**(b) Principal and Interest in respect of Registered Notes**

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

**(c) Payments subject to law etc.**

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

**(d) Appointment of Agents**

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

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

The Agency Agreement may be amended by the Issuer, the Issuing and Paying Agent, the Agent Bank, the Transfer Agent, the Registrar and the Trustee, without the consent of any holder, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner which the Issuer, the Issuing and Paying Agent, the Agent Bank, the Transfer Agent, the Registrar and the Trustee may mutually deem necessary or desirable and which does not, in the opinion of the Issuer, the Issuing and Paying Agent, the Agent Bank, the Transfer Agent, the Registrar and the Trustee, adversely affect the interests of the holders.

**(e) Unmatured Coupons and unexchanged Talons**

- (i) Bearer Notes which comprise Fixed Rate Notes and Hybrid Notes should be surrendered for payment together with all unmaturing 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 unmaturing 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 three 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, unmaturing Coupons relating to such Note (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period) (whether or not attached) shall become void and no payment shall be made in respect of them.

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

**(f) Talons**

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

**(g) Non-business days**

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

**(h) Default Interest**

If on or after the due date for payment of any sum in respect of the Notes, payment of all or any part of such sum is not made against due presentation of the Notes or, as the case may be, the Coupons, the Issuer shall pay interest on the amount so unpaid from such due date up to the day of actual receipt by the relevant Noteholders or, as the case may be, Couponholders (as well after as before judgment) at a rate per annum determined by the Issuing and Paying Agent to be equal to two per cent. per annum above (in the case of a Fixed Rate Note or a Hybrid Note during the Fixed Rate Period) the Interest Rate applicable to such Note, (in the case of a Floating Rate Note or a Hybrid Note during the Floating Rate Period) the Rate of Interest applicable to such Note or (in the case of a Variable Rate Note) the variable rate by which the Agreed Yield applicable to such Note is determined or, as the case may be, the Rate of Interest applicable to such Note, or in the case of a Zero Coupon Note, as provided for in the relevant Pricing Supplement. So long as the default continues then such rate shall be re-calculated on the same basis at intervals of such duration as the Issuing and Paying Agent may select, save that the amount of unpaid interest at the above rate accruing during the preceding such period shall be added to the amount in respect of which the Issuer is in default and itself bear interest accordingly. Interest at the rate(s) determined in accordance with this paragraph shall be calculated on the Day Count Fraction 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 the Issuer shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such deduction or withholding is required by law. In such event, the Issuer shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented (or in respect of which the Certificate representing it is presented) for payment:

- (a) by or on behalf of a holder who is subject to such taxes, duties, assessments or governmental charges by reason of his being connected with Singapore otherwise than by reason only of the holding of such Note or Coupon or the receipt of any sums due in respect of such Note or Coupon (including, without limitation, the holder being a resident of, or a permanent establishment in, Singapore); or
- (b) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days.

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

## 9. Prescription

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

## 10. Events of Default

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

- (a) the Issuer does not pay (i) any principal sum payable on or in respect of any Notes when due or (ii) any interest on or in respect of any Notes within three business days of its due date;
- (b) the Issuer does not perform or comply with any one or more of its obligations (other than the payment obligation of the Issuer referred to in paragraph (a)) under any of the Issue Documents or any of the Notes and, if the event resulting in that default is capable of remedy, it is not remedied within 14 days of the Trustee having notice of its occurrence;
- (c) any representation, warranty or statement by the Issuer in any of the Issue Documents or any of the Notes or in any document delivered under any of the Issue Documents or any of the Notes is not complied with in any respect or is or proves to have been incorrect in any respect when made or deemed repeated and, if that default is capable of remedy, it is not remedied within 14 days of the Trustee having notice of its occurrence;
- (d) (i) any other present or future Indebtedness of the Issuer or any of its Principal Subsidiaries is or is declared to be or is capable of being rendered due and payable prior to its stated maturity by reason of any default, event of default or the like (however described) or is not paid when due; or

- (ii) the Issuer or any of its Principal Subsidiaries fails to pay when properly called upon to do so any guarantee of 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 in this paragraph (d) has or have occurred or exceeds US\$10,000,000 or its equivalent;

- (e) the Issuer or any of its Principal Subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its Indebtedness, begins negotiations or takes any other step with a view to the deferral, rescheduling or other readjustment of all or a material part of (or of a particular type of) its Indebtedness (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors or a moratorium is agreed or declared in respect of or affecting all or a material part of the Indebtedness of (or of a particular type of) the Issuer or any of its Principal Subsidiaries;
- (f) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or any material part of the assets of the Issuer or any of its Principal Subsidiaries and is not discharged or stayed within 30 days;
- (g) any security on or over all or any material part of the assets of the Issuer or any of its Principal Subsidiaries becomes enforceable;
- (h) any step is taken by any person with a view to the winding-up of the Issuer or any of its Principal Subsidiaries (except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by the Trustee or the Noteholders by way of an Extraordinary Resolution before that step is taken) or any step is taken by any person for the appointment of a liquidator (including a provisional liquidator), receiver, judicial manager, trustee, administrator, agent or similar officer of the Issuer or any of its Principal Subsidiaries or over any material part of the assets of the Issuer or any of its Principal Subsidiaries;
- (i) the Issuer or any of its Principal Subsidiaries ceases or threatens to cease to carry on all or any material part of its business or (otherwise than in the ordinary course of its business) disposes or threatens to dispose of the whole or any material part of its property or assets (in each case, otherwise than for the purposes of such a consolidation, amalgamation, merger or reconstruction as is referred to in paragraph (h) above) or as permitted by Clause 16.28 of the Trust Deed;
- (j) any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Issuer or any of its Principal Subsidiaries;
- (k) any action, condition or thing (including the obtaining of any necessary consent) at any time required to be taken, fulfilled or done for any of the purposes stated in Clause 15.3 of the Trust Deed is not taken, fulfilled or done, or any such consent ceases to be in full force and effect without modification or any condition in or relating to any such consent is not complied with (unless that consent or condition is no longer required or applicable);
- (l) it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under any of the Issue Documents or any of the Notes;
- (m) any of the Issue Documents or any of the Notes ceases for any reason (or is claimed by the Issuer not) to be the legal and valid obligations of the Issuer, binding upon it in accordance with its terms;



- (n) any litigation, arbitration or administrative proceeding is current or pending (other than those of a frivolous or vexatious nature or those which are being contested in good faith) (i) to restrain the exercise of any of the rights and/or the performance or enforcement of or compliance with any of the obligations of the Issuer under any of the Issue Documents or any of the Notes or (ii) which has or could have a material adverse effect on the Issuer or on the Group taken as a whole;
- (o) any event occurs which, under the law of any relevant jurisdiction, has an analogous or equivalent effect to any of the events mentioned in paragraph (e), (f), (g), (h) or (j); and
- (p) the Issuer or any of its Principal Subsidiaries is declared by the Minister of Finance to be a declared company under the provisions of Part IX of the Companies Act, Chapter 50 of Singapore.

In these Conditions:

- (1) **“Auditors”** means the auditors for the time being of the Issuer or, if there shall be joint auditors of the Issuer, any one or more of such joint auditors or, in the event of their being unable or unwilling to carry out any action requested of them pursuant to the provisions of the Trust Deed, such other auditors as may be nominated by the Issuer and approved in advance in writing by the Trustee for the purpose or, in default of such nomination or approval, nominated by the Trustee;
- (2) **“Principal Subsidiary”** means any subsidiary of the Issuer:
  - (aa) whose total assets, as shown by the accounts of such subsidiary (consolidated in the case of a company which itself has subsidiaries), based upon which the latest audited consolidated accounts of the Group have been prepared, are at least 15 per cent. of the total assets of the Group as shown by such audited consolidated accounts; or
  - (bb) whose profit before tax, as shown by the accounts of such subsidiary (consolidated in the case of a company which itself has subsidiaries), based upon which the latest audited consolidated accounts of the Group have been prepared, is at least 15 per cent. of the consolidated profit before tax of the Group as shown by such audited consolidated accounts,

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

- (I) if the whole of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall thereupon cease to be a Principal Subsidiary and the transferee (unless it is the Issuer) shall thereupon become a Principal Subsidiary; and
- (II) if 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 (I) above or which remains or becomes a Principal Subsidiary by virtue of (II) above shall continue to be a Principal Subsidiary until the date of issue of the first audited consolidated accounts of the Group prepared as at a date later than the date of the relevant transfer which show the total assets or, as the case may be, profit before tax as shown by the accounts of such subsidiary (consolidated in the case of a company which itself has subsidiaries), based upon which such audited consolidated accounts have been prepared, to be less than 15 per cent. of the total assets or, as the case may be, profit before tax of the Group, as shown by such audited consolidated accounts. A report by the Auditors, 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



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

## **12. Meeting of Noteholders and Modifications**

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

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

The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed which in the opinion of the Trustee is of a formal, minor or technical nature, is made to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by 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), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed which is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable.

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

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

**13. Replacement of Notes, Certificates, Coupons and Talons**

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

**14. Further Issues**

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

**15. Indemnification of the Trustee**

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

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

**16. Notices**

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

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

Until such time as any Definitive Securities (as defined in the Trust Deed) or Certificates are issued, there may, so long as the Global Security(ies) or Global Certificate(s) is or are held in its or their entirety on behalf of Euroclear, Clearstream, Luxembourg and/or the Depository, be substituted for such publication in such newspapers the delivery of the relevant notice to Euroclear, Clearstream, Luxembourg and/or (subject to the agreement of the Depository) the Depository for

communication by it to the Noteholders, except that if the Notes are listed on the SGX-ST and the rules of such exchange so require, notice will in any event be published in accordance with the first paragraph above. Any such notice shall be deemed to have been given to the Noteholders on the seventh day after the day on which the said notice was given to Euroclear, Clearstream, Luxembourg and/or the Depository.

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

Notwithstanding the other provisions of this Condition, in any case where the identity and addresses of all the Noteholders are known to the Issuer, notices to such holders may be given individually by recorded delivery mail to such addresses and will be deemed to have been given on the fourth weekday (being a day other than a Saturday or Sunday) after the date of mailing.

**17. Governing Law**

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

**18. Contracts (Rights of Third Parties) Act**

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.

## TERMS AND CONDITIONS OF THE PERPETUAL SECURITIES

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

The Perpetual Securities are constituted by a Trust Deed (as amended, varied or supplemented from time to time, the “**Trust Deed**”) dated 20 March 2014 made between (1) Vallianz Holdings Limited (the “**Issuer**”) and (2) DBS Trustee Limited (the “**Trustee**”, which expression shall wherever the context so admits include such company and all other persons for the time being the trustee or trustees of the Trust Deed), as trustee for the Perpetual Securityholders (as defined below), and (where applicable) the Perpetual Securities are issued with the benefit of a deed of covenant (as amended, varied or supplemented from time to time, the “**Deed of Covenant**”) dated 20 March 2014, relating to the Perpetual Securities executed by the Issuer. These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Perpetual Securities, Certificates, Coupons and Talons referred to below. The Issuer has entered into an Agency Agreement (as amended, varied or supplemented from time to time, the “**Agency Agreement**”) dated 20 March 2014 made between (1) the Issuer, (2) DBS Bank Ltd., as issuing and paying agent (in such capacity, the “**Issuing and Paying Agent**” and, together with any other paying agents that may be appointed, the “**Paying Agents**”), (3) DBS Bank Ltd., as agent bank (in such capacity, the “**Agent Bank**”), (4) DBS Bank Ltd., as transfer agent (and, together with any other transfer agents that may be appointed, the “**Transfer Agents**”), (5) DBS Bank Ltd., as registrar (in such capacity, the “**Registrar**”), and (6) the Trustee, as trustee for the Perpetual Securityholders. The Perpetual Securityholders and the holders (the “**Couponholders**”) of the distribution coupons (the “**Coupons**”) relating to the Perpetual Securities in bearer form and, where applicable in the case of such Perpetual Securities, talons for further Coupons (the “**Talons**”) are bound by and are deemed to have notice of all of the provisions of the Trust Deed, the Agency Agreement and the Deed of Covenant.

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

### 1. Form, Denomination and Title

#### (a) Form and Denomination

- (i) The Perpetual Securities of the Series of which this Perpetual Security forms part (in these Conditions, the “**Perpetual Securities**”) are issued in bearer form (“**Bearer Perpetual Securities**”) or in registered form (“**Registered Perpetual Securities**”), in each case in the Denomination Amount shown hereon.
- (ii) This Perpetual Security is a Fixed Rate Perpetual Security or a Floating Rate Perpetual Security (depending upon the Distribution Basis shown on its face).
- (iii) Bearer Perpetual Securities are serially numbered and issued with Coupons (and, where appropriate, a Talon) attached.
- (iv) Registered Perpetual Securities are represented by registered certificates (“**Certificates**”) and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Perpetual Securities by the same holder.

(b) Title

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



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

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

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



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

### 3. Status

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

- (i) **Status**

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

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

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

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

(iii) **Set-off**

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

**4. Distributions and other Calculations**

**(I) Distribution on Fixed Rate Perpetual Securities**

**(a) Distribution Rate and Accrual**

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

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

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

**(b) Distribution Rate**

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

- (i) (if no Reset Date is specified in the applicable Pricing Supplement) the rate shown on the face of such Perpetual Security; and
- (ii) (if a Reset Date is specified in the applicable Pricing Supplement) (1) for the period from, and including, the Distribution Commencement Date to, but excluding, the First Reset Date specified in the applicable Pricing Supplement, the rate shown on the face of such Perpetual Security and (2) for the period from, and including, the First Reset Date and each Reset Date (as specified in the applicable Pricing Supplement) falling thereafter to, but excluding, the immediately following Reset Date, the Reset Distribution Rate.

For the purpose of these Conditions:

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

**“Swap Offer Rate”** means:

- (1) 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”**);
- (2) 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 1/16 per cent.) 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);
- (3) 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 1/16 per cent.) 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
- (4) 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 1/16 per cent.) 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 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 to be notified to the Issuing and Paying Agent, the Trustee and the Issuer as soon as possible after its determination but in no event later than the fourth business day thereafter. The Issuer shall cause notice of the then applicable Reset Distribution Rate to be notified to the Perpetual Securityholders in accordance with Condition 14 as soon as possible after determination thereof.

**(e) Determination or Calculation by Trustee**

If the Agent Bank does not at any material time determine or calculate the applicable Reset Distribution Rate, the Trustee shall do so. In doing so, the Trustee shall apply the foregoing provisions of this Condition 4(l), 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 in respect of any Perpetual Security shall be calculated by multiplying the product of the Distribution Rate and the Calculation Amount, by the Day Count Fraction shown on the Perpetual Security and rounding the resultant figure to the nearest sub-unit of the Relevant Currency.

**(II) Distribution on Floating Rate Perpetual Securities**

**(a) Distribution Payment Dates**

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

The period beginning on (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 Calculation Amount at a floating rate determined by reference to a Benchmark as stated on the face of such Floating Rate Perpetual Security, being (in the case of Perpetual Securities which are denominated in Singapore dollars) SIBOR (in which case such Perpetual Security will be a SIBOR Perpetual Security) or Swap Rate (in which case such Perpetual Security will be a Swap Rate Perpetual Security) or in any case (or in the case of Perpetual Securities which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out on the face of such Perpetual Security.

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

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

- (ii) The Rate of Distribution payable from time to time in respect of each Floating Rate Perpetual Security will be determined by the Agent Bank on the basis of the following provisions:
  - (1) in the case of Floating Rate Perpetual Securities which are SIBOR Perpetual Securities:
    - (A) the Agent Bank will, at or about the Relevant Time on the relevant Distribution Determination Date in respect of each Distribution Period, determine the Rate of Distribution for such Distribution Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Distribution Period which appears on and the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page 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 Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page (or such other replacement page as aforesaid) or if the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page (or such other replacement page as aforesaid) is unavailable for any reason, the Agent Bank will, at or about the Relevant Time on such Distribution Determination Date, determine the Rate of Distribution for such Distribution Period which shall be the 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);

- (C) if on any Distribution Determination Date, no such rate appears on the Reuters Screen ABSIRFIX01 Page (or such other replacement page as aforesaid) or if the Reuters Screen ABSIRFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Agent Bank will request the principal Singapore offices of each of the Reference Banks to provide the Agent Bank with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Distribution Determination Date to prime banks in the Singapore interbank market for a period equivalent to the duration of such Distribution Period commencing on such Distribution Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Perpetual Securities. The Rate of Distribution for such Distribution Period shall be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of such offered quotations and as adjusted by the Spread (if any), as determined by the Agent Bank;
  - (D) if on any Distribution Determination Date, two but not all the Reference Banks provide the Agent Bank with such quotations, the Rate of Distribution for the relevant Distribution Period shall be determined in accordance with (C) above on the basis of the quotations of those Reference Banks providing such quotations; and
  - (E) if on any Distribution Determination Date, one only or none of the Reference Banks provides the Agent Bank with such quotation, the Rate of Distribution for the relevant Distribution Period shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Distribution Determination Date and as adjusted by the Spread (if any);
- (2) in the case of Floating Rate Perpetual Securities which are Swap Rate Perpetual Securities:
- (A) the Agent Bank will, at or about the Relevant Time on the relevant Distribution Determination Date in respect of each Distribution Period, determine the Rate of Distribution for such Distribution Period as being the rate which appears on the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page under the column headed “SGD Swap Offer” (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 Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page (or such other replacement page as aforesaid) or the Bloomberg Screen Swap Offer and SIBOR (ABSIRFIX) Page (or such other replacement page as aforesaid) is unavailable for any reason, the Agent Bank will, at or about the Relevant Time on such Distribution Determination Date, determine the Rate of Distribution for such Distribution Period which shall be determined by the Agent Bank as being the rate which appears on



the Reuters Screen ABSFIX01 Page under the caption "SGD SOR rates as of 11:00hrs London Time" under the column headed "SGD SOR" (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Distribution Determination Date and for a period equal to the duration of such Distribution Period and as adjusted by the Spread (if any);

- (C) 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 if 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 1/16 per cent.)) for a period equal to the duration of such Distribution Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as may be agreed between the Agent Bank and the Issuer; and
  - (D) if on any Distribution Determination Date, the Agent Bank is otherwise unable to determine the Rate of Distribution under paragraphs (b)(ii)(2)(A), (b)(ii)(2)(B) and (b)(ii)(2)(C) above or if no agreement on the relevant authority is reached between the Agent Bank and the Issuer under paragraph (b)(ii)(2)(C) 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 1/16 per cent.) 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 the Relevant 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 a period equivalent to the duration of such Distribution Period commencing on such Distribution Payment Date, an amount equal to the aggregate principal amount of the relevant Floating Rate Perpetual Securities 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 which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Distribution Determination Date and as adjusted by the Spread (if any);
- (3) in the case of Floating Rate Perpetual Securities which are not SIBOR Perpetual Securities or Swap Rate Perpetual Securities or which are denominated in a currency other than Singapore dollars, the Agent Bank will determine the Rate of Distribution in respect of any Distribution Period at or about the Relevant Time on the Distribution Determination Date in respect of such Distribution Period as follows:
- (A) if the Primary Source (as defined below) for the Floating Rate is a Screen Page (as defined below), subject as provided below, the Rate of Distribution in respect of such Distribution Period shall be:
    - (aa) the Relevant Rate (as defined below) (where such Relevant Rate on such Screen Page is a composite quotation or is customarily supplied by one entity); or

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

and as adjusted by the Spread (if any);

- (B) if the Primary Source for the Floating Rate is Reference Banks or if paragraph (b)(ii)(3)(A)(aa) applies and no Relevant Rate appears on the Screen Page at the Relevant Time on the Distribution Determination Date or if paragraph (b)(ii)(3)(A)(bb) applies and fewer than two Relevant Rates appear on the Screen Page at the Relevant Time on the Distribution Determination Date, subject as provided below, the Rate of Distribution shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre (as defined below) at the Relevant Time on the Distribution Determination Date and as adjusted by the Spread (if any); and
  - (C) if paragraph (b)(ii)(3)(B) applies and the Agent Bank determines that fewer than two Reference Banks are so quoting Relevant Rates, the Rate of Distribution shall be the Rate of Distribution determined on the previous Distribution Determination Date.
- (iii) On the last day of each Distribution Period, the Issuer will pay distribution on each Floating Rate Perpetual Security to which such Distribution Period relates at the Rate of Distribution for such Distribution Period.
  - (iv) For the avoidance of doubt, in the event that the Rate of Distribution in relation to any Distribution Period is less than zero, the Rate of Distribution in relation to such Distribution Period shall be equal to zero.

**(c) Definitions**

As used in these Conditions:

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

**“business day”** means, in respect of each Perpetual Security, (i) a day (other than a Saturday or Sunday) on which Euroclear, Clearstream, Luxembourg and the Depository, as applicable, are operating, (ii) a day 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 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 on which banks and foreign exchange markets are open for general business in the principal financial centre for that currency;

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

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

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

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

**“Reference Banks”** means the institutions specified as such hereon or, if none, three major banks selected by the Agent Bank (in consultation with the Issuer) in the interbank market that is most closely connected with the Benchmark;

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

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

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

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

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

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

### **(III) Calculations**

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

The Agent Bank will, as soon as practicable after the Relevant Time on each Distribution Determination Date determine the Rate of Distribution and calculate the amount of distribution payable (the **“Distribution Amounts”**) in respect of each Calculation Amount of the relevant Floating Rate Perpetual Securities for the relevant Distribution Period. The amount of distribution payable per Calculation Amount in respect of any Floating Rate Perpetual Security shall be calculated by multiplying the product of the Rate of Distribution and the Calculation Amount, by the Day Count Fraction shown on the Perpetual Security and rounding the resultant figure to the nearest sub-unit of the Relevant Currency. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Agent Bank shall (in the absence of manifest error) be final and binding 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, the Agent Bank will also cause the Rate of Distribution and the Distribution Amounts for each Distribution Period and the relevant Distribution Payment Date to be notified to Perpetual Securityholders in accordance with Condition 14 as soon as possible after their determination. The Distribution Amounts and the Distribution Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Distribution Period by reason of any Distribution Payment Date not being a business day. If an Enforcement Event occurs in relation to the Floating Rate Perpetual Securities, the Rate of Distribution and Distribution Amounts payable in respect of the Floating Rate Perpetual Securities shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Distribution and Distribution Amounts need to be made unless the Trustee requires otherwise.

**(c) Determination or Calculation by the Trustee**

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

**(d) Agent Bank and Reference Banks**

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

**(IV) Distribution Discretion**

**(a) Optional Payment**

If Optional Payment is set out hereon, the Issuer may, at its sole discretion, elect not to pay a distribution (or to pay only part of a distribution) which is scheduled to be paid on a Distribution Payment Date by giving notice (an “**Optional Payment Notice**”) to the Trustee and the Issuing and Paying Agent and the Perpetual Securityholders (in accordance with Condition 14) not more than 20 nor less than 10 business days (or such other notice period as may be specified hereon) prior to a scheduled Distribution Payment Date.

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

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

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

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

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

Each Optional Payment Notice shall be accompanied, in the case of the notice to the Trustee and the Issuing and Paying Agent, by a certificate signed by a director of the Issuer confirming that no Compulsory Distribution Payment Event has occurred. Any such certificate shall be conclusive evidence that no Compulsory Distribution Payment Event has occurred and the Trustee and the Issuing and Paying Agent shall be entitled to rely without any obligation to verify the same and without liability to any Perpetual Securityholder or any other person on any Optional Payment Notice or any certificate as aforementioned. Each Optional Payment Notice shall be conclusive and binding on the Perpetual Securityholders.

**(b) No obligation to pay**

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

**(c) Non-Cumulative Deferral and Cumulative Deferral**

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

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

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

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

**(d) Restrictions in the case of Non-Payment**

If Dividend Stopper is set out hereon and on any Distribution Payment Date, payments of all distribution scheduled to be made on such date are not made in full by reason of this Condition 4(IV), the Issuer shall not:

- (i) declare or pay any dividends, distributions or make any other payment on, and will procure that no dividend, distribution or other payment is made on, any of its Junior Obligations or, in relation to Subordinated Perpetual Securities only, (except on a pro-rata basis) any of its Parity Obligations; or
- (ii) redeem, reduce, cancel, buy-back or acquire for any consideration, and will procure that no redemption, reduction, cancellation, buy-back or acquisition for any consideration is made in respect of, any of its Junior Obligations or, in relation to Subordinated Perpetual Securities only, (except on a pro-rata basis) any of its Parity Obligations,

in each case, unless and until (1) (if Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) the Issuer has satisfied in full all outstanding Arrears of Distribution, (2) (if Non-Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) 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 (3) the Issuer is permitted to do so by an Extraordinary Resolution (as defined in the Trust Deed) of the Perpetual Securityholders and/or as otherwise specified in the applicable Pricing Supplement.

**(e) Satisfaction of Optional Distribution or Arrears of Distribution**

The Issuer:

- (i) may, at its sole discretion, satisfy an Optional Distribution or Arrears of Distribution, as the case may be (in whole or in part) at any time by giving notice of such election to the Trustee and the Issuing and Paying Agent and the Perpetual Securityholders (in accordance with Condition 14) not more than 20 nor less than 10 business days (or such other notice period as may be specified hereon) prior to the relevant payment date specified in such notice (which notice is irrevocable and shall oblige the Issuer to pay the relevant Optional Distribution or Arrears of Distribution on the payment date specified in such notice); and
- (ii) in any event shall satisfy any outstanding Arrears of Distribution (in whole but not in part) on the earliest of:
  - (A) the date of redemption of the Perpetual Securities in accordance with the redemption events set out in Condition 5 (as applicable);



- (B) immediately on the occurrence of a breach of Condition 4(IV)(d) or the occurrence of a Compulsory Distribution Payment Event; and
- (C) the date such amount becomes due under Condition 9 or on a winding-up of the Issuer.

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

**(f) No default**

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

**5. Redemption and Purchase**

**(a) No Fixed Redemption Date**

The Perpetual Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall (subject to the provisions of Condition 3 and without prejudice to Condition 9) only have the right to redeem or purchase them in accordance with the following provisions of this Condition 5.

**(b) Redemption at the Option of the Issuer**

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

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

In the case of a partial redemption of the Perpetual Securities, the notice to Perpetual Securityholders shall also contain the certificate numbers of the Bearer Perpetual Securities or, in the case of Registered Perpetual Securities, shall specify the principal amount of Registered Perpetual Securities drawn and the holder(s) of such Registered Perpetual Securities, to be redeemed, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be agreed between the Issuer and the Trustee, subject to compliance with any applicable laws. So long as the Perpetual Securities are listed on any Stock Exchange (as defined in the Trust Deed), 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, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders and the Trustee (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including Arrears of Distribution and any Additional Distribution Amount) accrued to the date fixed for redemption), if:

- (i) the Issuer receives a ruling by the Comptroller of Income Tax (or other relevant authority) which confirms that:
  - (A) the Perpetual Securities will not be regarded as "debt securities" for the purpose of Section 43N(4) of the Income Tax Act, Chapter 134 of Singapore ("ITA") and Regulation 2 of the Income Tax (Qualifying Debt Securities) Regulations;

- (B) the distributions (including any Arrears of Distribution and any Additional Distribution Amount) on the Perpetual Securities will not be regarded as interest payable by the Issuer for the purpose of the withholding tax exemption on interest for “qualifying debt securities” under the ITA; or
- (C) the distributions (including any Arrears of Distribution and any Additional Distribution Amount) on the Perpetual Securities 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; or
- (ii) the Issuer satisfies the Trustee immediately prior to the giving of such notice that it 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 such obligations cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Perpetual Securities then due. Prior to the publication of any notice of redemption pursuant to this Condition 5(c), the Issuer shall deliver to the Trustee a certificate signed by a director of the Issuer stating either (A) that the Issuer has received the tax ruling referred to in (i) above or (B) that the circumstances referred to in (ii) above cannot be avoided by the Issuer taking reasonable measures available to it; and an opinion of independent tax or legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of either (aa) the tax ruling referred to in (i) above or (bb) such change or amendment referred to in (ii) above (as the case may be), and the Trustee shall be entitled to accept such certificate and opinion without any liability as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Perpetual Securityholders.

**(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, at any time on giving not less than 30 nor more than 60 days’ notice to the Perpetual Securityholders and the Trustee (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including Arrears of Distribution and any Additional Distribution Amount) accrued to the date fixed for redemption), if, the Issuer satisfies the Trustee immediately prior to the giving of such notice that, as a result of any changes or amendments to Singapore Financial Reporting Standards issued by the Singapore Accounting Standards Council, as amended from time to time (the “**SFRS**”) or any other accounting standards that may replace SFRS for the purposes of the consolidated financial statements of the Issuer (the “**Relevant Accounting Standard**”), which change or amendment becomes effective on or after the Issue Date, the Perpetual Securities will not or will no longer be recorded as “equity” of the Issuer pursuant to the Relevant Accounting Standard, provided that no notice of redemption shall be given earlier than 90 days prior to the earliest date on which the relevant change or amendment to the Relevant Accounting Standard is due to take effect in relation to the Issuer.

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

- (i) a certificate, signed by a director 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,

and the Trustee shall be entitled to accept such certificate and opinion without any liability as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Perpetual Securityholders.

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 Reasons**

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

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

payments by the Issuer are no longer, or would, within 90 days of the opinion referred to in paragraph (B) below, no longer be, fully deductible by the Issuer for Singapore income tax purposes, provided that no notice of redemption may be given earlier than 90 days prior to the effective date on which payments on the Perpetual Securities would not be fully tax deductible by the Issuer for Singapore income tax purposes.

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

- (A) a certificate, signed by a director 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,

and the Trustee shall be entitled to accept such certificate and opinion without any liability as sufficient evidence of the satisfaction of the conditions precedent set out above in which event it shall be conclusive and binding on the Perpetual Securityholders.

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

**(f) Redemption in the case of Minimal Outstanding Amount**

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

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

**(g) Purchases**

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

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

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

**(h) Cancellation**

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

**6. Payments**

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

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

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

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

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

**(c) Payments subject to law etc.**

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

**(d) Appointment of Agents**

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

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

The Agency Agreement may be amended by the Issuer, the Issuing and Paying Agent, the Agent Bank, the Transfer Agent, the Registrar and the Trustee, without the consent of any holder, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner which the Issuer, the Issuing and Paying Agent, the Agent Bank, the Transfer Agent, the Registrar and the Trustee may mutually deem necessary or desirable and which does not, in the opinion of the Issuer, the Issuing and Paying Agent, the Agent Bank, the Transfer Agent, the Registrar and the Trustee, adversely affect the interests of the holders.

**(e) Unmatured Coupons and unexchanged Talons**

- (i) Bearer Perpetual Securities which comprise Fixed Rate Perpetual Securities should be surrendered for payment together with all unmaturing Coupons (if any) relating to such Perpetual Securities, failing which an amount equal to the face value of each missing unmaturing 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 three years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8).
- (ii) Subject to the provisions of the relevant Pricing Supplement upon the due date for redemption of any Bearer Perpetual Security comprising a Floating Rate Perpetual Security, 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 unmatured Coupons, and where any Bearer Perpetual Security is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (v) If the due date for redemption or repayment of any Perpetual Security is not a due date for payment of distribution, distribution accrued from the preceding due date for payment of distribution or the Distribution Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Perpetual Security or Certificate.

**(f) Talons**

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

**(g) Non-business days**

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

**7. Taxation**

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

- (a) by or on behalf of a holder who is subject to such taxes, duties, assessments or governmental charges by reason of his being connected with Singapore otherwise than by reason only of the holding of such Perpetual Security or Coupon or the receipt of any sums due in respect of such Perpetual Security or Coupon (including, without limitation, the holder being a resident of, or a permanent establishment in, Singapore); or
- (b) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days.

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



Amounts and all other amounts payable pursuant to Condition 4 and any reference to “**principal**” and/or “**premium**” and/or “**Redemption Amounts**” and/or “**distribution**” shall be deemed to include any additional amounts which may be payable under these Conditions.

**8. Prescription**

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

**9. Non-payment**

**(a) Non-payment when due**

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

**(b) Proceedings for Winding-Up**

If (i) a final and effective order is made or an effective resolution is passed for the bankruptcy, winding-up, liquidation, receivership or similar proceedings of the Issuer or (ii) the Issuer shall not make payment in respect of the Perpetual Securities for a period of five business days or more after the date on which such payment is due (together, the “**Enforcement Events**”), the Issuer shall be deemed to be in default under the Trust Deed and the Perpetual Securities and the Trustee may, subject to the provisions of Condition 9(d), institute proceedings for the winding-up of the Issuer and/or prove in the winding-up of the Issuer and/or claim in the liquidation of the Issuer for such payment.

**(c) Enforcement**

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

**(d) Entitlement of Trustee**

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

**(e) Right of Perpetual Securityholders or Couponholder**

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

**(f) Extent of Perpetual Securityholders' remedy**

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

**10. Meeting of Perpetual Securityholders and Modifications**

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

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

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

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

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

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

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

#### **12. Further Issues**

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

#### **13. Indemnification of the Trustee**

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

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

#### **14. Notices**

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

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

Until such time as any Definitive Securities (as defined in the Trust Deed) or Certificates are issued, there may, so long as the Global Security(ies) or Global Certificate(s) is or are held in its or their entirety on behalf of Euroclear, Clearstream, Luxembourg and/or the Depository, be substituted for such publication in such newspapers the delivery of the relevant notice to Euroclear, Clearstream, Luxembourg and/or (subject to the agreement of the Depository) the Depository for

communication by it to the Perpetual Securityholders, except that if the Perpetual Securities are listed on the Singapore Exchange Securities Trading Limited and the rules of such exchange so require, notice will in any event be published in accordance with the first paragraph above. Any such notice shall be deemed to have been given to the Perpetual Securityholders on the seventh day after the day on which the said notice was given to Euroclear, Clearstream, Luxembourg and/or the Depository.

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

Notwithstanding the other provisions of this Condition, in any case where the identity and addresses of all the Perpetual Securityholders are known to the Issuer, notices to such holders may be given individually by recorded delivery mail to such addresses and will be deemed to have been given on the fourth weekday (being a day other than a Saturday or Sunday) after the date of mailing.

**15. Governing Law**

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

**16. Contracts (Rights of Third Parties) Act**

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.

## THE ISSUER

### 1. HISTORY AND BACKGROUND

#### (a) History

The Issuer is an integrated offshore marine solutions provider listed on the SGX-Catalist that provides marine support services, chartering and brokering services and fleet management. Formerly known as Enzer Corporation Limited, the Issuer announced its change of name to Vallianz Holdings Limited with effect from 24 August 2010, following the Group's change in its business focus from consumer electronics products to offshore marine related assets. The change of name marks a major milestone for the Issuer as it takes on a new business focus on vessel and equipment ownership and related businesses within the offshore oil and gas sector. The change of the Issuer's trading counter name on the SGX-Catalist took effect on 27 August 2010.

#### (b) Background

The Issuer was incorporated as Enzer Corporation Limited in 1991 and listed on the SGX Sesdaq on 18 May 2001. Since the Group's change of business direction, it has been establishing itself as a marine support services company to the offshore oil and gas industry by increasing its marine asset base, primarily through acquisitions of complementary businesses. The Group's operating fleet started from one AHTSV in 2010 to a variety of 26 vessels as at the Latest Practicable Date (taking into account the expected delivery of four new vessels by 30 April 2014).

In addition, the Issuer has investment holdings in offshore support services and chartering companies, and continues to make investments with a view to acquiring long-term income producing assets.

The Group's headquarters are in Singapore to seize growth opportunities in the region's offshore exploration and production sector. The Group is moving towards pursuing medium and long-term fixed-rate charters, expanding and diversifying its customer base and expanding its asset base of offshore marine vessels.

The Issuer is an associated company of Swiber Holdings, which is listed on the Main Board of the SGX-ST. As at the Latest Practicable Date, Swiber Holdings holds approximately 25.57% of the shares in the Issuer.

As at the Latest Practicable Date, the Issuer has a market capitalisation of approximately US\$247.74 million.

### 2. RECENT DEVELOPMENTS

#### (a) Partnership with Rawabi Holding

On 1 October 2013, the Issuer announced that Vallianz Capital, its wholly-owned subsidiary, had entered into a sale and purchase agreement with Swiber Offshore pursuant to which Vallianz Capital had acquired 2,000 ordinary shares in the capital of Rawabi Offshore, representing 50.0% of the issued and paid-up share capital of Rawabi Offshore, for a total cash consideration of US\$1.45 million. The consideration was arrived at on an arm's length basis and on a willing-buyer and willing-seller basis after negotiations between Swiber Offshore and the Group, and after taking into account, *inter alia*, the net asset value of Rawabi Offshore and its operations. Swiber Offshore is a wholly-owned subsidiary of Swiber Holdings, which is also the Issuer's shareholder.

Rawabi Offshore is a joint venture company incorporated in the kingdom of Saudi Arabia that was established by Rawabi Holding and the Swiber Group in December 2008 to develop offshore construction projects and to provide offshore marine support services for oil platforms and projects in the Gulf Cooperation Council states of Saudi Arabia, Kuwait, Bahrain, Qatar, United Arab Emirates and Oman. The acquisition of shares in Rawabi

Offshore marks the Group's foray into the Saudi Arabian and Middle Eastern markets as Rawabi Offshore owns 17 vessels as at the Latest Practicable Date and has a long term charter contract with a leading oil company in the Middle East. The Group's joint ownership of Rawabi Offshore with Rawabi Holding will allow it to establish its presence in the kingdom of Saudi Arabia and tap on Rawabi Offshore's expertise and knowledge of the Saudi Arabian and Middle Eastern markets. Rawabi Offshore will continue bidding actively for charter contracts.

In addition, the Group has, through the acquisition, formed a strategic partnership with Rawabi Holding, which holds the remaining 50.0% of the issued and paid up share capital of Rawabi Offshore. Rawabi Holding is incorporated in the kingdom of Saudi Arabia and has 30 years of history in its core business of providing related oilfield services and drilling. The Group believes that the partnership is in line with the Group's strategic business directions to focus on providing integrated offshore marine services to major oil and gas companies and will lead to further opportunities for the Group to secure charters for its offshore support vessels from oil producers in the Middle East. The partnership with Rawabi Holding will also allow the Group to establish a presence in Saudi Arabia and the Middle East. For more information on Rawabi Holding, please see the section "The Issuer – 7. Competitive Strengths – (c) Strategic partnership with Rawabi Holding which opens up business opportunities in Saudi Arabia and the Middle East".

**(b) Grant of options to Swiber Holdings**

On 3 October 2013, the Issuer announced that it had entered into an option agreement with Swiber Holdings pursuant to which the Issuer would issue to Swiber Holdings an aggregate of 500,000,000 non-transferable share options for a cash consideration of S\$1.00. Each option carries the right to subscribe for one new ordinary share in the capital of the Issuer at an exercise price of S\$0.055. Assuming all the options are validly exercised, the Issuer will receive gross proceeds amounting to S\$27.5 million. On 19 November 2013, the Issuer further announced that it had, on 18 November 2013, entered into a supplemental agreement to the option agreement with Swiber Holdings to amend the terms of the options to provide that whenever the options are exercised, payment of the exercise price would be made in its equivalent in US dollars (the translation into US dollars being at a fixed rate of exchange). On 9 December 2013, the Issuer received approval from its shareholders for the grant of options to Swiber Holdings. The issuance of the options was completed on 14 February 2014.

The Issuer further announced on 10 March 2014 and 14 March 2014 that it had allotted and issued 236,000,000 new ordinary shares and 55,000,000 new ordinary shares respectively to Swiber Holdings pursuant to the exercise of 236,000,000 options and 55,000,000 options by Swiber Holdings. Following the exercise of these options, Swiber Holdings holds approximately 25.57% of the shares in the Issuer as at the Latest Practicable Date.

Swiber Holdings is an integrated construction and support services provider that offers a wide range of offshore engineering, procurement, installation and construction services and marine support across the Asia Pacific, the Middle East and Latin America. As a shareholder of the Issuer, Swiber Holdings has and will continue to make contributions to the Group. The options recognise Swiber Holdings' past contributions to the Issuer and serve to motivate Swiber Holdings to continue to contribute towards the Group for the long term. For further details on the Group's business relationship with Swiber Holdings, please see the section below entitled "The Issuer – 9. The Group's Strategic Business Relationship with the Swiber Group".

**(c) Issuance of RCCS to Rawabi Holding and conversion of RCCS**

On 3 October 2013, the Issuer also announced that it had entered into a subscription agreement with Rawabi Holding pursuant to which the Issuer would issue to Rawabi Holding RCCS of a principal amount of US\$35.2 million, with the RCCS being convertible into ordinary shares in the capital of the Issuer. On 9 December 2013, the Issuer received approval from its shareholders for the issuance of the RCCS to Rawabi Holding. The issuance of the RCCS to Rawabi Holding was completed on 14 February 2014.



The issuance of the RCCS aims to raise funds for the fleet expansion of the Group and for the general working capital of the Group. The Issuer believes that the issuance of the RCCS to Rawabi Holding as a strategic investor will also assist the Group in establishing its presence in the Middle East.

The Issuer further announced on 24 February 2014 and 12 March 2014 that it had allotted and issued 509,000,000 new ordinary shares and 101,000,000 new ordinary shares respectively to Rawabi Holding pursuant to the conversion by Rawabi Holding and its permitted transferee of RCCS in the respective principal amounts of US\$22,396,000 and US\$4,444,000 at the conversion price of US\$0.044 per conversion share. Following such conversion, Rawabi Holding holds approximately 24.40% of the shares in the Issuer as at the Latest Practicable Date.

**(d) Receipt of shareholders' approval for diversification into new business**

On 9 December 2013, the Issuer received approval from its shareholders for its proposed diversification into the business of sourcing and supplying of vessels and equipment as well as shipping-related services to the offshore oil and gas industry. Please see the section below "The Issuer – 8. Growth Strategy – (f) Diversifying its sources of income", and also see the section "– Risk Factors – Risks Relating to the Group – The Group may face uncertainties associated with the expansion and/or diversification of its business".

**(e) Establishment of US\$500,000,000 Multicurrency Islamic Trust Certificates Issuance Programme**

On 23 December 2013, the Issuer's wholly-owned subsidiary, Vallianz Capital, established a US\$500,000,000 Multicurrency Islamic Trust Certificates Issuance Programme, pursuant to which it may from time to time issue series of Islamic Trust Certificates. The Issuer acts as the obligor under the programme.

### 3. KEY MILESTONES

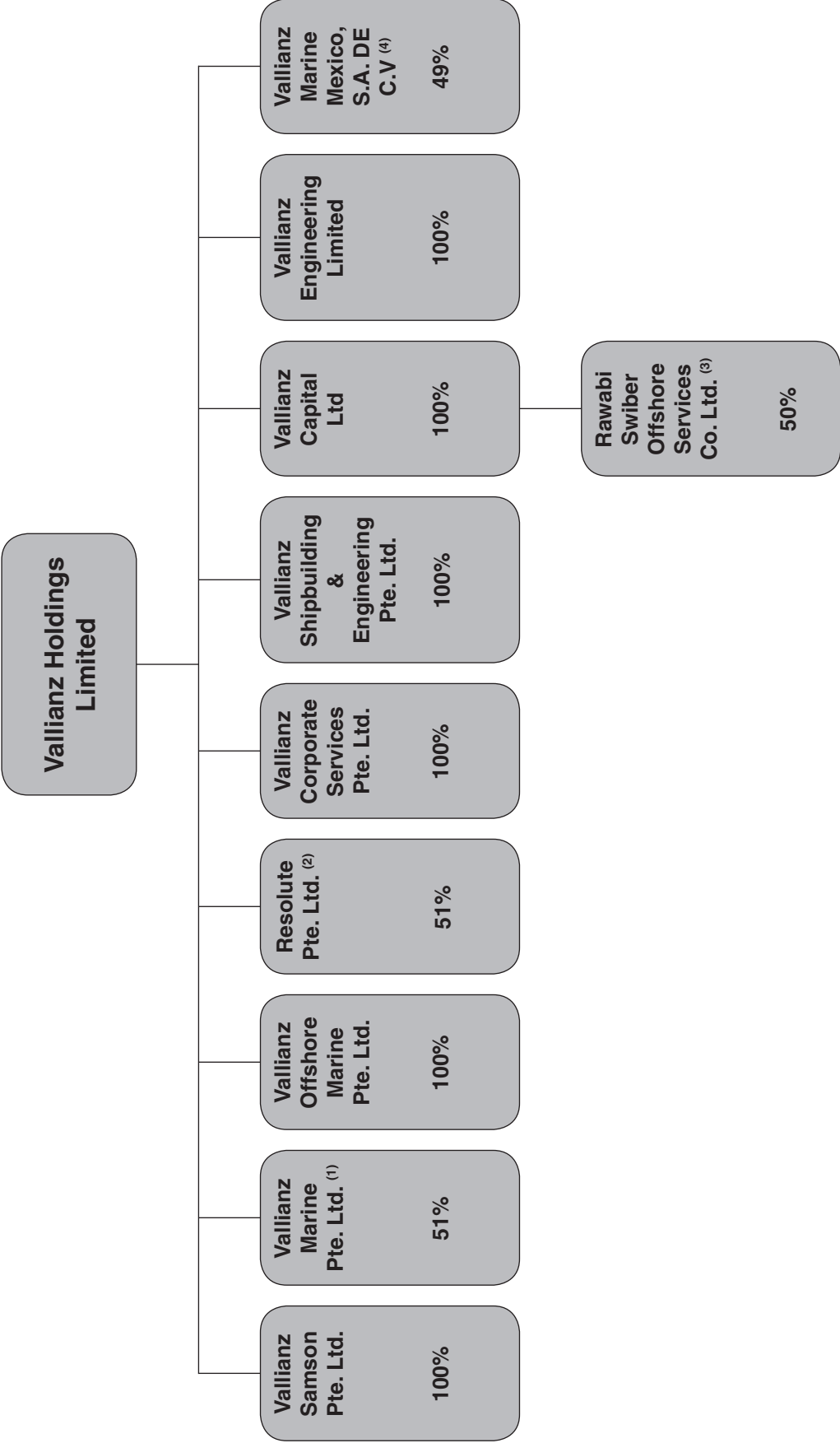
The significant milestones of the Group as at the Latest Practicable Date are set out in the table below:

Year	Details
1991	The Issuer was incorporated as Enzer Corporation Limited on 23 December 1991.
2001	The Issuer was listed on SGX Sesdaq on 2001.
2010	The Issuer acquired its first vessel, an anchor handling tug/supply vessel, in July 2010.
2010	In August 2010, the Issuer changed the business focus of the Group to offshore marine related business, and changed its name to Vallianz Holdings Limited.
2010	The Issuer changed its listing status and is listed on the SGX-Catalist.
2011	The Issuer added four more vessels to its fleet.
2012	The Issuer's 51%-owned subsidiary, Vallianz Marine Pte. Ltd., completed its first full 12 months of operation under the Group. Vallianz Marine Pte. Ltd. is principally involved in the ownership and chartering of vessels and was acquired in line with the Group's strategy to explore opportunities in the chartering business and to build up a fleet of vessels.
2012	Mr Yeo Chee Neng was appointed as the Issuer's new Executive Director and Chief Executive Officer with effect from 1 December 2012.
2013	In October 2013, the Group acquired 50% of the issued and paid-up share capital of Rawabi Offshore, thereby also forging a strategic partnership with Rawabi Holding.

2013	In October 2013, Swiber Holdings and Rawabi Holding made strategic investments in the Issuer.
2013	On 23 December 2013, the Issuer's wholly-owned subsidiary, Vallianz Capital, established a US\$500,000,000 Multicurrency Islamic Trust Certificates Issuance Programme.
2013	Rawabi Offshore took delivery of one vessel in the fourth quarter of 2013.
2014	From 1 January 2014 up to the Latest Practicable Date, Rawabi Offshore has taken delivery of five vessels.
2014	Mr Ling Yong Wah was appointed as the Issuer's new Executive Director with effect from 17 March 2014.

4. CORPORATE STRUCTURE

The corporate structure has been presented to show, as at the Latest Practicable Date, the Issuer's subsidiaries and associated company.



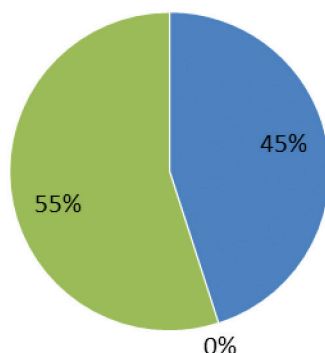
(1) Vallianz Marine Pte. Ltd. is 51% owned by Vallianz Holdings Limited and 49% owned by the Swiber Group.  
(2) Resolute Pte. Ltd. is 51% owned by Vallianz Holdings Limited and 49% owned by Swiber Holdings Limited.  
(3) Rawabi Swiber Offshore Services Co. Ltd. is 50% owned by Vallianz Capital Ltd and 50% owned by Rawabi Holding Company Limited.  
(4) Vallianz Marine Mexico, S.A. DE C.V. is 49% owned by Vallianz Holdings Limited and 51% owned by an independent third party.

## 5. BUSINESS BACKGROUND

The Group's core business activities are in vessel ownership, chartering, brokering and the provision of management services and marine marketing services.

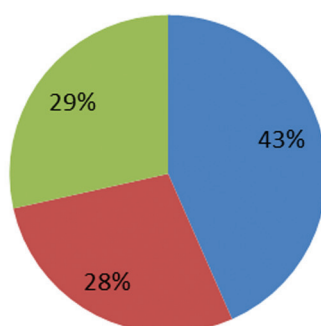
The pie charts below show the breakdown of revenue (as a percentage of total revenue) by business segments for FY2012 and FY2013.

### FY2012



■ Vessel Chartering & Brokering ■ Vessel Management ■ Investment Holding

### FY2013



■ Vessel Chartering & Brokering ■ Vessel Management ■ Investment Holding

#### (a) Vessel Ownership

The Group owns, manages and operates a young and growing fleet of offshore support vessels available for charter.

The Group's vessels consist of mostly AHTSVs, which combine the functions of anchor handling and towage with offshore supply capabilities. AHTSVs are able to provide anchor handling for offshore drilling rigs, tow offshore drilling rigs, barges and other types of offshore support vessels, as well as transport supplies (such as drilling fluid and drill pipes), offshore construction materials and equipment to and from offshore drilling rigs and production platforms. In some cases, they can be equipped with additional equipment such as cranes and serve as an emergency rescue and recovery vessel for fire fighting, rescue operations and oil recovery. AHTSVs are typically measured in terms of BHP or bollard pull.

The Group's AHTSVs range from 4,200 BHP to 8,200 BHP, which can produce between 52 and 100 tonnes of bollard pull. The vessels are generally between 40.0m to 75.0m long and are equipped with fire fighting capabilities. Most of the Group's AHTSVs are equipped with DPS, which enables each vessel to position itself accurately within predefined limits with the aid of computers, position reference systems and thrusters. This allows the AHTSVs to maintain a fixed position or to follow a pre-determined track for floating production, storage and offloading vessels and multi-purpose vessels, or a pre-determined work plan such as diving, drilling and laying of pipes.

The average age of the fleet which the Group currently manages and/or operates is approximately two and a half years. The Group's vessels are mostly deployed in offshore oil and gas projects in the Asia Pacific region, the Middle East and Latin America.

Following the inclusion of Rawabi Offshore as a member of the Group, the Group's vessel fleet has expanded from five to 22 vessels comprising of AHTSVs, AHT, PSVs, Utility Vessels and Towing Tugs as at the Latest Practicable Date. The Group expects to further expand its vessel fleet to 26 vessels by 30 April 2014, in view of the expected delivery of another four vessels. The four vessels to be delivered by 30 April 2014 will be chartered to a leading oil company in the Middle East for five years, with options for extension.

**List of vessels owned by the Group as at the Latest Practicable Date**

<b>Name</b>	<b>Vessel Type</b>	<b>Description</b>	<b>Length overall (metres)</b>	<b>Class</b>	<b>Year Built</b>
Vallianz Hope	AHTSV	4,200 BHP	40.0m	BV	2008
Swiber Bhanwar	AHT	4,750 BHP	48.0m	BV	2009
Swiber Carina	Utility Vessel	2,400 BHP	40.0m	NKK	2009
Swiber Raven	Towing Tug	3,200 BHP	31.1m	GL	2009
Swiber Charlton	Towing Tug	3,200 BHP	33.2m	BV	2010
Rawabi 1	AHTSV(DPS1)	5,150 BHP	60.5m	BV	2011
Rawabi 2	AHTSV(DPS1)	5,150 BHP	60.5m	BV	2012
Rawabi 3	AHTSV(DPS1)	5,150 BHP	60.5m	BV	2012
Rawabi 4	AHTSV(DPS1)	5,150 BHP	60.5m	BV	2012
Rawabi 5	AHTSV(DPS1)	5,150 BHP	60.5m	BV	2012
Rawabi 6	AHTSV(DPS1)	5,150 BHP	60.5m	BV	2012
Rawabi 7	AHTSV(DPS1)	5,150 BHP	60.5m	BV	2012
Rawabi 8	AHTSV(DPS1)	5,150 BHP	60.5m	BV	2012
Rawabi 12	AHTSV(DPS2)	6,000 BHP	60.0m	ABS	2013
Rawabi 13	AHTSV(DPS1)	6,000 BHP	60.0m	ABS	2013
Rawabi 14	AHTSV(DPS1)	6,000 BHP	60.0m	ABS	2013
Rawabi 15	AHTSV(DPS1)	6,000 BHP	60.0m	ABS	2013
Rawabi 16	AHTSV(DPS2)	7,300 BHP	70.5m	ABS	2012
Rawabi 17	AHTSV(DPS2)	6,000 BHP	60.0m	ABS	2013
Rawabi 26	PSV(DPS2)	6,000 BHP	75.0m	ABS	2011
Rawabi 31	AHTSV(DPS2)	8,200 BHP	70.5m	ABS	2011
Rawabi 32	AHTSV(DPS2)	8,200 BHP	70.5m	ABS	2011

The Group intends to expand its existing fleet as part of its strategy to strengthen its market presence and capitalise on the business opportunities in the exploration and production market. The Group's capital expenditure for the new vessels is fully funded, or will be fully funded, from sources that include, or will include, third party investors, internally generated funds and bank loans.

**(b) Chartering**

The Group charters its offshore support vessels to customers throughout various stages of their offshore oil and gas exploration, development and production projects. They are used in activities that include seismic surveys during the exploration phase, positioning of rigs during the development of the oil and gas fields, towing, mooring and handling of ship anchors and transportation of supplies during the production period and the removal of rig structures at de-commissioning.

As at the Latest Practicable Date, the Group has five vessels which are on bareboat charter contracts and 17 vessels which are on time charter contracts. Under the bareboat charter contract, the charterer is responsible for operating and maintaining the vessel and for all expenses, including the costs of maintaining its own crew on board the vessels. In contrast to bareboat charter contracts, the Group provides officers and a crew who operate and manage the vessel for the length of a time charter contract. The Group's customers, which include major oil companies or service providers to such oil companies located in the Middle East and Asia Pacific, typically employ charters of five years for their dedicated offshore oilfield installations. Thus, the Group acquires assets that can secure medium to long-term fixed-rate charters, which will provide it with stable future cash flows. The Group also seeks medium-term charters to capitalise on the upside potential of the assets. These investments not only provide stable and predictable income by protecting the Group against fluctuations in charter rates and providing revenue visibility, but also give the Group a good asset base to expand upon. The recent expansion of the Group's vessel fleet from five to 22 offshore support vessels will place it in good stead to seize growth opportunities in the offshore exploration sector, particularly in the Middle East and beyond. The Group has secured charter contracts for the four vessels to be delivered by 30 April 2014.

Following the inclusion of Rawabi Offshore as a member of the Group, the Group's order book for its charter contracts was boosted to US\$334.0 million in October 2013, with an ongoing contract with a leading oil company in the Middle East that includes an additional option to charter AHTSVs. The Group has in addition been awarded US\$150.0 million worth of chartering contracts by a leading oil company in the Middle East for the four vessels expected to be delivered by 30 April 2014. The Group's customer base has extended beyond the Asia Pacific to the Middle East.

**(c) Brokering**

The Group also provides brokerage services that match customers' requirements. This includes sourcing for vessels based on customers' requirements, arranging for assist tugs and/or harbour movements, making initial contact with vessel owners or vessel buyers, acting as an intermediary between (A) the vessel owner and the charterer for towage, time and bareboat charters and (B) the seller and buyer of vessels, and assisting with the drafting of related agreements and negotiations. The Group utilises its asset base and network of brokers and owners to identify high quality vessels to match its customers' needs, thus shortening the time required in the vessel acquisition process.

**(d) Management Services**

The Group provides a suite of management services for both the Group's vessels and third party vessels. Through its ship management expertise and service line, the Group is able to manage and operate a diverse range of vessels deployed in different phases of offshore oil and gas operations. The Group currently manages its own fleet and the Swiber Group's fleet of offshore support vessels.

As a ship manager, the Group is responsible for performing the following management duties:

- providing a seaworthy vessel suitable for the intended deployment (whether owned by the Group or otherwise);



- providing vessel repair and maintenance services such as annual survey, drydocking, repair, maintenance and health safety and environmental compliance;
- providing crewing services such as recruitment and crew management, including manning the vessel with a certified complement of master, officers and crew who are suitably trained to perform the required tasks;
- providing procurement services such as sourcing and liaising with the vendor on purchases;
- facilitating port and documentation clearance when vessels are required to enter or leave a port for the purposes of repairs, replenishment of supplies or crew change;
- ensuring the quality and safety assurance/maintenance of vessels and their classification;
- providing operational services such as the monitoring of vessel movement, preparation of vessel utilisation reports, and ensuring compliance with the charterer's requirements; and
- arranging for highly skilled repair teams for port and voyage repairs upon customers' request.

**(e) Marine Marketing Services**

The Group also provides marine marketing services, which include:

- sourcing charters for its clients' vessels;
- acting as an intermediary between its customers and the customers' end-users for contracts;
- assisting with the drafting of related agreements and negotiations;
- searching for contracts for companies working in various fields of ship and industrial repair; and
- representing its customers to shipowners.

In addition, the Group also offers a range of marine logistics support services, which includes (a) the procurement of marine supplies such as deck cargo, dry and wet drilling bulks, equipment, hardware, provisions and consumables; (b) the maintenance and repair of strategic offshore vessels and (c) marine consultancy specialising in the development, construction and design of marine logistics solutions for marine offshore facilities. The Group has contacts with main suppliers of marine equipment and materials in the Asia Pacific and the Middle East region so as to enable it to meet the supply needs of its clients.

## **6. ORDER BOOK**

On 1 October 2013, the Issuer announced that its order book has been boosted to US\$334.0 million through the inclusion of Rawabi Offshore as a subsidiary of the Issuer, which has ongoing chartering contracts for AHTSVs, including options to extend the charters. The Group has an ongoing contract with the additional option to charter AHTSVs to a leading oil company in the Middle East. On 26 November 2013, the Issuer further announced that the Group had been awarded US\$150.0 million worth of chartering contracts by a leading oil company in the Middle East. Barring unforeseen circumstances, the Group's order book is expected to contribute to its results over the next five years. The Group is well-positioned to bid for major contracts and will continue to focus on winning new contracts. As at 31 December 2013, the Group's order book stands at approximately US\$470.0 million.

## 7. COMPETITIVE STRENGTHS

The Group has several key competitive strengths that position it to take advantage of the opportunities in the offshore marine industry:

**(a) Provision of brokering management services to support the growing need for offshore marine assets**

As a complementary aspect to its chartering business, the Group provides brokerage services. The Group utilises its asset base and network of brokers and owners to match customers to the most suitable vessel, resulting in more efficient vessel acquisition and better customer satisfaction. These are value-added services which support the growing need for offshore marine assets.

**(b) Long-term strategic business relationship with the Swiber Group**

As at the Latest Practicable Date, Swiber Holdings holds approximately 25.57% of the shares in the Issuer. Swiber Holdings is listed on the Main Board of the SGX-ST and is an integrated construction and support services provider that offers a wide range of offshore engineering, procurement, installation and construction services and marine support across the Asia Pacific, the Middle East and Latin America. The Group has a long-term business relationship with the Swiber Group, which is also its anchor customer. The Group's provision of services to the Swiber Group allows it to gain greater access to a wider customer base and to tap on the goodwill, market share, expertise and resources of the Swiber Group in the offshore industry. For further details on the Group's business relationship with the Swiber Group, please see the section below entitled "The Issuer – 9. The Group's Strategic Business Relationship with the Swiber Group".

**(c) Strategic partnership with Rawabi Holding which opens up business opportunities in Saudi Arabia and the Middle East**

Rawabi Holding is a company incorporated in the kingdom of Saudi Arabia and based in Al-khobar (Eastern Province), Saudi Arabia. It has 30 years of history in its core business, which relates to the provision of related oilfield services and drilling. The Group's provision of marine offshore services complements Rawabi Holding's core business in the marine sector, and the partnership allows the Group to tap on Rawabi Holding's expertise and knowledge of the local market and establish its presence in the kingdom of Saudi Arabia and the Middle East. The partnership will also open up opportunities for the Group to secure charters for its offshore support vessels from major oil producers in the Middle East.

**(d) Strategic investments to explore opportunities in the chartering business and to expand the Group's vessel fleet**

The Group has investment holdings in offshore support services and chartering companies which enable it to explore opportunities in the chartering business and to build up its fleet of vessels. The Group will continue to focus on the direct acquisition of vessels or the acquisition of vessels via special purpose vehicles. These strategic investments have a strong focus on servicing the Group's long-term charter contracts while minimising operational risks. In addition to expanding and diversifying its customer base, the Group will continue to make investments that will provide it with stable and predictable income as it executes its asset expansion strategies.

**(e) Strong management team**

The Group has an experienced and dedicated management team. The senior management team consists of key members with a cumulative experience of more than 75 years in the oil and gas industry. In December 2012 and on 17 March 2014, the Issuer made strategic additions to its senior management team by appointing Mr Yeo Chee Neng as its new Executive Director and Chief Executive Officer and Mr Ling Yong Wah as its new Executive Director respectively. Mr Yeo has a long and strong track record of over 20 years in offshore marine support services. He was previously an executive director of the Swiber Group for over nine years and was instrumental in spearheading its offshore marine services. The Issuer further believes that the Group will benefit from the continuity of an experienced Board led by Mr Raymond Kim Goh, its Non-Executive Director and Chairman, who also has approximately 20 years of experience in the offshore marine industry.

**(f) Ownership of a young fleet of sophisticated vessels**

The Group owns and operates modern and well-equipped vessels. This constitutes one of the Group's critical success factors that contributes to improved efficiencies and timely project delivery. The vessels owned by the Group typically have an operating life of up to 25 years. Compared to older vessels, younger vessels usually tend to incur lower operating and maintenance costs, have higher market value, be more attractive to lenders and present higher reliability and lower safety risks.

**(g) Secure market position as a result of high barriers to entry in an industry which is capital intensive and requires a strong marine asset base**

The provision of marine support services to the offshore oil and gas industry is capital intensive and requires a strong marine asset base. The Group believes it takes considerable time, experience and resources to establish the asset base, track record and customer relationships that the Group has developed. In particular, substantial funds are required to maintain the vessels and to expand the fleet of offshore support vessels by building new vessels or by acquiring new or used vessels. New entrants in the industry may not be able to meet the specific standards of certain oil and gas companies or comply with stringent regulatory requirements across different markets. As a result of the capital intensive nature of the industry and the need for specialised knowledge of the business operations and local markets, the Group believes that it enjoys a secure market position.

**8. GROWTH STRATEGY**

The Group's principal growth strategies include the following:

**(a) Pursuing long-term charters**

The Group's customers typically employ long-term charters for dedicated oilfield and offshore installations. Together with medium-term charters, which are also in demand, the Group is able to capitalise on the upside potential of the assets. It is focused on assets which can enter into secure medium to long-term charters to provide stable future cash flows.

**(b) Expanding and diversifying its customer base**

With Singapore as the Group's headquarters and strategic base, the Group is well-positioned to penetrate regional and global offshore oil and gas exploration markets. The Group will continue to expand its relationships with existing customers and build new relations with customers who utilise chartered-in assets to add capacity.

**(c) Focusing on expansion of its vessel fleet**

The Group will focus on expanding its fleet of offshore marine vessels through strategic acquisitions. The offshore marine vessels are primarily secured against long-term charters with the key oil and gas players in Asia Pacific and the Middle East, and they generate stable and predictable income for the Group.

**(d) Establishing its presence in Saudi Arabia**

The Group's acquisition of 50.0% of the issued and paid-up share capital in Rawabi Offshore will enable it to establish its presence in the Middle East and to tap on Rawabi Offshore's knowledge of local requirements and the local market. Rawabi Offshore has a long term charter contract with a leading oil company in the Middle East and it owns a fleet of vessels which fulfil its client's stringent requirements.

The Group's joint ownership of Rawabi Offshore will allow it to provide ship management services which complement Rawabi Offshore's charter contracts. In addition, Rawabi Offshore is actively bidding for charter contracts in Saudi Arabia. Since the Group intends to mobilise more vessels to the Saudi Arabia region, it will benefit from charter contracts secured by Rawabi Offshore.

**(e) Expanding its reach to other geographical regions**

Part of the Group's strategy is to continue to identify expansion opportunities in new geographic areas and services which will enable it to leverage its competitive strengths, or which are a natural extension of its existing businesses. The Group may explore strategic alliances, acquisitions or investment opportunities in businesses that are complementary to its business. It also intends to continue to develop good business networks and strong customer relationships to retain its existing customers, as well as to secure new businesses across Asia Pacific, the Middle East, West Africa and Latin America. The Group's strategy to expand its reach to other regions prevents its business operations from being overly reliant on the market conditions of a particular region.

**(f) Diversifying its sources of income**

The Group currently provides complementary offshore marine services such as brokering and fleet management to complement its ship chartering services. Where the opportunity arises, the Group will consider providing further complementary offshore marine services such as sourcing and supplying of vessels and equipment as well as providing shipyard, engineering and fabrication services and facilities. Such diversification will allow the Group to provide additional shipping-related services to its existing customer base and to tap on its existing goodwill as well as enable the Group to provide integrated offshore marine services to major oil and gas companies, and to gain greater access to a wider customer base. Provision of shipyard facilities to support offshore construction projects will also reduce the Group's reliance on third party vessels and the need to go to third party shipyards. The Group intends to engage in the diversification of its business incrementally and will monitor developments and progress in these areas.

**9. THE GROUP'S STRATEGIC BUSINESS RELATIONSHIP WITH THE SWIBER GROUP**

As at the Latest Practicable Date, Swiber Holdings owns approximately 25.57% of the issued share capital of the Issuer. The Swiber Group is principally engaged in providing integrated services through its core business units comprising offshore construction services, offshore support services and offshore development services. The Group's close working relationship with the Swiber Group has enabled it to gain greater access to the offshore industry.

The Group's recurrent transactions with the Swiber Group are considered "interested person transactions", and in this regard, the Issuer, its subsidiaries and associated companies are considered "entities at risk" within the meaning of Chapter 9 of the SGX-Catalist Rules. The Issuer has an existing interested person transaction mandate from its shareholders that was last renewed at its Annual General Meeting held on 15 April 2013, and an additional interested person transaction mandate that was approved by its shareholders on 18 September 2013. The existing interested person transaction mandate, unless revoked or varied by the Issuer in general meeting, is expected to continue in force until the next Annual General Meeting is held or is required by law to be held, whichever is the earlier. The additional interested person transaction mandate will (unless revoked or varied by the Issuer in a general meeting) continue in force until the next Annual General Meeting.

The existing mandate and the additional mandate enables the Group to enter into certain recurring interested person transactions with the classes of interested persons set out in the shareholders' mandate. The categories of interested person transactions which are covered by the shareholders' mandate include:

- (a) the chartering of vessels by the Swiber Group from the Group which include term charters and bareboat charters;
- (b) the provision of corporate management services to the Swiber Group;
- (c) the provision of corporate services by the Swiber Group to the Group which include administrative services, building maintenance services, company secretariat services, corporate finance services, treasury services, legal and taxation advice, procurement of goods and services, information technology and communications services, insurance services, human resource and payroll processing services, investor relations and organisation and development services;
- (d) the obtaining of other products and/or services from the Swiber Group in connection with corporate services such as printing services, purchase of stationery and other related services;
- (e) the provision of marine marketing services by the Group to the Swiber Group;
- (f) the provision of marine brokerage services by the Group to the Swiber Group;
- (g) the provision of ship management services by the Group to the Swiber Group; and
- (h) the provision of shipyard, engineering, fabrication services to the Swiber Group.

## **10. MAJOR CUSTOMERS**

The Group's major customers include service providers to the offshore oil and gas industry such as the Swiber Group and a leading national oil company. Please see the section above entitled "9. The Group's Strategic Business Relationship with the Swiber Group" for the scope of services provided by the Group to the Swiber Group.

## **11. INDUSTRY OUTLOOK**

The offshore marine logistics and support services industry is directly affected by the level of activities in the offshore oil and gas industry, which in turn is largely dependent on the demand and supply for such natural resources, crude oil production levels, global political and economic uncertainties, advances in exploration and development technology and worldwide demand for natural resources. The Directors have observed that there is an increasing trend in oil and natural gas exploration, development and production activities in certain identified areas. The Directors believe that the Group's vessels are very suitable for deployment in the offshore waters of the Asia Pacific, the Middle East and Latin America by international oil and gas companies. The Group has in the past successfully developed, owned and deployed the Group's vessels in these regions. The Directors believe that the demand for the Group's vessels will remain robust in the near future due to new and existing exploration and production projects by operators, developers and state oil companies.

The Group intends to develop and acquire additional vessels, which may consist of both new builds and refurbishment of existing vessels, depending on the economic viability and circumstances of each potential new build and/or acquisition. In developing and/or acquiring additional vessels, the Group intends to implement more sophisticated levels of technology, where possible, to enhance the operational effectiveness and service range of its vessels.

The Group has commenced diversification of the service offering by its vessels and intends to continue to deepen its expertise and experience in the diversified service offerings. The Group also intends to continue to source for future opportunities to deploy its vessels, whether on its own or through joint ventures with suitable strategic partners.

The Directors believe that the Group is well-positioned in the Middle East offshore market to exploit potential business opportunities. It has established what the Directors believe to be a firm foothold in this market through its partnership with Rawabi Holding for the provision of offshore support services to major oil and gas companies in the region. The Group intends to leverage on its consequential standing in the Middle Eastern market to pursue similar business opportunities.

## **12. RISK MANAGEMENT**

The Issuer does not have a risk management committee. The senior management assumes the responsibility of the risk management function. The senior management regularly assesses and reviews the Group's business and operational environment in order to identify areas of significant business and financial risks, such as credit risks, foreign exchange risks, liquidity risks and interest rate risks, as well as to come up with appropriate measures to control and mitigate these risks. The Board has established various board committees, namely, the Audit Committee, the Nominating Committee and the Remuneration Committee to be accountable to its shareholders. These committees function within clearly defined terms of references and operating procedures, which will be reviewed on a regular basis by the Board. The effectiveness of each committee will also be constantly reviewed by the Board. Interested person transactions and the Group's internal audit procedures are reviewed by the Audit Committee and reported to the Board. The Board meets on a regular basis and as and when necessary to address any specific significant matters that may arise.

### **(a) Credit risk**

The Group's exposure to credit risk includes payment delays and/or defaults by customers who are granted credit terms. The Group has adopted procedures in extending credit terms to customers and in monitoring its credit risk, such as a credit policy which establishes credit limits for customers and monitors their balances on an ongoing basis. The Group only grants credit to creditworthy counterparties. Cash and cash equivalents are placed with regulated financial institutions. Hence, minimal credit risk exists with respect to these assets. Therefore, the Group does not expect to incur material credit losses.

### **(b) Liquidity risk**

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows. The Group ensures that it will be able to generate sufficient cash inflows from its operations in order to satisfy its obligations, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

### **(c) 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. The Group's objective for market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

## **13. INTEREST RATE RISK**

The Group is exposed to interest rate risk as a result of floating interest rates on its bank borrowings. Since the Group's borrowings are unhedged by interest rate swaps, interest rate increases could have an adverse impact on the Group's business, results of operations and financial condition.



#### **14. ENVIRONMENTAL MATTERS AND COMPLIANCE**

The Group considers the quality of its products and processes and the protection of its employees, assets and the environment to be important factors in the conduct of its operations. The Group is committed to executing all of its projects to be “best in class” by providing quality service to its clients, continuously improving its health, safety and environment performance and complying with applicable legal and industry standards.

##### **Cause No Harm**

The “Cause No Harm” philosophy is part of the Group’s corporate DNA and the linchpin for all aspects of its organisation, encompassing its business conduct, ethics, daily operations and its overall corporate strategy. The essence behind the “Cause No Harm” philosophy is that the Group must cause no harm to its employees, other people, its equipment and materials whether owned or leased, others’ assets, the environment, the planet as a whole and to future generations. It must always conduct its business ethically and with integrity. The Group is committed to nurturing this as a core value and inculcates the “Cause No Harm” philosophy throughout all its operations. In doing so, the Group believes it has built the foundation for executing its projects to the highest possible standards.

The operations of the Group are subject to regulatory requirements and potential liabilities arising under applicable environmental laws and regulations. The Group believes that each member of the Group is in compliance in all material respects with applicable environmental regulations in the jurisdictions in which it operates. As at the date of this Information Memorandum, no material environmental incident involving the Group has occurred. The Group is not aware of any environmental proceedings or investigations to which it is, or might become, a party and which would, individually or taken as a whole, have a material adverse effect on the business, results of operations or financial condition of the Group.

#### **15. INSURANCE**

The Group is covered by insurance policies arranged with insurance brokers and agents acceptable to the Group which cover risks such as directors’ and officers’ liability, work injury compensation, group personal accident, group hospitalisation and surgery, fidelity, public liability, industrial risks, general liability, time charterer liability, blanket contractual liability and equipment risks. The Group has also taken out hull and machinery policies in respect of certain vessels in its fleet that cover damage and/or loss (which are generally up to the hull values of the relevant vessels). The Group believes that it has adequate insurance coverage provided by reputable independent insurance companies, with coverage and financial limits that are commercially reasonable and appropriate for a group of its size and activities. Notwithstanding the Group’s insurance coverage, damage to its vessels, facilities, equipment, machinery, buildings or other properties as a result of occurrences such as fire, explosion, power loss, communications failure, intentional unlawful act, human error or natural disaster could nevertheless have a material adverse effect on its business, results of operations and financial condition to the extent that such occurrences disrupt the normal operation of its businesses.

#### **16. EMPLOYEES**

As at the Latest Practicable Date, the Group employs approximately 134 employees. The employees of the Group are not unionised. The Group believes that it has established good working relationships with its employees. There have not been any strikes or work stoppages by the employees of the Group.

#### **17. LEGAL PROCEEDINGS**

Members of the Group are not a party to any litigation, arbitration or administrative proceedings which it believes would, individually or taken as a whole, have a material adverse effect on the business, results of operations or financial condition of the Group, and, so far as it is aware, no such litigation, arbitration or administrative proceedings are pending or threatened.

## 18. DIRECTORS AND MANAGEMENT

### (a) Directors

The Directors are entrusted with the responsibility to protect and enhance long-term shareholder value. Apart from its statutory duties and responsibilities, the Board sets the strategy for the Group and oversees the executive management and affairs of the Group. The Directors are assisted by a team of experienced and qualified executive officers, each responsible for different functions. The particulars of the Directors as at the date of this Information Memorandum are set out below.

<b>Name</b>	<b>Position</b>
Raymond Kim Goh	Non-Executive Director and Chairman
Yeo Chee Neng	Executive Director and Chief Executive Officer
Ling Yong Wah	Executive Director
Yeo Jeu Nam	Non-Executive and Independent Director
Bote de Vries	Non-Executive and Independent Director

#### **Raymond Kim Goh**, *Non-Executive Director and Chairman*

Mr. Raymond Kim Goh is the Non-Executive Director and Chairman of the Issuer and was appointed to the Board on 6 September 2010. Mr. Goh is an industry veteran with close to two decades of experience in the offshore marine industry. As founder and Executive Chairman of Swiber Holdings and its subsidiaries, Mr. Goh sets the long-term growth strategy and spearheads the expansion of Swiber Holdings. Mr. Goh is active in grassroots community activities, serving as a patron of the Punggol North Citizen's Consultative Committee. Mr. Goh graduated from Murdoch University in Australia with a Bachelor of Commerce (Honours) degree.

#### **Yeo Chee Neng**, *Executive Director and Chief Executive Officer*

Mr. Yeo Chee Neng was appointed to the Board as Executive Director and Chief Executive Officer on 1 December 2012. As Executive Director and Chief Executive Officer, Mr. Yeo plays a key role in charting the Group's corporate and strategic direction. Mr. Yeo brings with him over two decades of marine industry experience under his belt. He is also a Non-Executive Director of Swiber Holdings. Mr. Yeo graduated from the National University of Singapore with a Bachelor of Engineering degree and also holds a diploma in Marketing from the Singapore Institute of Management.

#### **Ling Yong Wah**, *Executive Director*

Mr. Ling Yong Wah was appointed to the Board as an Executive Director on 17 March 2014. Mr. Ling has over 25 years of business and management experience and has held various roles including board seats in companies listed on the SGX-ST and the Hong Kong Stock Exchange. Mr. Ling's previous occupation was with SEAVI Advent Corporation Limited ("SEAVI"), a Singapore based private equity firm which focused on expansion capital and mid-market buyouts, which he joined in April 2000. During his time at SEAVI, Mr. Ling was responsible for sourcing suitable investment opportunities, structuring and negotiating investment terms, monitoring and eventually divesting these investments. Mr. Ling left SEAVI as a partner of the firm. Mr. Ling is a member of the Institute of Chartered Accountants of England and Wales.

**Yeo Jeu Nam, *Non-Executive and Independent Director***

Mr. Yeo Jeu Nam has more than 30 years of consultancy experience and was appointed as Non-Executive Independent Director of the Issuer on 21 August 2008. Mr. Yeo is also an Independent Director of Swiber Holdings and Frencken Group Limited. Mr. Yeo is the Founder and Managing Director of Radiance Consulting Pte Ltd. Before starting his own consultancy, he was a Senior Consulting Partner with Ernst & Young Consultants Pte Ltd where he headed the Strategy and Transformation practice as well as the HR Consulting practice for more than 12 years. He was also previously a Director at PwC Consulting where he headed their Public Sector Consulting practice. He graduated from the National University of Singapore with a Bachelor of Social Science (Class II Upper, Honours).

**Bote de Vries, *Non-Executive and Independent Director***

Mr. Bote de Vries was appointed to the Board on 6 September 2010 and brings to the Group more than 20 years of international asset finance experience in the shipping transport industry. He is now an Independent Advisor to Finamar B.V., a financial consultancy firm, and he holds several Non-Executive board directorships. Mr. de Vries is a frequent speaker on conferences on asset finance related issues such as Mareforum and Euro Money. Mr. de Vries has past experience with Islamic finance through an Ijarah shipping equity fund and a Murabahah ship financing fund. Mr. de Vries graduated from the University of Leiden with a Bachelor of Biology degree and a Masters in Law.

**(b) Senior Management Team**

The day-to-day operations of the Group are entrusted to the members of the senior management team. The particulars of the members of the senior management team are as follows:

**Yeo Chee Neng, *Executive Director and Chief Executive Officer***

Mr. Yeo Chee Neng was appointed as Chief Executive Officer on 1 December 2012. Please refer to his profile above.

**Roy Yap, *Chief Operating Officer***

Mr. Roy Yap was appointed as Chief Operating Officer on 18 March 2013. He is responsible for managing and leading the offshore marine support-related operations. Mr. Yap brings with him close to 15 years of industry experience. Prior to joining the Group, he had led operations and health, safety and environment units of other marine and offshore services company such as Newcruz Offshore Marine Pte Ltd, Swiber Offshore Marine Pte Ltd and Svitzer Far East Pte Ltd, where he had successfully implemented operations and safety systems. A graduate in Nautical studies, Mr. Yap is also a qualified Internal Quality Auditor, Company Security Officer and ISM Internal Auditor.

**Phoon Kim Sin, *Chief Financial Officer***

Mr. Phoon Kim Sin was appointed as Chief Financial Officer with effect from 4 November 2013. Prior to his appointment, Mr. Phoon has held senior finance management roles with Singapore-listed companies in the shipping, marine and agri-commodity industries. At various periods in a career that spans more than 20 years, he was Director of Corporate Finance and Special Projects at Beng Kuang Marine Limited, Group Financial Controller at GMG Global Ltd, Group Financial Controller for Drydocks World SE Asia Pte. Ltd., Group Financial Controller for Labroy Marine Limited and Assistant General Manager of Finance for Pacific International Lines Pte Ltd. Mr. Phoon is a Chartered Accountant of Singapore and holds a Bachelor of Accountancy Degree from the Nanyang Technological University, Singapore.

**Lim Kean Hin, Vice President, Quality, Health, Safety and Environment**

Captain Lim Kean Hin has broad sea-going, oil & gas shipping, terminal and marine knowledge, having been an ocean going shipmaster and having worked in upstream (exploration and production), downstream (supply and distribution), terminal, trading and refinery settings. Captain Lim has close to 40 years of experience and expertise in management, ship quality assurance, safety, environmental protection, crisis and emergency response. Over the years he worked at Chevron Shipping, Shell International E&P, trading and downstream companies, and Malaysian national shipping lines. Captain Lim holds a Masters Class 1 (Command) Certificate of Competency from Australia and a Diploma in Safety and Health from the Royal Society for the Prevention of Accidents (RoSPA), United Kingdom.

**20. SELECTED FINANCIAL INFORMATION**

The following tables set forth selected consolidated financial information of the Group as at and for the financial years ended 31 December 2011, 31 December 2012 and 31 December 2013.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR FY2013, FY2012 and FY2011**

	Unaudited FY2013 US\$'000	Audited FY2012 US\$'000	Audited FY2011 US\$'000
Revenue	19,985	11,519	5,878
Cost of Sales	(4,958)	(1,765)	(1,405)
<b>Gross Profit</b>	<b>15,027</b>	<b>9,754</b>	<b>4,473</b>
Other Income	1,219	5,350	2,087
Administrative expenses	(3,734)	(5,820)	(2,847)
Finance cost	(3,092)	(3,802)	(2,248)
Share of profit of joint venture	1,621	—	—
<b>Profit before Tax</b>	<b>11,041</b>	<b>5,482</b>	<b>1,465</b>
Income Tax expense	(728)	—	—
<b>Profit after Tax</b>	<b>10,313</b>	<b>5,482</b>	<b>1,465</b>
Profit attributable to			
Owners of the Company	7,493	2,411	794
Non-controlling interests	2,820	3,071	671
	<b>10,313</b>	<b>5,482</b>	<b>1,465</b>
<u>Other comprehensive income</u>			
Exchange differences on translation of foreign operations			
- (loss)/gain arising during the period	252	1,412	(1,405)
- gain included in profit or loss on disposal of subsidiary	(350)	—	—
<b>Total comprehensive income</b>	<b>10,215</b>	<b>6,894</b>	<b>60</b>
Owners of the Company	7,395	3,131	172
Non-controlling interests	2,820	3,763	(112)
	<b>10,215</b>	<b>6,894</b>	<b>60</b>

**STATEMENTS OF FINANCIAL POSITION OF THE GROUP AS AT 31 DECEMBER 2013, 31 DECEMBER 2012 AND 31 DECEMBER 2011**

	<b>Audited</b>		<b>Unaudited</b>
	<b>31 December 2012</b>	<b>31 December 2011</b>	<b>31 December 2013</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>Current assets</b>			
Cash and cash equivalents	3,352	3,449	1,812
Trade receivables	432	2,294	5,662
Other receivables	3,282	7,030	5,335
Available-for-sale investments	86	86	86
	<u>7,152</u>	<u>12,859</u>	<u>12,895</u>
<b>Non-current assets</b>			
Plant and equipment	25,995	27,448	25,166
Joint venture	—	—	3,071
Available-for-sale investments	115,650	124,440	104,900
	<u>141,645</u>	<u>151,888</u>	<u>133,137</u>
<b>Total assets</b>	<u>148,797</u>	<u>164,747</u>	<u>146,032</u>
<b>Current liabilities</b>			
Term loans	14,169	14,084	15,258
Finance lease	—	—	23
Trade payables	—	2,434	2,559
Other payables	2,541	8,867	1,549
Income tax liability	—	—	728
	<u>16,710</u>	<u>25,385</u>	<u>20,117</u>
<b>Non-current liabilities</b>			
Term loans	69,055	83,224	53,797
Finance lease	—	—	19
	<u>69,055</u>	<u>83,224</u>	<u>53,816</u>
<b>Total liabilities</b>	<u>85,765</u>	<u>108,609</u>	<u>73,933</u>
<b>Net assets</b>	<u>63,032</u>	<u>56,138</u>	<u>72,099</u>
<b>Capital and reserves</b>			
Share capital	54,647	54,647	54,647
Foreign currency translation reserve	98	(622)	—
Employees' share option reserve	—	—	181
Accumulated losses	(19,115)	(21,526)	(12,098)
Equity attributable to owners of the company	<u>35,630</u>	<u>32,499</u>	<u>42,730</u>
Non-controlling interests	27,402	23,639	29,369
<b>Total equity</b>	<u>63,032</u>	<u>56,138</u>	<u>72,099</u>

## **Performance review for FY2013 compared to FY2012**

### **Consolidated Statement of Comprehensive Income**

#### ***(a) Revenue***

The Group registered approximately US\$20.0 million of revenue for FY2013, representing an increase of 73% or US\$8.47 million when compared to FY2012. The increase in revenue was due mainly to the growth in chartering, ship management and brokerage activities of the Group in FY2013.

#### ***(b) Cost of sales and gross profit***

Cost of sales increased by US\$3.19 million, from US\$1.77 million in FY2012 to US\$4.96 million in FY2013. The increase in cost of sales is due mainly to chartering of a vessel in FY2013 and cost incurred relating to ship management activities of the Group. The Group's gross profit increased by 54% or US\$5.27 million from US\$9.75 million in FY2012 to US\$15.03 million in FY2013.

#### ***(c) Other Income***

Other income of US\$1.22 million in FY2013 was mainly due to gain on liquidation of a subsidiary.

#### ***(d) Administrative expenses***

Administrative expenses decreased by 36% or US\$2.09 million to US\$3.73 million in FY2013 compared to FY2012. The higher expense incurred in FY2012 was mainly due to receivables written off and foreign exchange loss.

#### ***(e) Finance costs***

Finance costs for the Group decreased by US\$710,000 from US\$3.80 million in FY2012 to US\$3.09 million. The decrease in finance costs was a result of the decrease in the Group's term loan balance.

#### ***(f) Profit for the year***

The Group recorded a profit of US\$10.31 million for FY2013 as compared to US\$5.48 million for FY2012. The improvement in financial performance for FY2013 was mainly attributable to the growth in business activities and our joint venture share in the profits of Rawabi Offshore in which we acquired a 50% interest on 1 October 2013. Subsequent to year end, we entered into a new agreement with our Saudi joint venture partner, which will require the Group to consolidate the results of Rawabi Offshore beginning FY2014.

### **Consolidated Statement of Financial Position**

#### ***(a) Trade and other receivables***

Trade and other receivables increased from US\$3.71 million as at 31 December 2012 to US\$11.0 million as at 31 December 2013. The increase in trade receivables is in line with the increase in the revenue of the Group.

#### ***(b) Available-for-sale investments***

As at 31 December 2012 the Group had preferential shares in Resolute Offshore Pte Ltd valued at US\$115.65 million. Resolute Offshore Pte Ltd redeemed 107,500 preference shares for a total value of US\$10.75 million during the financial year ended 31 December 2013.

#### ***(c) Plant and equipment***

The decrease in plant and equipment from US\$26.0 million as at 31 December 2012 to US\$25.17 million as at 31 December 2013 is due mainly to depreciation on the Group's vessels and other equipment.



(d) *Total current and non-current borrowings*

Total current and non-current term borrowings decreased from US\$83.22 million as at 31 December 2012 to US\$69.05 million as at 31 December 2013 due to the repayment of the Group's various loans. The amortisation profiles of these loans caused the Group to record a working capital deficit of US\$7.22 million as at 31 December 2013.

(e) *Trade and other payables*

The Group's trade and other payables increased by approximately US\$1.57 million from US\$2.54 million as at 31 December 2012 to US\$4.11 million as at 31 December 2013. The increase is consistent with the growth of the group business.

Consolidated Statement of Cash Flows

Cash and cash equivalents decreased from US\$3.35 million as at 31 December 2012 to US\$1.81 million as at 31 December 2013.

(a) *Cash flow from operating activities*

The Group's net cash inflow from operating activities for FY2013 amounted to US\$1.71 million. This comprised operating cash flows before working capital changes of US\$7.58 million, and adjusted for net working capital outflows of US\$5.87 million.

(b) *Cash flow from investing activities*

Net cash generated from investing activities amounted to US\$14.51 million for FY2013 due to the proceeds from the redemption of 107,500 preference shares and US\$5.87 million of dividends received from the Group's available-for-sale investment. In additions, the Group incurred an expenditure of US\$712,000 for purchase of plant and equipment mainly due to drydocking of a vessel.

(c) *Cash flow used in financing activities*

Net cash used in financing activities amounted to US\$17.76 million in FY2013 due mainly to repayments of bank borrowings and interest.

**Performance review for FY2012 compared to FY2011**

Consolidated Statement of Comprehensive Income

(a) *Revenue*

The Group's revenue increased by US\$5.64 million for FY2012 when compared to FY2011. The Group incurred higher charter revenue and dividends due to the Group completing its first full 12 months of operation, as compared to FY2011 where majority of the revenue was incurred in the second half of FY2011. The vessel chartering and broking segment of the business accounted for US\$5.19 million in revenue for the year, while the Group's investment holding segment generated the remaining US\$6.33 million.

(b) *Cost of sales and gross profit*

The Group's gross profit for the year increased by US\$5.28 million from US\$4.47 million in FY2011 to US\$9.75 million in FY2012. Depreciation of the various vessels accounted for most of cost of sales, recording cost of sales of US\$1.48 million in FY2012 and US\$937,000 in FY2011.

(c) *Other income*

Other income increased by US\$3.26 million from US\$2.09 million in FY2011 to US\$5.35 million in FY2012. Other income during FY2012 was mainly derived from the reversal of various cost accruals raised in June 2011 and the gain on disposal of its investment in Atlantis Navigation AS, as compared to FY2011 where US\$1.99 million of foreign exchange gains were derived.

(d) *Administrative expenses*

Administrative expenses increased from US\$2.33 million in FY2011 to US\$5.82 million in FY2012. The increase was due to higher overhead costs, foreign exchange losses, write-off of receivables of US\$1.13 million and a subsidiary's one-off cost adjustment of US\$1.5 million.

(e) *Finance expenses*

Finance expense of the Group increased from US\$2.77 million in FY2011 to US\$3.80 million in FY2012. The increase in finance expense was due to the Group incurring loan interest for the full 12 months as compared to the prior year where interest expense was only incurred during the second half of FY2011 after the Group's business acquisitions were completed.

(f) *Profit for the year*

Profit for the year increased by US\$4.01 million from US\$1.47 million in FY2011 to US\$5.48 million in FY2012. The increase in profit was mainly due to the Group's revenue performance – receiving larger dividends on its investments made as well as receiving higher charter revenue from the Group's subsidiary, Vallianz Marine Pte. Ltd., which completed its first full 12 months of operation under the Group.

(g) *Comprehensive income for the year*

Comprehensive income of the Group increased from US\$60,000 in FY2011 to a profit of US\$6.89 million in FY2012. The drastic increase in comprehensive income was due to two main factors - the Group's increased profit of US\$4.01 million as well as a US\$2.82 million turnaround in exchange differences. For the current period, exchange differences on the translation of foreign operations relate to the Group's investment in CSOTL Offshore Limited and the appreciating US dollar against the Thai Baht.

Consolidated Statement of Financial Position

(a) *Plant and equipment*

The decrease in plant and equipment from US\$27.45 million as at 31 December 2011 to US\$26.00 million in FY2012 was due to depreciation costs on the Group's vessels and other equipment.

(b) *Available-for-sale investment*

As at 31 December 2011 the Group had preferential shares in Resolute Offshore Pte Ltd valued at US\$123.75 million. During FY2012, Resolute Offshore Pte Ltd redeemed 81,000 preference shares for a total value of US\$8.10 million. The Group also disposed of its shareholding in Atlantis Navigation AS during the period, recording a US\$323,000 gain on the sale of its investment.

(c) *Trade and other receivables*

Trade and other receivables decreased from US\$9.32 million as at 31 December 2011 to US\$3.71 million in FY2012 due to US\$1.13 million write-off of a subsidiary's foreign tax receivable, and also the improvement in collection of receivables and settlement of outstanding debts.

(d) *Term loans*

Term loans decreased from US\$97.31 million as at 31 December 2011 to US\$83.22 million as at 31 December 2012 due to the repayment of the Group's various loans. The amortisation profiles of these loans caused the Group to record a working capital deficit of US\$9.56 million as at 31 December 2012.

(e) *Trade and other payables*

The Group's trade and other payables decreased by approximately US\$8.76 million from US\$11.30 million as at 31 December 2011 to US\$2.54 million as at 31 December 2012 mainly due to the reversal of various cost accruals raised in June 2011. For FY2011, US\$8.39 million of trade and other payables belonged to one of the Group's subsidiaries which has since become dormant.

Consolidated Statement of Cash Flows

Cash and cash equivalents increased from US\$3.45 million as at 31 December 2011 to US\$3.35 million as at 31 December 2012.

(a) *Cash flow from operating activities*

The Group's net cash inflow from operating activities for FY2012 amounted to US\$3.93 million. This comprised of operating cash flow before working capital changes of US\$6.69 million, and adjusted for net working capital outflows of US\$2.76 million. For FY2011, the Group's cash flow from operating activities amounted to US\$694,000 due to the Group assuming additional receivable and payable balances as a result of its business acquisitions made in June 2011.

(b) *Cash flow from/(used in) investing activities*

Net cash generated from investing activities amounted to US\$13.84 million in FY2012 due to the proceeds from the redemption of 81,000 preference shares and US\$4.80 million of dividends received from the Group's available-for-sale investments. The Group also recorded sale proceeds of US\$1.01 million from the disposal of its investment in Atlantis Navigation AS.

(c) *Cash flow from/(used in) financing activities*

Net cash used in financing activities amounted to US\$17.86 million in FY2012 due to various repayments on bank borrowings of US\$14.08 million and interest paid of US\$3.78 million.

## 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.*

*Any of the following risks could adversely affect the Issuer and/or the Group's business, financial conditions, results of operations or prospects and, as a result, investors could lose all or part of their investment. 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 businesses of the Issuer or the Group or any decision to purchase, own or dispose of the Securities. Additional risks and uncertainties which the Issuer or the Group are currently unaware of may also impair their businesses, 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.*

### Limitations of this Information Memorandum

This Information Memorandum does not purport to nor does it contain all information that a prospective investor 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 as a recommendation by the Issuer, any of the Dealers or the Arranger 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, associated companies (if any) or joint venture companies (if any), any of the Dealers or the Arranger 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 upon its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer, its subsidiaries, associated companies (if any) and 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 and/or other advisers prior to deciding to make an investment in the Securities.

### RISKS RELATING TO THE GROUP

***The Group's business is dependent on the offshore oil and gas industry, which is volatile and sensitive to changes in oil and gas prices and production volumes and other factors beyond the control of the Group.***

The Group's business is largely dependent on the offshore oil and gas industry, in particular the level of activities in the exploration, development and production of oil and natural gas. These have a direct impact on the demand for the Group's services, financial performance and operating results. The level of activity in the offshore oil and gas industry is affected principally by the actual and projected prices of oil and gas and by other general economic factors, as well as by the expectations of the Group's customers in respect of changes in oil and natural gas prices, and the related changes in their capital spending.

The Group's business is therefore dependent on, among other things, capital expenditure by its customers on the offshore exploration, development and production of oil and gas. Such capital expenditure tends to be affected by factors such as the numbers and locations of oil and gas fields, the ability to economically justify placing discoveries of oil and gas reserves in production, the need to clear all structures from the production site once the oil and gas reserves have been depleted as well as weather conditions. Oil and gas prices are also subject to substantial fluctuation. Lower oil and gas prices tend to reduce the amount of oil and gas that can be produced economically. When this occurs, major oil and gas companies generally reduce their spending budgets for offshore exploration, development and production.

The Group's customers are also affected by the laws, regulations, policies and directives relating to energy, investment, taxation and such other laws promulgated by the governments of countries from which they will need to obtain licences to engage in the exploration, development and production of oil and gas. The demand for the Group's services and the potential for growth of its business will be affected if its customers cannot obtain the necessary licences to engage in exploration, development and production activities in the relevant areas.

These are factors beyond the control of the Group. As a result, the timing, nature and degree of changes in industry conditions are unpredictable. In addition, there can be no assurance that oil and gas companies will be able to obtain the financing necessary to develop new projects in the Group's primary operating regions, which would also result in reduced demand and/or reduced rates for the Group's vessels and services. There can be no assurance that the activity levels of offshore exploration, development and production activity will remain at their current levels or continue to increase. Any prolonged period of low exploration, development and production activity would likely have an adverse effect on the Group's business, results of operations and financial condition.

***The Group is affected by the supply of and demand for vessels and equipment in the industry and fluctuations in charter rates for vessels.***

There are a number of factors that affect the supply of and demand for vessels and equipment in the offshore oil and gas market. Demand is affected by the level of activity in the offshore oil and gas sector, in terms of current production and field development and exploration. A worldwide economic downturn could reduce the availability of liquidity and credit to fund vessel and equipment acquisition and this could adversely affect the operations of the Group's customers. This may in result in a reduction in the demand for the Group's vessels and equipment, hence adversely affecting the Group's business, results of operations and financial condition.

The supply of offshore support vessels in the industry is determined by the independent assessment of demand for and supply of vessels by offshore support operators. An over-estimation of demand may result in an excess supply of vessels, which will result in lower charter rates. The charter rates of vessels are also affected by conditions such as trade, environmental and weather conditions as well as political situations in the countries where the operations of the Group's customers are located. Depending on general economic and market conditions affecting the shipping industry, competition from other shipping companies, types and sizes of vessels, the value of the Group's vessels can be expected to fluctuate. In addition, as vessels become older, they are expected to decline in value. In the event that the Group sources for a vessel at a high value but supplies the vessel to its customer at a low value due to unfavourable industry conditions, the financial performance of the Group may be adversely affected.

In addition to an industry-wide decrease in charter rates due to an excess supply of new vessels, competitors may also engage in aggressive pricing which will necessitate a corresponding lowering of the Group's charter rates (whether significantly or otherwise) in order for the Group to remain price competitive and secure contracts. If there are any adverse developments in the markets where the Group operates, such that there is a significant increase in the supply of vessels and a corresponding reduction in charter rates, the demand for the Group's vessels and the revenue from its ship chartering business may decline. This would adversely affect the Group's business, results of operations and financial condition.

***The Group's charter contracts may be terminated upon the occurrence of certain events.***

The Group's charter contracts are for varying periods of time which are mutually agreed between the parties. Such charter contracts may however be terminated upon the occurrence of certain events, such as non-performance, events of force majeure, loss or seizure of the vessel, unavailability of the vessel due to various reasons such as confiscation or requisition by the government of the state under which the vessel is registered, cessation or abandonment of drilling operations by the charterer or upon notice of termination being given by the charterer for any reason whatsoever.

The charter rates which are payable under the charter contracts may also be reduced or suspended due to various reasons such as work stoppages held by the officers or crew members of the vessel, breakdown of machinery, breakdown of the hull, accidents to the vessel or any other reasons which would render the vessel unavailable for deployment for specified periods of time. Furthermore, the charter rates payable under the charter contracts may be reduced or suspended for a variety of reasons that are specific to each charter contract. Such reasons include poor or non-performance by the Group, the lay-up of the vessel(s) at the charterer's option, request for suspension by the charterer, loss or seizure of the vessel(s), events of force majeure or any other reasons which would render the vessel(s) unavailable for duties for specified periods of time.

The termination of existing charter contracts or reduction/suspension of contracted charter rates will reduce the Group's revenue and have an adverse impact on its results of operations. The Group's revenue and profitability may also be adversely affected if it is unable to re-deploy its vessels for a period of time upon termination of its existing charter contracts, if there are protracted negotiations over the terms of the charter contracts, or if the charter contracts are renewed on less favourable terms.

***The Group may not be able to secure or renew new charter contracts.***

The Group's vessel chartering business is one of its core businesses and revenue from this sector constitutes a significant portion of the Group's revenue. In FY2013, the Group's vessel chartering and brokering business contributed approximately 43.4% of the Group's revenue. Depending on the market conditions prevailing at the relevant point in time, there is no assurance that the Group will be able to renew its existing charter contracts, secure new charter contracts when the existing contracts expire or secure new charter contracts for new vessels that it may acquire in the future. If it is unable to secure charter contracts for its newly acquired vessels or the existing charter contracts for the Group's vessels expire before it is able to secure or renew new charter contracts, the Group's revenue and profits would be materially and adversely affected.

***The Group may face uncertainties associated with the expansion and/or diversification of its business.***

In the course of the Group's business, the Group has collaborated and intends to continue to collaborate with joint venture partners for various projects (whether on an *ad hoc* or recurring basis), such collaborations being entered into and formalised by way of written contracts. Part of the Group's strategy is to continue identifying expansion opportunities in new geographic areas or new offshore marine related business opportunities which will enable it to leverage on its competitive strengths, or which are a natural extension of its existing businesses. The Group may explore new businesses, strategic alliances, acquisitions or investment opportunities in businesses that are complementary to its existing business and which leverages on its competitive strengths.

The Group may not be successful in executing any or all parts of its strategy. As it continues to expand and/or diversify its services, it may encounter competition from a variety of existing and new competitors, who may have larger financial resources or a longer track record. Expansion and/or diversification involves numerous risks, including but not limited to the financial costs of setting up operations, investment in equipment and working capital requirements. For instance, if the Group diversifies into the business of sourcing and supplying of vessels, the Group needs to be able to locate suitable vessels for its customers. During periods where the charter hire rates are high, the value of vessels are generally high as well, and it may be difficult to locate suitable vessels. In addition, the Group may be unable to identify suitable buyers for the vessels sourced by the Group. Some or all of these factors may adversely affect the financial performance of the Group.



There can be no assurance that the Group's expanded or diversified operations will attract sufficient interest from customers or achieve a sufficient level of revenue that will cover its operational costs, and if it fails to manage such costs, its profitability and financial position may be adversely affected. In the event the Group is not able to provide comparable services at lower prices or respond more quickly to market trends than future or existing competitors, its business, results of operations and financial condition may be adversely affected. In addition, the process of integrating the new businesses with the existing businesses may require a substantial amount of time and resources before the expected synergies may be achieved. As such, the positive impact may not be experienced by the Group immediately. If the Group fails to integrate the new or acquired businesses into the Group successfully or manage such future businesses profitably, it may result in the Group's expansion or diversification plans not being met, and cash generation and profitability may decline.

Participation in new businesses, strategic alliances, acquisitions or investments similarly involves numerous risks, including but are not limited to difficulties in the assimilation of the management, operations, services, products and personnel, and the possible diversion of management attention from other business concerns. The successful implementation of its growth strategies depends on its ability to identify suitable opportunities, business partners and the successful integration of their operations with the Group's. There can be no assurance that the Group will be able to execute such growth strategies successfully and as such, its participation in any new businesses, strategic alliances, acquisitions or investments could fall short of expectations.

From time to time, disputes may arise between the Group and its joint venture partners for various reasons, such as disputes over project, material and/or contract specifications. In the event such disputes between the Group and any of its joint venture partners arise which cannot be resolved satisfactorily and amicably, the Group may be the subject of legal or arbitration proceedings and would be required to incur costs in defending itself. The Group would also be unable to continue its collaborations with such a joint venture partner which in turn may affect the Group's business, results of operations and financial condition.

An enlarged scope of business ensuing from the Group's expansion and/or diversification plans may expose the Group to new business risks, and accordingly, may change the Group's risk and investment profile. There is no assurance that the Group will be able to eliminate or otherwise mitigate such business risks. In the event that the Group is unable to manage any new business risks effectively, this may have a material adverse effect on its business, results of operations and financial condition.

***The Group may be subject to increases in input costs and operating expenses.***

The Group's profitability is affected by a variety of input costs including diesel, transportation costs and wages to crew and workers. These input costs may represent a significant portion of the total cost of the services the Group provides to its customers. Any increases in these input costs could result in an increase in the Group's cost of sales and adversely affect the Group's business, results of operations and financial condition.

In addition, the Group's operating expenses may increase due to various factors, including the following:

- changes in statutory laws, regulations or government policies which increase the cost of compliance with such laws, regulations or policies in any countries in which it operates or may operate in the future;
- increases in insurance premiums;
- increases in the rate of inflation;
- increase in labour costs;
- increase in repair and maintenance costs; and
- increases in advertising and promotion expenses and other management costs and increases in utility charges.

There can be no assurance that the Group will be able to maintain its current level of operating expenses, or that it would be able to pass on such increases to its customers. In the event that its operating expenses increase significantly, this may have a significant adverse impact on the profitability and financial condition of the Group.

***The Group may incur substantial capital expenditures in order to expand its fleet and maintain its vessels.***

The Group has expanded its operating fleet from one vessel in 2010 to 26 vessels as at the Latest Practicable Date (taking into account the expected delivery of four vessels to be delivered by 30 April 2014). The growth strategy of the Group includes the continued expansion of its fleet through the acquisition of new vessels which will require significant capital expenditures. In addition, capital expenditures are required in order to maintain the operational quality of the Group's vessels. These expenditures increase with the age of the vessels and include costs of repairs, surveys, drydocking vessels and modifying vessels in order to maintain or increase the operating capacity of the fleet of the Group.

The Group's vessels are drydocked periodically for repairs and maintenance. Vessels may also need to be drydocked in the event of accidents or other unforeseen damage. The capital expenditures of the Group for repairs and maintenance may increase as a result of a variety of factors, including:

- increases in the cost of labour, materials and spare parts;
- changes in customer requirements;
- increases in the size of the fleet of the Group or the cost of replacement vessels;
- changes in technical developments for chartered vessels;
- defects and deficiencies of the Group's vessels;
- changes in governmental regulations and maritime self-regulatory organisation standards relating to safety, security or the environment; and
- changes in competitive standard.

Such increases in capital expenditures for repairs and maintenance may, in turn, restrict the types of activities in which the Group's vessels may engage in and may force the Group to take its vessels out of service for longer periods of time or more often than planned in order to perform necessary repairs or modify the vessels to conform with new regulations or other requirements. There can be no assurance that the Group's vessels will not require extensive repairs, which would result in significant expense and extended periods of downtime. Such an occurrence would have a material adverse effect on the Group's financial condition and results of operations. In addition, given such capital expenditures, the Group cannot guarantee that, as its vessels age, the Group will be able to operate its vessels profitably during the remainder of their useful lives. Should the Group choose to sell certain vessels, the Group cannot be certain that the price at which such vessels are sold will not be less than their book value, which would materially adversely affect its business, financial position and results of operations.

***The Group may experience limited availability of funds and/or face difficulties financing capital expenditures.***

Although the Group has previously financed its vessel acquisitions through bank borrowings, the Group may require additional financing to acquire additional vessels. Declining vessel values could adversely affect the Group's ability to raise sufficient cash on acceptable terms or at all. Declining vessel values could also lead to a breach of loan covenants, which could give rise to events of default under the Group's financing agreements. If the recoverable amount of its vessels declines, the Group may be required to recognise impairment losses in its income statement as a component of its profit (or loss) from operations. This could have a material adverse effect on its results of operations and its ability to purchase more vessels. In addition, the market value of the Group's fleet may decline below book value as the vessels age, and it will incur losses if it sells the vessels below the depreciated book value.

The Group may also require additional financing to fund working capital requirements, to support the growth and expansion of its business and/or to refinance existing debt obligations. If cash flow from the Group's operations is insufficient to fund its ongoing activities and to implement its fleet or other expansion strategies, the Group may be required to obtain additional bank loans, debt or equity financing. The Group cannot guarantee that it will be able to obtain such future financing as may be required, or that the Group will be able to obtain subsequent financing on terms that are as attractive as its previous financing, or at all. In addition, the terms of any other indebtedness incurred by the Group may restrict its ability to incur additional debt. The restrictions will reduce the availability of the Group's cash flow to fund capital expenditures, working capital and other general corporate purposes, and limit its flexibility in planning for, or reacting to, changes in its business and industry. Failure to obtain financing on a timely basis, or at all, may cause the Group to forfeit or forgo various business opportunities, including the Group's fleet expansion plan. Failure to obtain financing on attractive terms may result in increased financing costs and could adversely affect the Group's earnings and financial position.

***The Group is exposed to credit risks and risks arising from credit terms extended to its customers.***

The Group is exposed to credit risks due to the inherent uncertainties in its customers' business environment. These include political, social, legal, economic and foreign exchange risks, as well as those arising from unanticipated events or circumstances. There is no assurance in relation to the timeliness of its customers' payments and whether they will be able to fulfil their payment obligations. The reasons for such non-payment, payment delays or other defaults may include the customer's insolvency or bankruptcy, a general downturn in the market for vessels and offshore support services, an inability by the customer to raise sufficient financing for the purchase of the vessel and strategic or other business-related decisions by the customer. If the Group's customers face cash flow problems and are unable to settle or promptly settle trade debts due to it, its financial position may be adversely affected.

The Group is also subject to payment delays and/or defaults by customers who are granted credit terms. In general, the Group extends a credit term of 30 days to its customers. There can be no assurance that the Group's customers will make payment to the Group when such payment is due. Should the Group's customers be unable to meet their payment obligations to the Group in a timely fashion or at all, the financial performance of the Group may be adversely affected.

***The Group may be affected by any possible loss of major customers.***

There is no assurance that the Group will be able to continue to retain its major customers or that its customers will maintain or increase their current level of business with the Group. As at the Latest Practicable Date, the Group's major customers include service providers to the offshore oil and gas industry such as the Swiber Group and a leading national oil company. Please see the section "The Issuer – 9. The Group's Strategic Business Relationship with the Swiber Group" for the scope of services provided by the Group to the Swiber Group. In addition, because transactions with the Swiber Group constitute interested person transactions, the Issuer has to seek a general mandate from its shareholders in order to carry out these transactions on a recurring basis. The existing interested person transaction mandate, unless revoked or varied by the Issuer in a general meeting, is expected to continue in force until the next Annual General Meeting is held or is required by law to be held, whichever is the earlier. In the event the Swiber Group ceases to have, or materially reduces its, business dealings with the Group or if the Issuer fails to obtain the approval of its shareholders for renewing the general interested person transactions mandate and is thereby restricted from entering into transactions with the Swiber Group, the Group's business, results of operations and financial condition may be adversely affected.

In the event that any of the Group's major customers ceases to have business dealings with it or materially reduces the level of business activities with it, the Group's business, results of operations and financial condition may be adversely affected.

***The Group's revenue contribution from the Middle East is expected to contribute very significantly to its financial results and any major decline in business activity in that region may adversely affect the Group.***

As at the Latest Practicable Date, more than 80% of the Group's revenue in FY2014 is expected to be contributed by its business and operations in the Middle East.

Accordingly, in the event that levels of activity surrounding the exploration, development and production of oil and natural gas are to decline significantly, such a decline can have a disproportionately negative effect on the Group's business, financial condition and results of operations.

Further, any major adverse developments in the political, economic and security of the Middle East region such as civil conflict or social uprisings may similarly have an adverse impact on the Group's business operations in the region and hence may have a negative effect on the Group's business, financial condition and results of operations.

***Any delay in the delivery of new vessels may have a material adverse effect on the business, results of operations and financial condition of the Group.***

The Group's fleet expansion programme is part of its growth strategy that involves new orders for vessels. The Group has developed its business strategies on the assumption that the vessels will be delivered on time and that the vessels will perform in the manner indicated by their design specifications. A significant delay in the delivery of the vessels or a significant performance deficiency of the new vessels could have a material adverse effect on the Group's business, results of operations and financial condition. Delivery delays can occur as a result of problems with the Group's shipbuilders, insolvency or force majeure events that are beyond the Group's control or that of its shipbuilders, or for other reasons. These events and the losses associated therewith, to the extent that they are not adequately covered by contractual remedies or insurance, could adversely affect the Group's financial results.

The Group's existing vessels are taken out of service at regular intervals so that routine inspections and maintenance can be conducted. Should the vessels require more extensive repairs than those typically expected, there could be delays in bringing them back into service. Such delays could have a material adverse effect on the business, results of operations and financial condition of the Group.

***The Group's future growth may be limited by the capabilities of its vessels.***

The Group's future growth may be limited by the capacity of its vessels in terms of engine horsepower, the physical dimensions of barges, the type of equipment on board the vessels and the ability of the vessels to perform certain tasks. In the event that the capabilities of the Group's vessels are not able to meet the requirements of its existing and potential offshore marine support customers, some of them may charter vessels from the Group's competitors. These events may cause the Group to lose some customers, which would have an adverse effect on its future growth.

***The Group is subject to substantial hazards and risks inherent in its chartering business.***

The Group's vessels are subject to weather and environmental conditions. Adverse changes in weather and environmental conditions, such as the occurrence of typhoons, tsunamis and earthquakes in the areas where the Group operates may cause damage to its vessels. In addition, the operations of the Group's vessels are exposed to inherent risks of marine disasters such as oil spills, collisions that could result in damage to and/or loss of vessels as well as equipment and offshore structures which are carried onboard the Group's vessels, property loss, interruptions to operations caused by adverse weather conditions and mechanical failures. In the event of an oil spill or offshore structures getting damaged or equipment getting damaged or lost, the Group may incur liability for containment, cleanup and salvage costs and other damages. The Group may also be liable for damages sustained in collisions and wreck removal charges arising from the operations of its vessels. The Group's vessels may be involved in accidents, resulting in damage to or loss of vessels, equipment or offshore structures for which it may be exposed to claims from third parties. It may also be liable for substantial fines and penalties imposed by the authorities of the relevant jurisdictions. Any of such events will result in a reduction in revenue or increased costs.

***The Group is exposed to potential liability arising from any damage, injury or death resulting from accidents or other causes.***

Due to the nature of the Group's operations, it is subject to the risk of accidents occurring either to its employees or to third parties who may be involved in accidents while on its premises or vessels. These accidents may occur due to, among other things, fire, explosions or other incidents which may result in injury to persons, death or damage to property or vessels. While the Group has instituted safety procedures for its employees, it is unable to ensure that accidents resulting in injury or death to persons

or damage to property or vessels will not arise. The Group may be liable, whether contractually or under law, for any or all of such loss, damage, injury or loss of life. In the event of an accident that is not covered by the Group's insurance policies or where the insurance claims are in excess of its insurance coverage or are contested by the insurance companies, its financial performance and position may be adversely affected.

In addition, the Group has, under the terms of certain charter contracts, waived its right of claim or recovery against its charterers, their contractors or sub-contractors in respect of any loss of or damage to its vessels, property or equipment, economic loss suffered by it, injuries to or death of any persons arising out of any act, omission or default on the part of its charterers, their contractors or subcontractors. In the event that this occurs and the Group is unable to claim against its insurers in respect of any of the aforesaid loss or damages, its financial performance and position may be adversely affected.

***The Group's insurance coverage may not be sufficient to cover its liabilities arising from the inherent risks associated with its business activities.***

The Group cannot always obtain insurance for its operating risks and it is not practical to cover/insure against all risks in all geographical areas. The Group's business operations subject it to inherent risks, such as equipment defects, malfunctions and failures, accidents, equipment misuse and natural disasters that can result in an uncontrollable flow of gas, fires or explosions. These events may cause a disruption or cessation in the Group's operations, and may adversely affect its business, results of operations and financial condition. These risks could expose the Group to substantial liability for personal injury, wrongful death, product liability, property damage, pollution and other environmental damage. Although the Group's protection and indemnity insurance insures it against the risks of oil spills, damage to and/or loss of vessels as well as equipment and offshore structures which are carried onboard its vessels sustained in collisions, there can be no assurance that all risks can be adequately covered/insured against all potential liabilities or that any insured sum will be paid. In the event of damages or losses in excess of the Group's insurance coverage, the Group may be required to make material compensation payments. This may cause the Group's business, results of operations and financial condition to be adversely affected.

The Group's insurance may not be adequate to cover all potential liabilities or risks to which it may be subject to. Furthermore, there is no assurance that insurance will be generally available in the future or, even if available, that the contributions/premiums will not increase or remain commercially justifiable. The occurrence of any of these events may result in the interruption of the Group's operations, damage to its reputation and subject the Group to significant losses or liabilities. If the Group incurs substantial liability and the insurance does not, or is insufficient to, cover its liability, its business, results of operations and financial condition may be adversely affected.

***The Group's vessels may be subject to arrest.***

The vessels chartered by the Group's customers may be subject to arrest arising from certain events affecting its customers. Crew members, suppliers of goods and services to a vessel, shippers of cargo and other parties may be entitled to maritime liens against that vessel (and, in some jurisdictions, any associated vessel owned or controlled by the same owner) for unsatisfied debts, claims or damages. In many jurisdictions, a maritime lienholder may enforce its lien by arresting a vessel and commencing foreclosure proceedings. This would apply even if vessels in the Group's fleet of vessels are chartered out (whether on a bareboat charter basis or otherwise). As the Group's customers are in possession of and have control over its vessels which have been chartered to them, any action taken against its customers may expose its vessels to arrest or other impounding actions. The arrest or attachment of one or more of the Group's vessels could result in the Group paying a substantial sum of money to have the arrest lifted if the lessee of the relevant vessel does not do so. Unless the Group takes timely actions to intervene in these proceedings, any loss of use of its vessels may have an adverse impact on its financial position.

Furthermore, if the Group sources for vessels for its customers, the vessels may be arrested or detained before they are supplied to the Group's customers. The arrest or detention of vessels may occur upon certain events such as where the vessels collide with and cause damage to other vessels or properties, where a claim for loss of life or personal injury involving the vessels arise, or where action is commenced against any vessel belonging to the Group, which also owns the vessel(s) taking out the action. In the event that any of the vessels of the Group is arrested or detained, the Group's business, results of operations and financial condition may be adversely affected.



***The Group is exposed to variation in interest rates.***

The Group finances its fleet of vessels partly by bank borrowings at floating interest rates. As at 31 December 2013, the Group has total bank borrowings amounting to approximately US\$69.1 million, with interest rates of between 3.8% and 5.2% per annum. The Group is exposed to interest rate risk since its borrowings are unhedged by interest rate swaps. Consequently, interest rate increases could have an adverse impact on the Group's business, results of operations and financial condition.

***The Group's business may be adversely affected by the loss of the services of its key management personnel.***

The Group's senior management team is instrumental in formulating the Group's business strategies and spearheading the growth of its business operations. The Group's ability to continue to attract, retain and motivate key personnel, other senior members of the management team and experienced personnel will have an impact on its operations. The competition for such employees is intense, and the loss of the services of one or more of these individuals without suitable and timely replacements or the inability to attract new qualified personnel at a reasonable cost, or at all, may lead to the loss or deterioration of important business relations which would have an adverse impact on the Group's business operations and the future prospects of the Group.

***The Group may not be able to attract and retain suitable employees.***

The continued growth of the Group's business in the future depends upon its ability to attract and retain suitable employees. The Group is likely to require additional operations, financial and administrative staff to support the growth of its operations. The competition for such employees is likely to be intense and the Group's failure to attract and retain suitable employees and the upward pressure on employee wages caused by a shortage of suitably skilled employees could have an adverse effect on its business, results of operations and financial condition.

***The Group operates in countries which may be affected by political risks.***

Some of the countries in which the Group operates have been affected by political upheavals, internal strife, civil commotions and terrorist attacks. These situations may recur and any occurrence of these political and social conditions in countries where the Group currently or may in the future operate, will affect the Group's ability to provide its services to its customers in certain countries. The Group's vessels may also be subject to seizure and arrest as a result of political and social conditions, or arising from government actions against the Group or its customers. Such conditions will affect the ability of the Group's offshore support vessels to call on the ports of such countries and its ability to provide offshore services to customers with operations in such countries.

Mandatory government actions or restrictions on vessels calling on the ports of countries in which the Group or its customers operate, foreign exchange controls, investment restrictions, national procurement policies which favour indigenous companies or other government actions will affect the Group's ability to provide its services to its customers and may also affect the ability of its customers to meet their payment obligations to the Group. Insurance premiums for the Group's operations and vessels will increase in the face of increased political risks in the countries where the Group or its customers operate. If such risks develop into actual events, the Group's business, results of operations and financial condition will be adversely affected.

***The vessels deployed in the Group's business are exposed to security threats and piracy.***

The vessels deployed in the Group's business operate in regions in which ships may encounter incidences of security threats such as piracy, terrorist attacks, wars/insurgency and internal strife. If such attacks occur and the Group's vessels are captured, destroyed or damaged, its financial position may be adversely affected. Other potential consequences arising from such attacks include the risk to the safety of the crew and ransom demands from the pirates. The Group has taken out hull and machinery policies in respect of certain vessels in its fleet that cover damage and/or loss (which are generally up to the hull values of the relevant vessels) to such vessels arising out of such attacks. However, in the event that the Group's vessels are attacked, destroyed or stolen resulting in damage and/or loss to its vessels in excess of the insurance coverage, this may adversely impact the Group's business, results of operations and financial condition.



***The Group is exposed to risks inherent in its international operations.***

Most of the Group's revenue is derived from operations outside Singapore. The scope and extent of the Group's operations outside of Singapore means the Group is exposed to the risks inherent in doing business abroad. These risks include:

- currency exchange rate fluctuations, devaluations, and restrictions on currency repatriation;
- unfavourable taxes, tax increases, and retroactive tax claims;
- the disruption of operations from labour and political disturbances;
- insurrection or war that may disrupt or limit markets;
- expropriation or seizure of the Group's property;
- nullification, modification or renegotiation of existing contracts;
- regional economic downturns; and
- import/export quotas and other forms of public and governmental regulation.

The Group cannot predict the nature of foreign governmental regulations applicable to its operations that may be enacted in the future. In many cases, its direct or indirect customer will be a foreign government. Changes in governmental regulations may be unfavourable towards the Group, thereby affecting its ability to compete in countries where it might otherwise have the equipment and technical capability to do so. These factors could have a material adverse effect on the Group's business, results of operations and financial condition.

***The Group's business may be affected by infectious communicable diseases.***

Endemic or pandemic outbreaks of avian influenza, the H1N1 virus or other infectious diseases or any other serious public health concerns could adversely impact the Group's business, results of operations and financial condition. The spread of any severe communicable disease may affect the operations of the Group's suppliers and customers, as well as the Group's own operations including its key management and employees. Typically, the crew whom the Group hires to operate its vessels in the course of providing offshore marine support services are engaged on a contractual basis and may have travelled or worked in other areas prior to deployment upon the Group's vessels. If any one of these crew members is suspected to have contracted or contracts infectious communicable diseases, the entire crew on the relevant vessel may have to be quarantined for an indeterminate period. This will disrupt the operations of the relevant vessel, which will have an adverse effect on the Group's business. In addition, the onshore staff may also be affected by such infectious communicable diseases which may result in a disruption of the Group's business.

The outbreak of infectious diseases in the countries in which the Group operates, if uncontrolled, could have an adverse effect on the overall business sentiments and environment in these countries, which may adversely affect the Group's business, results of operations and financial condition. In addition, such an outbreak, together with any resulting restrictions on travel and/or imposition of quarantines, could have a negative impact on the global economy and the Group's business activities, and could thereby adversely impact its operations and revenues. There can be no assurance that any precautionary measures taken against infectious diseases would be effective.

**RISKS RELATING TO LAWS AND REGULATIONS**

***The Group may be adversely affected if it is unable to maintain its existing licences, permits or approvals.***

The Group is required to have certain licences, permits and approvals to conduct its operations. In future, the Group may be required to renew such permits or obtain new permits and approvals. There is no assurance that the Group will be able to renew or obtain such licences, permits or approvals in the timeframe anticipated by the Group, or at all. Any failure to renew, maintain or obtain the required licences, permits or approvals, or the revocation or suspension of the licences, permits or approvals

of any of the companies in the Group or the imposition of any penalties, whether as a result of any infringement of any regulatory requirements or otherwise, may result in the interruption of, or delay to, the operations of the Group and may have an adverse impact on the Group's business and results of operations.

***The Group is subject to various international conventions governing the shipping industry.***

The Group is subject to various conventions under the IMO. Compliance with such conventions adds to the cost of operations. From time to time, the IMO may adopt new conventions which the Group's vessels need to comply with. If such conventions become more stringent in the future and/or additional compliance procedures are introduced, the Group's cost of operations may increase. If it is unable to comply with such conventions, its vessels may not be allowed to operate. This will have an adverse effect on its business, results of operations and financial condition.

***The Group is subject to appraisal and certification standards issued by independent certification authorities.***

Pursuant to the ISM Code, companies which have complied with the requirements of the ISM Code are issued with a Document of Compliance (by the relevant government authority of the jurisdictions in which their vessels are registered) in respect of each vessel that has complied with the requirements of the ISM Code. The Group's vessels are also subject to assessment by independent certification organisations for compliance with the requirements of international conventions for the prevention of pollution from ships.

The relevant authorities and certification organisations have the right to conduct inspections of the Group's vessels to ensure that the Group continues to comply with the relevant standards. Any material failure to comply with the standards or any changes in the standards which are implemented from time to time may cause the Group's certifications to be withdrawn. The Group's customers in the offshore oil and gas industry typically require the vessels which the Group provides to bear certain certifications. If the certifications are withdrawn, the Group would not be able to meet the requirements of its customers. This will adversely affect the Group's business, results of operations and financial condition.

***The Group is affected by changes in the tax law in Singapore which is applicable to income from the Group's vessels registered under the Singapore flag.***

As at the Latest Practicable Date, five of the Group's vessels are registered in Singapore. Pursuant to Section 13A of the ITA, income derived from the operation of the Group's Singapore-flagged vessels in international waters is exempted from income tax in Singapore. Any changes in the current tax law in Singapore applicable to the taxation of shipping income may adversely affect the amount of income tax payable by the Group and may have an adverse impact on its financial results.

***The Group is subject to changes in the tax rules or interpretations by the local tax authorities in the jurisdictions that the Group operates in.***

The Group's operations outside of Singapore are subject to the laws, regulations and policies of the various jurisdictions, including routine and special audits by the local tax authorities. Changes in the tax rules or interpretations by the local tax authorities in relation to the Group's operations (which may or may not have retrospective effect) may have a significant impact on the Group's tax exposure. While the Group may seek tax advice opinions from time to time in relation to its operations, there is no assurance that a tax position adopted (with or without a tax opinion) will not be successfully challenged by the tax authorities in those jurisdictions in which the Group may operate in. In such an event, the Group may be exposed to tax liabilities such as underpaid tax as well as penalties, which may adversely affect the Group's business, results of operations and financial position.

***The Group is subject to various international and local laws and regulations in which its vessels are registered and the countries in which its vessels operate.***

The countries in which the Group's vessels operate have laws and regulations which the Group is required to comply with, including requirements to apply for licences or operate under laws and regulations that may impose onerous conditions on the conduct of its operations. Such laws and regulations are becoming increasingly complex and stringent and compliance may become increasingly difficult and costly.

Some of these laws and regulations may expose the Group to liability for the conduct of or conditions caused by others, or for the Group's acts, even if such acts had complied with all applicable laws at the time of performance, and the Group may be required to pay significant fines and penalties in the event of non-compliance. In the event of a tightening of the regulatory regime (whether through the introduction of new laws or regulations, amendments to existing laws or regulations, an increase in enforcement actions or otherwise), the Group's business activities may be curtailed or restricted, thereby affecting its business, results of operations and financial condition.

In addition, changes to laws or regulations in the jurisdictions in which the Group operates may require the Group to modify its facilities or operations or incur capital expenditure and other expenses that could have an effect on the Group's operating results. In the event that the relevant laws or regulations in any of the jurisdictions in which the Group operates are changed, no assurance can be given that the ensuing steps taken by the Group to comply with such new laws or regulations will not have a material adverse effect on its business, results of operations and financial condition.

***The Group is subject to various international and local environmental protection laws and regulations.***

The Group is required to ensure that its operations are in compliance with the relevant environmental legislation governing its activities in each of the jurisdictions in which the Group operates. The Group's business relies on charter income for its revenue. In certain cases, for example where changes in governmental safety or environmental laws or regulations require alterations and/or additions to the Group's vessels to ensure that such vessels are compliant with these regulations, or where such vessels are required to undergo heavier than expected maintenance, modification and/or retrofitting or special survey, the Group's vessels may be out of service for long periods of time, which may result in the revenue and profits of the Group being materially and adversely affected.

The Group's operations are also subject to laws and regulations that relate directly or indirectly to the oil and gas and offshore marine industries, including those relating to the discharge of oil or other contaminants into the environment and protection of the environment. The Group is required by its customers, governments and regulatory agencies to maintain health, safety and environmental standards in the course of providing its services. In the event of any changes in these standards, the Group may have to incur additional expenses to comply with the new standards. Any failure to maintain standards may result in the cancellation of the Group's present contracts, the Group not being awarded new contracts or regulatory authorities imposing fines, penalties and sanctions on the Group, revoking its licences and permits or prohibiting the Group from continuing its operations, each of which could have an adverse effect on the Group.

A failure to maintain health, safety and environmental standards could also result in injuries, death, damage to property and to the environment, and liability and damage to the Group's reputation, which may adversely affect the Group's business, results of operations and financial condition. Environmental protection laws and regulations may also have the effect of curtailing offshore exploration, development and production activities by the Group's customers. This would reduce the demand for the Group's services, which would have an adverse impact on the Group's business, results of operations and financial condition. In addition, some environmental laws impose joint and several "strict liability" for cleaning up spills and releases of oil and hazardous substances, regardless of whether the Group was negligent or at fault.

In the event of a tightening of the environmental regulatory regime (whether through the introduction of new laws or regulations, amendments to existing laws or regulations, an increase in enforcement actions or otherwise), the Group's business activities may be curtailed or restricted, thereby affecting its results of operations.

***The Group may be affected by cabotage laws and regulations imposed by governmental authorities in international markets and may not be able to enter or continue to operate in affected markets.***

The Group's ability to operate in and/or enter into certain markets may also be adversely affected by cabotage regulations in the countries where its vessels operate. Cabotage regulations for vessels may require, among other things, the awarding of contracts to local contractors, the employment of local citizens, the purchase of supplies from local vendors that favour or require local ownership and the flagging of vessels to the country in which it operates.

***The Group may be involved in legal and other proceedings from time to time.***

The Group is exposed to legal claims from regulators, customers or third parties. Across its operations, it may be involved in various legal disputes. These disputes may lead to legal and other proceedings and may cause it to suffer additional costs and operational delays. In the event that such proceedings are resolved in favour of other parties against the Group, there may be an adverse impact on its business, result of operations, financial condition and its level of distributable income.

**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 Singapore law or is required by Euroclear and/or Clearstream, Luxembourg and/or CDP and/or any other clearing system in which the Securities may be held, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed which is in the opinion of the Trustee not materially prejudicial to the interests of the Securityholders.

***A change in Singapore law which governs the Securities may adversely affect Securityholders.***

The Securities are governed by Singapore law in effect as at the date of issue of the Securities. No assurance can be given as to the impact of any possible judicial decision or change to Singapore law or administrative practice after the date of issue of the Securities.

***The Securities may be represented by Global Securities or Global Certificates and holders of a beneficial interest in a Global Security or Global Certificate must rely on the procedures of the relevant Clearing System (as defined below).***

Securities issued under the Programme may be represented by one or more Global Securities or Global Certificates. Such Global Securities or Global Certificates will be deposited with or registered in the name of, or in the name of a nominee of, a common depository for Euroclear and Clearstream, Luxembourg, or lodged with CDP (each of Euroclear, Clearstream, Luxembourg and CDP, a “**Clearing System**”). Except in the circumstances described in the relevant Global Security or Global Certificate, investors will not be entitled to receive Definitive Securities. The relevant Clearing System will maintain records of their accountholders in relation to the Global Securities and Global Certificates. While the Securities are represented by one or more Global Securities or Global Certificates, investors will be able to trade their beneficial interests only through the relevant Clearing System.

While the Securities are represented by one or more Global Securities or Global Certificates, the Issuer will discharge its payment obligations under the Securities by making payments to the common depository for Euroclear and/or Clearstream, Luxembourg or, as the case may be, to CDP, for distribution to their accountholders or, as the case may be, to the Issuing and Paying Agent for distribution to the holders as appearing in the records of the relevant Clearing System. A holder of a beneficial interest in a Global Security or Global Certificate must rely on the procedures of the relevant Clearing System to receive payments under the relevant Securities. The Issuer bears no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Securities or Global Certificates.

Holders of beneficial interests in the Global Securities and Global Certificates will not have a direct right to vote in respect of the relevant Securities. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System to appoint appropriate proxies.

***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 and/or associated companies, political, economic, financial and any other factors that can affect the capital markets, the industry, the Issuer, its subsidiaries and/or associated companies and/or joint venture companies generally. Adverse economic developments in Singapore as well as countries in which the Issuer, its subsidiaries and/or associated companies and/or joint venture companies 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 and joint venture companies.



***Interest rate risk.***

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

***Inflation risk.***

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

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

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

***The forward-looking statements in this Information Memorandum may prove inaccurate.***

This Information Memorandum contains forward-looking statements. These forward-looking statements are based on a number of assumptions which are subject to uncertainties and contingencies, many of which are outside of the Issuer's control.

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

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

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

***Credit ratings may not reflect all risks.***

One or more independent credit rating agencies may assign credit ratings to the Securities. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Securities. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

***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 “Singapore Taxation”.

However, there is no assurance that such Notes will continue to enjoy the tax concessions in connection therewith should the relevant tax laws 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, holders of Perpetual Securities should be aware that they may be required to bear the financial risks of an investment in Perpetual Securities for an indefinite period of time.

### ***If specified in the relevant Pricing Supplement, Perpetual Securityholders may not receive distribution payments if the Issuer elects to not to pay all or a part of a distribution under the 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 the date fixed for redemption. In addition, if specified on the relevant Pricing Supplement, the Issuer may, at its option, redeem the Perpetual Securities in whole, but not in part, on any Distribution Payment Date, or any time after such Distribution Payment Date, upon the occurrence of certain other events. Please refer to "Terms and Conditions of the Perpetual Securities — Redemption and Purchase".

The date on which the Issuer elects to redeem the Perpetual Securities may not accord with the preference of individual Perpetual Securityholders. This may be disadvantageous to Perpetual Securityholders in light of market conditions or the individual circumstances of the holder of Perpetual Securities. In addition, an investor may not be able to reinvest the redemption proceeds in comparable securities at an effective distribution rate at the same level as that of the Perpetual Securities.

***There are limited remedies for default under the Perpetual Securities.***

Any scheduled distribution will not be due if the Issuer elects to 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 holders of Perpetual Securities on a winding-up of the Issuer, and may increase the likelihood of a deferral of distribution under the Perpetual Securities. The issue of any such securities or the incurrence of any such other liabilities or the redemption of any such securities might also have an adverse impact on the trading price of the Perpetual Securities and/or the ability of holders of Perpetual Securities to sell their Perpetual Securities.

***The Subordinated Perpetual Securities are subordinated obligations.***

The obligations of the Issuer under the Subordinated Perpetual Securities will constitute unsecured and subordinated obligations of the Issuer. In the event of the winding-up of the Issuer, the rights of the holders of Subordinated Perpetual Securities to receive payments in respect of the Subordinated Perpetual Securities will rank senior to the holders of all Junior Obligations and *pari passu* with the holders of all Parity Obligations, but junior to the claims of all other creditors, including, for the avoidance of doubt, the holders of Senior Perpetual Securities and/or Notes. In the event of a shortfall of funds or a winding-up, there is a real risk that an investor in the Subordinated Perpetual Securities will lose all or some of its investment and will not receive a full return of the principal amount or any unpaid Arrears of Distribution, Additional Distribution Amounts or accrued distribution.

In addition, subject to the limit on the aggregate principal amount of Securities that can be issued under the Programme (which can be amended from time to time by the Issuer without the consent of the Securityholders), there is no restriction on the amount of unsubordinated securities or other liabilities which the Issuer may issue or incur and which rank senior to, or *pari passu* with, the Subordinated Perpetual Securities. The issue of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by holders of Subordinated Perpetual Securities on a winding-up of any Issuer and/or may increase the likelihood of a non-payment of distribution under the Subordinated Perpetual Securities.

***Tax treatment of the Perpetual Securities is unclear.***

It is not clear whether any particular tranche of the Perpetual Securities (the “**Relevant Tranche of the Perpetual Securities**”) will be regarded as debt securities by the Inland Revenue Authority of Singapore (“**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 “Singapore Taxation”) would apply to the Relevant Tranche of the Perpetual Securities.

If the Relevant Tranche of the Perpetual Securities are 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 (after deducting issue expenses) will be used for general corporate purposes, including refinancing of borrowings, financing investments and capital expenditure requirements and the general working capital of the Issuer or its subsidiaries or such other purpose as specified in the 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 Issuing and Paying Agent or any other agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

### Clearance and Settlement under Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants, thereby eliminating the need for physical movements of certificates and any risks from lack of simultaneous transfer. Euroclear and Clearstream, Luxembourg provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg each also deals with domestic securities markets in several countries through established depository and custodial relationships. The respective systems of Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems which enables their respective participants to settle trades with one another. Euroclear and Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream, Luxembourg is also available to other financial institutions, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

A participant's overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under those rules and operating procedures only on behalf of their respective participants, and have no record of, or relationship with, persons holding any interests through their respective participants. Distributions of principal with respect to book-entry interests in the Securities held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the relevant Paying Agent, to the cash accounts of the relevant Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.



## SINGAPORE TAXATION

*The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by the Inland Revenue Authority of Singapore ("IRAS") and MAS in force as at the date of this Information Memorandum and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, which changes could be made on a retroactive basis. These laws, guidelines and circulars are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Information Memorandum are intended or are to be regarded as advice on the tax position of any holder of the Securities or of any person acquiring, selling or otherwise dealing with the Securities or on any tax implications arising from the acquisition, sale or other dealings in respect of the Securities. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Securities and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Holders or prospective holders of the Securities are advised to consult their own tax advisers as to the Singapore or other tax consequences of the purchase, ownership or disposal of the Securities, including, in particular, the effect of any foreign, state or local laws to which they are subject. It is emphasised that none of the Issuer, the Arranger, and any other persons involved in the Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Securities.*

*In addition, the disclosure below is on the assumption that the IRAS regards each tranche of the Perpetual Securities as "debt securities" for the purposes of the ITA and that distribution payments made under each tranche of the Perpetual Securities will be regarded as interest payable on indebtedness and holders thereof may therefore enjoy the tax concessions and exemptions available for qualifying debt securities, provided that the other conditions for the Qualifying Debt Securities Scheme are satisfied. If any tranche of the Perpetual Securities is not regarded as "debt securities" for the purposes of the ITA and holders thereof are not eligible for the tax concessions under the Qualifying Debt Securities Scheme, the tax treatment to holders may differ. Investors and holders of any tranche of the Perpetual Securities should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of any tranche of the Perpetual Securities.*

### **1. Interest and Other Payments**

Subject to the following paragraphs, under Section 12(6) of the ITA, the following payments are deemed to be derived from Singapore:

- (a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or
- (b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15.0 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.

However, certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

- (a) interest from debt securities derived on or after 1 January 2004;
- (b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and
- (c) prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

In addition, as the Programme as a whole is arranged by DBS Bank Ltd., which is a Financial Sector Incentive (Standard Tier) Company (as defined in the ITA), any tranche of the Securities ("**Relevant Securities**") issued as debt securities under the Programme during the period from the date of this Information Memorandum to 31 December 2018 would be, 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 funds from that person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the "**Qualifying Income**") from the Relevant Securities derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Securities are not obtained from such person's operation through a permanent establishment in Singapore, are exempt from Singapore tax;
- (ii) subject to certain conditions having been fulfilled (including the furnishing 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.; 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 to MAS and such other relevant authorities as may be prescribed 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,

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 the issue of such Relevant Securities is held beneficially 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.

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

Under the Qualifying Debt Securities Plus Scheme (“**QDS Plus Scheme**”), subject to certain conditions having been fulfilled (including the submission 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) either –
  - (i) if they are issued before 28 June 2013, cannot be redeemed, called, exchanged or converted within 10 years from the date of their issue; or
  - (ii) if they are issued on or after 28 June 2013, cannot have their tenure shortened to less than 10 years from the date of their issue, except under such circumstances as may be prescribed by regulations; and
- (d) cannot be re-opened with a resulting tenure of less than 10 years to the original maturity date.

In addition, the tax exemption on Qualifying Income from QDS under the QDS Plus Scheme will not apply to any Qualifying Income derived from QDS issued on or after 28 June 2013 that is derived on or after the date on which the tenure of any portion of those QDS is shortened to less than 10 years from the date of their issue, where the shortening of the tenure occurs under such circumstances as may be prescribed by regulations.

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 the issue of such Relevant Securities is held beneficially 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 10<sup>th</sup> 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 who are required to apply the Financial Reporting Standard 39 – Financial Instruments: Recognition and Measurement (“**FRS 39**”), may for Singapore income tax purposes be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Securities, irrespective of disposal, in accordance with FRS 39. Please see the section below on “Adoption of FRS 39 Treatment for Singapore Income Tax Purposes”.

## **3. Adoption of FRS 39 Treatment for Singapore Income Tax Purposes**

The IRAS has issued a circular entitled “Income Tax Implications Arising from the Adoption of FRS 39 - Financial Instruments: Recognition & Measurement” (the “**FRS 39 Circular**”). The ITA has since been amended to give effect to the FRS 39 Circular.

The FRS 39 Circular generally applies, subject to certain “opt-out” provisions, to taxpayers who are required to comply with FRS 39 for financial reporting purposes.

Holders of the Securities who may be subject to the tax treatment under the FRS 39 Circular should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Securities.

## **4. Estate Duty**

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

## SUBSCRIPTION, PURCHASE AND DISTRIBUTION

The Programme Agreement provides for Securities to be offered from time to time through one or more Dealers. The price at which a Series or Tranche will be issued will be determined prior to its issue between the Issuer and the relevant Dealer(s). The obligations of the Dealers under the Programme Agreement will be subject to certain conditions set out in the Programme Agreement. Each Dealer (acting as principal) will subscribe or procure subscribers for Securities from the Issuer pursuant to the Programme Agreement.

### United States

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

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

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Programme Agreement, it will not offer, sell or deliver the Securities, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of an identifiable tranche of which such Securities are a part, as determined and certified to the Issuing and Paying Agent by such Dealer (or, in the case of an identifiable tranche of Securities sold to or through more than one Dealer, by each of such Dealers with respect to Securities of an identifiable tranche purchased by or through it, in which case the Issuing and Paying Agent shall notify such Dealer when all such Dealers have so certified), within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each Dealer to which it sells Securities during the distribution compliance period a confirmation or other notice setting out the restrictions on offers and sales of the Securities within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering of any identifiable tranche of Securities, an offer or sale of Securities within the United States by any dealer (whether or not participating in the offering of such Securities) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration requirements under the Securities Act.

### Hong Kong

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

- (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Securities, except for Notes which are a “structured product” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong, other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and
- (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.



## **Singapore**

Each Dealer has acknowledged that this Information Memorandum has not been registered as a prospectus with the MAS. Accordingly, each Dealer has represented, warranted and agreed that it has not offered or sold any Securities or caused the Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell any Securities or cause the Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Securities, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

## **General**

Each Dealer understands that no action has been taken in any jurisdiction that would permit a public offering of any of the Securities, or possession or distribution of this Information Memorandum or any other document or any Pricing Supplement, in any country or jurisdiction (other than Singapore) where action for that purpose is required.

Each Dealer has agreed that it will comply with all laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Securities or any interest therein or rights in respect thereof or has in its possession or distributes or publishes any prospectus, circular, advertisement or any other document (including the Information Memorandum or any Pricing Supplement).

*Any person who may be in doubt as to the restrictions set out in the SFA or the laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers the Securities or any interest therein or rights in respect thereof and the consequences arising from a contravention thereof should consult his own professional advisers and should make his own inquiries as to the laws, regulations and directives in force or applicable in any particular jurisdiction at any relevant time.*

## GENERAL AND OTHER INFORMATION

### INFORMATION ON DIRECTORS

1. The Board of Directors of the Issuer and their business experience are set out on pages 91 and 92 of this Information Memorandum.
2. No Director is or was involved in any of the following events:
  - (a) a petition under any bankruptcy laws filed in any jurisdiction against such person or any partnership in which he was a partner or any corporation of which he was a director or an executive officer;
  - (b) a conviction of any offence, other than a traffic offence, or judgment, including findings in relation to fraud, misrepresentation or dishonesty, given against him in any civil proceedings in Singapore or elsewhere, or being a named subject to any pending proceedings which may lead to such a conviction or judgment, or so far as such person is aware, any criminal investigation pending against him; or
  - (c) the subject of any order, judgment or ruling of any court of competent jurisdiction, tribunal or government body, permanently or temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.
3. The Directors are not related by blood or marriage to one another nor are they related to any substantial shareholder of the Issuer.
4. The interests of the Directors and the substantial shareholders of the Issuer in the Shares as at the Latest Practicable Date are as follows:

#### Directors

Name	Direct Interest		Deemed Interest	
	No. of shares	%	No. of shares	%
Raymond Kim Goh	23,000,000	1.10	—	—
Yeo Chee Neng	10,000,000	0.48	—	—
Ling Yong Wah	—	—	—	—
Yeo Jeu Nam	1,300,000	0.06	—	—
Bote de Vries	—	—	—	—

#### Substantial Shareholders

Name	Direct Interest		Deemed Interest	
	No. of shares	%	No. of shares	%
Swiber Holdings Limited	534,534,986	25.57	—	—
Rawabi Holding Company Limited	510,000,000	24.40	—	—
Mr Abdul Aziz Ali Alturki*	—	—	510,000,000	24.40

- \* Mr Abdul Aziz Ali Alturki is deemed to be interested in the shares of Vallianz Holdings Limited as he is the substantial shareholder of Rawabi Holding Company Limited.

## SHARE CAPITAL

5. As at the date of this Information Memorandum, there is only one class of ordinary shares in the Issuer. The rights and privileges attached to the Shares are stated in the Articles of Association of the Issuer.
6. The issued share capital of the Issuer as at the Latest Practicable Date is as follows:

Share Designation	Issued Share Capital	
	(Number of Shares)	Amount
Ordinary Shares	2,035,412,000	US\$94,291,000

## BORROWINGS

7. Save as disclosed in Appendix IV, the Group had as at 31 December 2013 no other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trading bills) or acceptance credits, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

## WORKING CAPITAL

8. The Directors are of the opinion that, after taking into account the present banking facilities and the net proceeds of the issue of the Securities, the Issuer will have adequate working capital for their present requirements.

## CHANGES IN ACCOUNTING POLICIES

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

## SIGNIFICANT OR MATERIAL CHANGE

10. Except as disclosed in this Information Memorandum, there has been no significant change in the financial or trading position of the Group since 31 December 2013 that will materially and adversely affect the financial position or prospects of the Group since 31 December 2013.

## LITIGATION

11. Except as disclosed in this Information Memorandum, there are no governmental, legal or arbitration proceedings pending or threatened against the Issuer or any of its subsidiaries the outcome of which if adversely decided may have a material adverse effect on the Issuer's or the Group's ability to conduct its business.

## DOCUMENTS AVAILABLE FOR INSPECTION

12. Copies of the following documents may be inspected at the registered office of the Issuer at 12 International Business Park, #03-02, Swiber@IBP, Singapore 609920 during normal business hours for a period of six months from the date of this Information Memorandum:
  - (a) the Memorandum and Articles of Association of the Issuer;
  - (b) the Trust Deed; and
  - (c) the audited accounts of the Issuer and its subsidiaries for the financial years ended 31 December 2011 and 31 December 2012 and the unaudited accounts of the Issuer and its subsidiaries for the financial year ended 31 December 2013.

## FUNCTIONS, RIGHTS AND OBLIGATIONS OF THE TRUSTEE

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

**AUDITED ACCOUNTS OF VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARIES  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2011**

The information in this Appendix II has been reproduced from the annual report of Vallianz Holdings Limited and its subsidiaries for the financial year ended 31 December 2011 and has not been specifically prepared for inclusion in this Information Memorandum and references to the page numbers herein are to those as reproduced from the annual report for the financial year ended 31 December 2011.

# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF VALLIANZ HOLDINGS LIMITED

### Report on the Financial Statements

We have audited the accompanying financial statements of Vallianz Holdings 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 2011 and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 35 to 74.

### 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 (the "Act") and Singapore Financial Reporting Standards and for devising and maintaining a system of internal accounting controls sufficient to provide reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

### Auditors' Responsibility

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

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

### Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2011 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date.

### Other Matters

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the year ended 31 December 2010 were audited by another auditor who expressed an unmodified opinion on those financial statements in their report dated 28 March 2011.

### Report on Other Legal and Regulatory Requirements

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

Deloitte & Touche LLP  
Public Accountants and  
Certified Public Accountants  
Singapore

28 March 2012

# STATEMENTS OF FINANCIAL POSITION

31 December 2011

		<b>Group</b>		<b>Company</b>	
	<b>Note</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
		<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	6	3,449	4,036	1,868	3,773
Trade receivables	7	2,294	108	91	-
Other receivables	8	7,030	9	5,443	4,509
Available-for-sale investments	9	86	86	86	86
Intangible asset		-	29	-	29
Total current assets		12,859	4,268	7,488	8,397
<b>Non-current assets</b>					
Plant and equipment	10	27,448	7,287	10	18
Subsidiaries	11	-	-	24,798	101
Associate	12	-	949	-	949
Available-for-sale investments	9	124,440	-	690	-
Total non-current assets		151,888	8,236	25,498	1,068
<b>Total assets</b>		<b>164,747</b>	<b>12,504</b>	<b>32,986</b>	<b>9,465</b>
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities</b>					
Term loans	13	14,084	600	-	-
Trade payables	14	2,434	-	-	-
Other payables	15	8,867	615	639	600
Total current liabilities		25,385	1,215	639	600
<b>Non-current liability</b>					
Term loans	13	83,224	2,100	-	-
<b>Capital and reserves</b>					
Share capital	16	54,647	31,509	54,647	31,509
Foreign currency translation reserve		(622)	-	-	-
Accumulated losses		(21,526)	(22,320)	(22,300)	(22,644)
Equity attributable to owners of the Company		32,499	9,189	32,347	8,865
Non-controlling interests		23,639	-	-	-
Total equity		56,138	9,189	32,347	8,865
<b>Total liabilities and equity</b>		<b>164,747</b>	<b>12,504</b>	<b>32,986</b>	<b>9,465</b>

See accompanying notes to financial statements.



# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2011

		1 January 2011 to 31 December 2011 US\$'000	1 April 2010 to 31 December 2010 US\$'000
	Note		
<b>Continuing operations</b>			
Revenue	17	5,878	616
Cost of sales		(1,405)	(231)
<b>Gross profit</b>		4,473	385
Other income	18	2,087	39
Administrative expenses		(2,847)	(479)
Share of loss of associate	12	-	(25)
Finance costs	19	(2,248)	(58)
<b>Profit (Loss) before tax from continuing operations</b>		1,465	(138)
Income tax	20	-	-
<b>Profit (Loss) for the year from continuing operations</b>	21	1,465	(138)
<b>Discontinued operations</b>			
Profit from discontinued operations	22	-	7
<b>Profit (Loss) for the year</b>		1,465	(131)

See accompanying notes to financial statements.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2011

		1 January 2011 to 31 December 2011 US\$'000	1 April 2010 to 31 December 2010 US\$'000
	Note		
<b>Other comprehensive income</b>			
Exchange differences on translation of foreign operations representing other comprehensive income for the year, net of tax		(1,405)	-
<b>Total comprehensive income (loss) for the year</b>		60	(131)
<b>Profit (Loss) for the year attributable to:</b>			
Owners of the Company		794	(131)
Non-controlling interests		671	-
		1,465	(131)
<b>Total comprehensive income (loss) attributable to:</b>			
Owners of the Company		172	(131)
Non-controlling interests		(112)	-
		60	(131)
<b>Earnings (Loss) per share (US cents)</b>			
Continuing operations:			
Basic and diluted	23	0.07	(0.03)
Continuing and discontinued operations:			
Basic and diluted	23	0.07	(0.03)

See accompanying notes to financial statements.

# STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2011

	<u>Note</u>	<u>Share capital</u> US\$'000	<u>Foreign currency translation reserve</u> US\$'000	<u>Accumulated losses</u> US\$'000	<u>Equity attributable to owners of the Company</u> US\$'000	<u>Non- controlling interests</u> US\$'000	<u>Total</u> US\$'000
<b>Group</b>							
Balance at 1 April 2010		25,517	-	(22,189)	3,328	-	3,328
Total comprehensive loss for the year		-	-	(131)	(131)	-	(131)
Issue of shares	16	5,992	-	-	5,992	-	5,992
Balance at 31 December 2010		31,509	-	(22,320)	9,189	-	9,189
Total comprehensive (loss) income for the year		-	(622)	794	172	(112)	60
Issue of shares	16	23,138	-	-	23,138	-	23,138
Acquisition of a subsidiary		-	-	-	-	231	231
Acquisition of assets and liabilities		-	-	-	-	19,600	19,600
Non-controlling interest's share of preference shares in a subsidiary issued during the year		-	-	-	-	3,920	3,920
<b>Balance at 31 December 2011</b>		<b>54,647</b>	<b>(622)</b>	<b>(21,526)</b>	<b>32,499</b>	<b>23,639</b>	<b>56,138</b>

See accompanying notes to financial statements.

# STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2011

	<u>Note</u>	<u>Share capital</u> US\$'000	<u>Accumulated losses</u> US\$'000	<u>Total</u> US\$'000
<b>Company</b>				
Balance as at 1 April 2010		25,517	(22,179)	3,338
Total comprehensive loss for the year		-	(465)	(465)
Issue of shares	16	5,992	-	5,992
Balance at 31 December 2010		31,509	(22,644)	8,865
Total comprehensive income for the year		-	344	344
Issue of shares	16	23,138	-	23,138
<b>Balance at 31 December 2011</b>		<b>54,647</b>	<b>(22,300)</b>	<b>32,347</b>

See accompanying notes to financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2011

	1 January 2011 to 31 December 2011 US\$'000	1 April 2010 to 31 December 2010 US\$'000
<b>Operating activities</b>		
Profit (Loss) before tax	1,465	(131)
Adjustments for:		
Depreciation of plant and equipment	953	240
Dividend income from investment securities	(2,334)	(9)
Gain on disposal of subsidiaries	-	(7)
Interest income	(1)	(2)
Share of loss of associate	-	25
Interest expenses	2,248	58
Unrealised exchange gain	(1,594)	-
Loss on disposal of associate	16	-
Loss on disposal of plant and equipment	117	-
Gain on bargain purchase	(24)	-
Operating cash flows before movement in working capital	846	174
Trade and other receivables	(1,600)	(111)
Trade and other payables	927	346
Cash generated from operations	173	409
Income tax paid	-	(2)
Net cash from operating activities	173	407
<b>Investing activities</b>		
Net cash (outflows) inflows from acquisition of subsidiary (Note 24)	(186)	101
Net cash outflows from acquisition of assets and liabilities (Note A)	(39,109)	-
Proceeds on disposal of plant and equipment	20	1
Dividends received	1,858	9
Proceeds from disposal of an associate	933	-
Investment in an associate	-	(974)
Interest received	1	2
Net cash flows from disposal of subsidiaries (Note 24)	-	(1)
Proceeds from disposal of held for trading investment securities	-	14
Investment in available-for-sale investment	(690)	-
Purchase of plant and equipment	-	(22)
Proceeds from disposal of intangible assets	29	-
Net cash used in investing activities	(37,144)	(870)

See accompanying notes to financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2011

	<b>1 January 2011 to 31 December 2011 US\$'000</b>	<b>1 April 2010 to 31 December 2010 US\$'000</b>
<b>Financing activities</b>		
Proceeds from shares issue	23,170	1,741
Proceeds from non-controlling shareholders	19,600	-
Transaction costs on issuance of shares	(32)	(369)
Proceeds from exercised share options	-	18
Repayment of loans	(4,163)	(300)
Interest paid	(2,248)	(58)
Investment in available-for-sale investment	(84,169)	-
Proceeds from new bank loans raised	84,229	-
Net cash from financing activities	<u>36,387</u>	<u>1,032</u>
Net (decrease) increase in cash and cash equivalents	(584)	569
Cash and cash equivalents at beginning of the year	4,036	3,467
Net effect of exchange rate changes due to cash and cash equivalents	(3)	-
<b>Cash and cash equivalents at end of year</b>	<u>3,449</u>	<u>4,036</u>

## **Note A**

On 30 June 2011, the Group acquired the following assets and liabilities from CSOTL Offshore Co. Limited for a cash consideration of US\$39,240,000.

	<b>2011 US\$'000</b>
Plant and equipment	175
Trade and other receivables	74,574
Cash and cash equivalents	131
Term loans	(2,310)
Trade and other payables	(33,330)
Net assets acquired and liabilities assumed	<u>39,240</u>

## **Net cash outflow on acquisition of assets and liabilities**

Consideration transferred	39,240
Less: cash and cash equivalents acquired	(131)
Net cash outflow on acquisition of assets and liabilities	<u>39,109</u>

## **Note B**

During the year, one of the subsidiaries issued non-cumulative preference shares to its non-controlling shareholder amounting to US\$3,920,000 which was settled by way of offsetting a corresponding payable to a related company of the major shareholder.

See accompanying notes to financial statements.



# NOTES TO FINANCIAL STATEMENTS

31 December 2011

## 1 GENERAL

The Company (Registration No. 199206945E) is incorporated in the Republic of Singapore with its principal place of business and registered office at 12 International Business Park #02-02, Swiber@IBP, Singapore 609920. The Company is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The financial statements are expressed in United States dollars.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are detailed in Note 11 to the financial statements.

During the current and prior periods, the Group has been engaged by various subsidiaries of its major shareholder to provide chartering services. The dividend income received by the Group is also derived from the cumulative preference shares issued by a related company of its major shareholder. The revenue from the related companies of major shareholder amounted to US\$5,515,000 (2010 : US\$616,000). Accordingly, the Group remains reliant on its major shareholder for its business.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2011 were authorised for issue by the Board of Directors on 28 March 2012.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**BASIS OF ACCOUNTING** - The financial statements are prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

**ADOPTION OF NEW AND REVISED STANDARDS** - In the current financial year, the Group has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2011. The adoption of these new/revised FRS and INT FRS does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

At the date of authorisation of these financial statements, the following FRSs and amendments to FRS that are relevant to the Group and the Company were issued but not effective:

- Amendments to FRS 1 *Presentation of Financial Statements - Amendments relating to Presentation of Items of Other Comprehensive Income*
- FRS 27 (Revised) *Separate Financial Statements*
- FRS 110 *Consolidated Financial Statements*
- FRS 112 *Disclosure of Interests in Other Entities*
- FRS 113 *Fair Value Measurement*

Management anticipates that the adoption of the above FRSs and amendments to FRS in future periods will not have a material impact on the financial statements of the Group and of the Company in the period of their initial adoption except for the following:

### **Amendments to FRS 1 *Presentation of Financial Statements - Amendments relating to Presentation of Items of Other Comprehensive Income ("OCI")***

The amendment on Other Comprehensive Income ("OCI") presentation will require the group to present in separate groupings, OCI items that might be recycled i.e., reclassified to profit or loss (e.g., those arising from cash flow hedging, foreign currency translation) and those items that would not be recycled (e.g. revaluation gains on property, plant and equipment under the revaluation model). The tax effects recognised for the OCI items would also be captured in the respective grouping, although there is a choice to present OCI items before tax or net of tax.

# NOTES TO FINANCIAL STATEMENTS

31 December 2011

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Changes arising from these amendments to FRS 1 will take effect from financial years beginning on or after 1 July 2012, with full retrospective application.

### **FRS 110 Consolidated Financial Statements and FRS 27 Separate Financial Statements**

FRS 110 replaces the control assessment criteria and consolidation requirements currently in FRS 27 and INT FRS 12 *Consolidation - Special Purpose Entities*.

FRS 110 defines the principle of control and establishes control as the basis for determining which entities are consolidated in the consolidated financial statements. It also provides more extensive application guidance on assessing control based on voting rights or other contractual rights. Under FRS 110, control assessment will be based on whether an investor has (i) power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the returns. FRS 27 remains as a standard applicable only to separate financial statements.

FRS 110 will take effect from financial years beginning on or after 1 January 2013, with full retrospective application.

### **FRS 112 Disclosure of Interests in Other Entities**

FRS 112 requires an entity to provide more extensive disclosures regarding the nature of and risks associated with its interest in subsidiaries, associates, joint arrangements and unconsolidated structured entities. FRS 112 will take effect from financial years beginning on or after 1 January 2013.

### **FRS 113 Fair Value Measurement**

FRS 113 is a single new standard that applies to both financial and non-financial items. It replaces the guidance on fair value measurement and related disclosures in other standards, with the exception of measurement dealt with under FRS 102 *Share-based Payment*, FRS 17 *Leases*, net realisable value in FRS 2 *Inventories* and value-in-use in FRS 36 *Impairment of Assets*.

FRS 113 provides a common fair value definition and hierarchy applicable to the fair value measurement of assets, liabilities, and an entity's own equity instruments within its scope, but does not change the requirements in other standards regarding which items should be measured or disclosed at fair value.

FRS 113 will be effective prospectively from annual periods beginning on or after 1 January 2013. Comparative information is not required for periods before initial application.

The Group is currently estimating the effects of the above FRSs and amendments to FRS in the period of initial adoption.

**BASIS OF CONSOLIDATION** - The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

# NOTES TO FINANCIAL STATEMENTS

31 December 2011

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interest of non-controlling shareholders that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured (at date of original business combination) either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

In the Company's financial statements, investments in subsidiaries and associates are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

**BUSINESS COMBINATIONS** - Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with FRS 39 *Financial Instruments: Recognition and Measurement*, or FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

# NOTES TO FINANCIAL STATEMENTS

31 December 2011

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

The accounting policy for initial measurement of non-controlling interests is described above.

FINANCIAL INSTRUMENTS - Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

### Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premium or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period.

### Available-for-sale financial assets

Preference shares held by the Group are classified as being available for sale and are stated at fair value. Fair value is determined in the manner described in Note 4. Gains and losses arising from changes in fair value are recognised in other comprehensive income with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income and accumulated in revaluation reserve is reclassified to profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established. The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in other comprehensive income. Certain unquoted equity investments held by the Group are classified as being available-for-sale and are stated at cost less any accumulated impairment losses.

# NOTES TO FINANCIAL STATEMENTS

31 December 2011

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Loans and receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

### Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For available-for-sale equity instruments, a significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of loans and receivables where the carrying amount is reduced through the use of an allowance account. When a loan and receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss. With the exception of available-for-sale instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any subsequent increase in fair value after an impairment loss is recognised in other comprehensive income.

### Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

## **Financial liabilities and equity instruments**

### Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

# NOTES TO FINANCIAL STATEMENTS

31 December 2011

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

### Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis, except for short-term payables when the recognition of interest would be immaterial.

Interest-bearing bank loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings.

### Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

LEASES - Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

### The Group as lessor

Charter hire income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

### The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

PLANT AND EQUIPMENT - Plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost less residual values or valuation of assets over their estimated useful lives, using the straight-line method, on the following bases:

Vessels	-	18 years
Computers	-	3 years
Office furniture and equipment	-	3 to 5 years



# NOTES TO FINANCIAL STATEMENTS

31 December 2011

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The estimated useful lives, residual values and depreciation method are reviewed at each period end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

**IMPAIRMENT OF NON-FINANCIAL ASSETS** - At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss.

**ASSOCIATES** - An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the consolidated statement of financial position at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are not recognised, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a Group entity transacts with an associate of the group, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

# NOTES TO FINANCIAL STATEMENTS

31 December 2011

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

**PROVISIONS** - Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**SHARE-BASED PAYMENTS** - The Group issues equity-settled share-based payments to certain employees.

Equity-settled share-based payments are measured at fair value of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

**REVENUE RECOGNITION** - Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts and sales related taxes.

### Rental and charter hire income

Revenue generated from charter hire is recognised on a straight-line basis over the period of the charter period.

### Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

**RETIREMENT BENEFIT COSTS** - Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

**EMPLOYEE LEAVE ENTITLEMENT** - Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

**INCOME TAX** - Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the company and subsidiaries operate by the end of the reporting period.

# NOTES TO FINANCIAL STATEMENTS

31 December 2011

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

**FOREIGN CURRENCY TRANSACTIONS** - The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in United States dollars, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

# NOTES TO FINANCIAL STATEMENTS

31 December 2011

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains or losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

**CASH AND CASH EQUIVALENTS** - Cash and cash equivalents comprise cash at banks and on fixed deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

## 3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### (i) **Critical judgements in applying the entity's accounting policies**

Management is of the opinion that any instances of application of judgements are not expected to have a significant effect on the amounts recognised in the financial statements apart from those involving estimation uncertainties as disclosed in (ii) below.

# NOTES TO FINANCIAL STATEMENTS

31 December 2011

## 3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

### (ii) *Key sources of estimation uncertainty*

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

#### Impairment of plant and equipment

As at 31 December 2011, the Group's carrying amount of plant and equipment is US\$27,448,000 (2010 : US\$7,287,000). The Group reviews the carrying amount of the plant and equipment to determine whether there are any indicators of impairment. Management is of the view that no impairment loss is required in the current and prior financial periods as there are no indicators of impairment.

#### Impairment of available-for-sale investments

Management assesses whether there is any objective evidence that available-for-sale investments are impaired, as evidenced by the occurrence of one or more loss events. Management has taken into consideration, among other factors, the financial health and long-term business outlook of the investments, including factors such as changes in overall industry and sector performance and related market risks. Based on their assessment, management is of the view that no impairment is required for the available-for-sale investments.

The carrying amount of available-for-sale investments is disclosed in Note 9.

#### Useful lives and residual values of plant and equipment

The carrying amount of plant and equipment disclosed in Note 10 has been determined after charging depreciation on a straight line basis over the estimated useful life of these assets and after taking into consideration the residual values of the plant and equipment.

Management reviews the estimated useful lives and residual values of these assets at the end of each reporting period and determined that these estimates remain reasonable.

#### Recoverability of trade and other receivables

Management regularly reviews trade and other receivables and estimates the ultimate realisable amounts for each receivable, based on creditworthiness and the past collection history of each customer. Management is of the view that the carrying amounts of the trade and other receivables as disclosed in Notes 7 and 8 are recoverable.

#### Impairment of investments in subsidiaries

The Company reviews its investments in subsidiaries amounting to US\$24,798,000 (2010 : US\$101,000) as disclosed in Note 11 to determine whether there are any indications that those assets have suffered an impairment loss. Based on their assessment, management is of the view that no impairment is necessary.

# NOTES TO FINANCIAL STATEMENTS

31 December 2011

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

### (a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>Financial assets</b>				
Loans and receivables (including cash and cash equivalents)	12,753	4,152	7,390	8,281
Available-for-sale investments	124,526	86	776	86
	137,279	4,238	8,166	8,367
<b>Financial liabilities</b>				
Amortised cost	108,609	3,315	639	600

### (b) Financial risk management policies and objectives

#### (i) Credit risk

The Group has adopted procedures in extending credit terms to customers and in monitoring its credit risk. The Group only grants credit to creditworthy counterparties. Cash is held with creditworthy financial institutions.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the statement of financial position.

At the end of the reporting period, 48.2% (2010 : 100%) of the Group's trade receivables are due from related parties.

Further details of credit risks on trade and other receivables are disclosed in Notes 7 and 8 respectively.

#### (ii) Foreign exchange risk management

The Group's foreign currency exposures arise mainly from the exchange rate movements of the Singapore dollar against the United States dollar.

At the reporting date, significant carrying amounts of monetary assets and liabilities denominated in currencies other than the Group entities' functional currencies are as follows:

	<b>The Group*</b>				<b>The Company</b>			
	<b>Liabilities</b>		<b>Assets</b>		<b>Liabilities</b>		<b>Assets</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
Singapore dollar	198	420	455	3,780	72	420	418	3,746
United States dollar	2,692	-	45,929	-	-	-	-	-
Norwegian kroner	107	-	-	-	107	-	-	-

\*Figures include intercompany financial assets and liabilities denominated in currencies other than the respective Group entities' functional currencies.



# NOTES TO FINANCIAL STATEMENTS

31 December 2011

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

### (b) *Financial risk management policies and objectives (cont'd)*

#### (ii) Foreign exchange risk management

The Group has an investment in a foreign subsidiary, whose net assets are exposed to currency translation risk. The Group does not currently designate its foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations.

The following table details the sensitivity to a 5% increase and decrease in the relevant foreign currencies against the functional currency of each group entity. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates.

If the relevant foreign currency strengthens by 5% against the functional currency of each group entity as at the year end, impact on profit for the year will increase by:

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
Singapore dollar	13	168	17	166
United States dollar	2,162	-	-	-

If the relevant foreign currency weakens by 5% against the functional currency of each group entity as at the year end, impact on profit for the year would decrease by the same amount.

#### (iii) Interest rate risk management

The Group is exposed to interest rate risk mainly through its variable rate borrowings undertaken during the period.

#### *Interest rate sensitivity*

The sensitivity analysis below have been determined based on the exposure to interest rates for financial instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial period and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

If interest rates had been 50 basis points higher or lower during the period and all other variables were held constant, the Group's profit for the year would decrease or increase by US\$232,000 (2010 : US\$13,500).

As the Company does not hold interests-bearing assets or liabilities, no sensitivity analysis has been presented.

#### (iv) Liquidity risk management

At the end of the reporting period, the Group's total current liabilities exceed its total current assets by US\$12,526,000. Management is of the view that they will be able to generate sufficient cash inflows from its operations in order to satisfy its obligations notwithstanding that the loans are secured against the vessels of the Group as well as the vessels owned by a related company of its major shareholder.

# NOTES TO FINANCIAL STATEMENTS

31 December 2011

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

### (b) Financial risk management policies and objectives (cont'd)

#### *Liquidity and interest risk analyses*

#### Non-derivative financial liabilities

The following table details the remaining contractual maturity for non-derivative financial liabilities. The table below has been drawn up based on the undiscounted cash flows of the financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial liability on the statement of financial position.

	<b>Weighted average effective interest rate</b> %	<b>On demand or within 1 year</b> US\$'000	<b>Within 2 to 5 years</b> US\$'000	<b>After 5 years</b> US\$'000	<b>Adjustment</b> US\$'000	<b>Total</b> US\$'000
<b>Group</b>						
<b>2011</b>						
Non-interest-bearing	-	11,301	-	-	-	11,301
Variable interest rate instruments	4.08	16,132	61,328	26,242	(13,169)	90,533
Fixed interest rate instruments	11.24	1,755	5,818	-	(798)	6,775
		29,188	67,146	26,242	(13,967)	108,609
<b>Group</b>						
<b>2010</b>						
Non-interest-bearing	-	615	-	-	-	615
Variable interest rate instruments	4.14	689	2,259	-	(248)	2,700
		1,304	2,259	-	(248)	3,315

All financial assets are due within one year from the end of the reporting period and are non-interest bearing except for available-for-sale investments amounting to US\$123,750,000 (2010 : US\$Nil) which is not expected to be realised within the next 12 months and is non-interest bearing.

#### Company

All financial assets and liabilities are due within one year from the end of the reporting period and are non-interest bearing except for available-for-sale investment amounting to US\$690,000 which is not expected to be realised within the next 12 months and is non-interest bearing.

The Company issued guarantees for bank loans and counter indemnities to the extent of US\$101,117,000 (2010 : US\$3,000,000) to banks. The earliest period that the guarantee could be called is within 1 year (2010 : 1 year) from the end of the reporting period. Management considers that it is more likely than not that no amount will be payable under these financial guarantee arrangements.

# NOTES TO FINANCIAL STATEMENTS

31 December 2011

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

### (v) Fair values of financial assets and financial liabilities

The carrying amounts of cash and cash equivalents, trade and other receivables and trade and other payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments; and
- unquoted equity investments (Note 9) are measured at cost less accumulated impairment loss because their fair value cannot be measured reliably.

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (b) 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 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

During the year, the Group acquired available-for-sale investment amounting to US\$123,750,000 (2010 : US\$Nil) and this has been measured at fair value based on Level 3. In determining the fair value as at 31 December 2011, the preference shares have been accounted for at its last transacted price which approximates the fair value.

### **(c) Capital risk management policies and objectives**

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The structure of the Group consists of debt, which includes the borrowings disclosed in Note 13, and equity attributable to owners of the Company, comprising issued capital, reserves and retained earnings.

# NOTES TO FINANCIAL STATEMENTS

31 December 2011

## 5 RELATED PARTY TRANSACTIONS

Some of the Company's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances due to and from related parties are with the related companies of its major shareholder and such balances are unsecured, interest free and repayable on demand unless otherwise stated.

During the financial year, the Group entered into the following significant transactions with related companies of its major shareholder:

	<b>Group</b>	
	<b>2011</b>	<b>2010</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Charter hire revenue from related parties	(3,192)	(616)
Dividend income from a related party	(2,324)	-

### *Compensation of directors and key management personnel*

The remuneration of directors and other members of key management during the period was as follows:

	<b>Group</b>	
	<b>2011</b>	<b>2010</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Short-term benefits	812	369
Post-retirement benefits	13	10
	<u>825</u>	<u>379</u>

The remuneration of directors and key management is determined by the remuneration committee having regard to the performance of individuals and market trends.

## 6 CASH AND CASH EQUIVALENTS

	<b>Group</b>	<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2010</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
Cash at bank	3,449	4,036	3,773

Cash and cash equivalents mainly comprise cash held at bank. The carrying amounts of these assets approximate their fair values.

# NOTES TO FINANCIAL STATEMENTS

31 December 2011

## 6 CASH AND CASH EQUIVALENTS (CONT'D)

Significant cash and cash equivalents that are not denominated in the functional currency of the respective entities are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
Singapore dollar	452	3,779	415	3,745

## 7 TRADE RECEIVABLES

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
Outside parties	1,188	-	91	-
Related party (Note 5)	1,106	108	-	-
Total	2,294	108	91	-

The credit period on services rendered is 30 days (2010 : 31 days). No interest is charged on the outstanding balance.

Trade receivables amounting to US\$1,096,000 (2010 : US\$108,000) are secured by a corporate guarantee from the ultimate holding company of the related parties.

Allowance for trade receivables is provided for based on estimated irrecoverable amounts from services provided, determined by reference to past default experience. No allowances are made in current and prior periods as management is of the view that these receivables are recoverable.

As at 31 December 2011, included in the Group's trade receivables balance are debtors with a carrying amount of US\$1,772,000 (2010 : US\$Nil) which are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful receivables as there has not been a significant change in credit quality and the amounts are still considered recoverable. The average age of these receivables are 155 days.

Significant trade receivables that are not denominated in the functional currency of the respective entities are as follows:

	<b>Group</b>	
	<b>2011</b>	<b>2010</b>
	<b>US\$'000</b>	<b>US\$'000</b>
United States dollar	1,053	-

# NOTES TO FINANCIAL STATEMENTS

31 December 2011

## 8 OTHER RECEIVABLES

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
Subsidiaries	-	-	5,353	4,500
Related party (Note 5)	5,059	-	-	-
Outside parties	1,950	7	77	7
Prepayments	20	1	12	1
Deposits	1	1	1	1
Total	7,030	9	5,443	4,509

Amount due from subsidiaries is unsecured, interest-free and repayable in demand.

Significant other receivables that are not denominated in the functional currency of the respective entities are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
Singapore dollar	3	1	3	1
United States dollar	5,295	-	-	-

## 9 AVAILABLE-FOR-SALE INVESTMENTS

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>Available-for-sale investments, at cost</b>				
Unquoted equity shares (a)	776	86	776	86
Less: Presented as current asset	(86)	(86)	(86)	(86)
Presented as non-current asset	690	-	690	-
<b>Available-for-sale investments, at fair value (Level 3)</b>				
Unquoted preference shares (b)	123,750	-	-	-
Total	124,440	-	690	-

### (a) Unquoted equity shares

The unquoted equity shares are stated at cost as it is not practicable to determine with sufficient reliability the fair value of the unquoted investments as there are no quoted market prices for the investments nor are there other methods to reasonably estimate the fair values.

### (b) Unquoted preference shares

During the year, the Group acquired the assets and liabilities from an unrelated party, CSOTL Offshore Co. Ltd ("CSOTL"). In the transaction, the vessel owned by CSOTL was transferred to an unrelated party, Resolute Offshore Pte Ltd ("ROPL"), in exchange for US\$155,000,000 of convertible bonds to be held by the Group. ROPL was subsequently disposed by its original shareholders to the Company's major shareholder, Swiber Holdings Limited. Pursuant to the change in shareholders, the convertible bonds were converted to cumulative preference shares issued by ROPL amounting to US\$155,000,000.



# NOTES TO FINANCIAL STATEMENTS

31 December 2011

## 9 AVAILABLE-FOR-SALE INVESTMENTS (CONT'D)

### (b) Unquoted preference shares (cont'd)

Subsequent to the conversion, ROPL redeemed US\$31,250,000 of cumulative preference shares from the Group, resulting in a net balance of US\$123,750,000 as at end of the reporting period. The redemption does not result in any cashflow as it was settled by way of offsetting a corresponding payable to a related company of ROPL.

The unquoted preference shares have been accounted for as an unquoted equity instrument in accordance with FRS 39 *Financial Instruments : Recognition and Measurement*. The terms and conditions of the unquoted cumulative preference shares are set out below:

- (i) Non-convertible;
- (ii) Non-voting;
- (iii) Dividend rate of 5.2% per annum payable semi-annually payable at the discretion of issuer. No dividend will be paid on the ordinary shares if payment is not made on the preference share dividends; and
- (iv) Right to redeem the preference shares lies with the issuer. Redemption amount comprises of unpaid principal and unpaid interest.

## 10 PLANT AND EQUIPMENT

	Computers US\$'000	Office furniture and equipment US\$'000	Vessels US\$'000	Total US\$'000
<b>Group</b>				
<b>Cost:</b>				
At 1 April 2010	8	-	-	8
Additions	12	10	-	22
Acquisition of subsidiary	-	-	7,500	7,500
Disposals	(2)	-	-	(2)
At 31 December 2010	18	10	7,500	7,528
Acquisition of subsidiaries (Note 24)	-	-	21,076	21,076
Additions	60	115	-	175
Disposals	(34)	(113)	-	(147)
At 31 December 2011	44	12	28,576	28,632
<b>Accumulated depreciation:</b>				
At 1 April 2010	2	-	-	2
Depreciation for the financial year	3	6	231	240
Disposals	(1)	-	-	(1)
At 31 December 2010	4	6	231	241
Depreciation for the financial year	14	2	937	953
Disposals	(10)	-	-	(10)
At 31 December 2011	8	8	1,168	1,184
<b>Carrying amount:</b>				
At 31 December 2011	36	4	27,408	27,448
At 31 December 2010	14	4	7,269	7,287

# NOTES TO FINANCIAL STATEMENTS

31 December 2011

## 10 PLANT AND EQUIPMENT (CONT'D)

	Computers US\$'000	Office furniture and equipment US\$'000	Total US\$'000
<b>Company</b>			
<b>Cost:</b>			
At 1 April 2010	8	-	8
Additions	12	10	22
Disposals	(2)	-	(2)
At 31 December 2010	18	10	28
Disposals	(4)	-	(4)
At 31 December 2011	14	10	24
<b>Accumulated depreciation:</b>			
At 1 April 2010	2	-	2
Depreciation for the financial year	3	6	9
Disposals	(1)	-	(1)
At 31 December 2010	4	6	10
Depreciation for the financial year	5	1	6
Disposals	(2)	-	(2)
At 31 December 2011	7	7	14
<b>Carrying amount:</b>			
At 31 December 2011	7	3	10
At 31 December 2010	14	4	18

# NOTES TO FINANCIAL STATEMENTS

31 December 2011

## 11 SUBSIDIARIES

	<b>Company</b>	
	<b>2011</b>	<b>2010</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Unquoted equity shares, at cost	20,718	101
Unquoted preference shares	4,080	-
	<b>24,798</b>	<b>101</b>

The unquoted non-cumulative preference shares issued by one of its subsidiaries have been accounted for as investment in subsidiary. The terms and conditions of the unquoted non-cumulative preference shares are set out below:

- (v) Non-convertible;
- (vi) Non-voting;
- (vii) Dividend rate of 15% per annum at the discretion of the issuer; and
- (viii) Right to redeem the preference shares lies with the issuer.

Details of the subsidiaries are as follows:

<b>Name of subsidiary</b>	<b>Proportion of ownership interest/ voting power held</b>		<b>Principal activities/ Country of incorporation and operations</b>
	<b>2011</b>	<b>2010</b>	
	<b>%</b>	<b>%</b>	
Vallianz Samson Pte Ltd <sup>(1)</sup>	100	100	Vessel ownership and chartering/ Singapore
Vallianz Marine Pte Ltd <sup>(1) (4)</sup> (formerly known as Bentley Marine Pte Ltd)	51	-	Vessel ownership and chartering/ Singapore
Vallianz 4000 Pte Ltd <sup>(3) (5)</sup>	100	-	Dormant/Singapore
Resolute Pte Ltd <sup>(1) (5)</sup>	51	-	Investment holding/Singapore
CSOTL Offshore Co. Ltd <sup>(2)</sup>	51	-	Dormant/Thailand

<sup>(1)</sup> Audited by Deloitte & Touche LLP, Singapore.

<sup>(2)</sup> Audited by another firm of auditors, PYS Audit Company Limited.

<sup>(3)</sup> Not required to be audited by law in the country of incorporation.

<sup>(4)</sup> The subsidiary was acquired during the year for a cash consideration of US\$217,000 for 51% equity interest (Note 24).

<sup>(5)</sup> These subsidiaries were incorporated during the year.

# NOTES TO FINANCIAL STATEMENTS

31 December 2011

## 12 ASSOCIATE

	<b>Group and Company</b>	
	<b>2011</b>	<b>2010</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Cost of investment in associate	-	974
Share of loss in associate	-	(25)
	-	949

Details of the associate is as follows:

<b>Name of associate</b>	<b>Proportion of ownership interest/ voting power held</b>		<b>Principal activities/ Country of incorporation and operations</b>
	<b>2011</b>	<b>2010</b>	
	<b>%</b>	<b>%</b>	
A3 Offshore LLC	-	30	Vessel ownership and chartering/ Republic of Marshall Islands

The associate was disposed of to a third party for a consideration of US\$933,000 in 2011.

Summarised financial information in respect of the Group's associate is set out below:

	<b>2011</b>	<b>2010</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Total assets	-	3,244
Total liabilities	-	(80)
Net assets	-	3,164
Group's share of associates' net assets	-	949

	<b>1 January 2011 to 31 December 2011</b>	<b>1 April 2010 to 31 December 2010</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Revenue	-	1
Loss for the year	-	(84)
Group's share of associates' loss for the year	-	(25)

# NOTES TO FINANCIAL STATEMENTS

31 December 2011

## 13 TERM LOANS

	<b>Group</b>	
	<b>2011</b>	<b>2010</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Loans	<b>97,308</b>	2,700
Less: Amount due for settlement within 12 months (shown under current liabilities)	<b>(14,084)</b>	(600)
Amount due for settlement after 12 months	<b>83,224</b>	2,100

The Group has 6 (2010 : 1) bank loans with repayment terms commencing from August 2010 to June 2018.

Loans amounting to US\$4,204,000 (2010 : US\$Nil) are subject to interest rates of 3.82% above the cost of funds while loan amounting to US\$2,100,000 (2010 : US\$2,700,000) carries interest at 3.75% above LIBOR per annum. Another loan amounting to US\$84,229,000 (2010 : US\$Nil) is subject to interest at 3.50% above LIBOR per annum. Accordingly, interest rates are subject to change according to prevailing market conditions and/or at bank's discretion. The carrying amount of these loans approximates the fair value as the interest rates approximate the prevailing market rates. The average effective interest rate of the loans is 4.08% (2010: 4.14%).

The remaining bank loans of US\$6,775,000 (2010 : US\$Nil) are arranged at fixed interest rates. The average effective interest rate is 11.24% (2010 : Nil%). Management estimates the fair value of the Company's borrowings, by discounting their future cash flows at the market rate, to be US\$6,090,000.

Term loans are denominated in the functional currency of the respective group entities.

The bank loans are secured by:

- (i) First legal mortgage over the vessels of the Group (Note 10) and a vessel held by a related company of its major shareholder;
- (ii) Assignment of marine insurances in respect of some of the vessels mentioned above;
- (iii) Assignment of earnings/charter proceeds in respect of some of the vessels mentioned above; and/or
- (iv) The unquoted cumulative preference shares held by the Group (Note 9).

## 14 TRADE PAYABLES

	<b>Group</b>	
	<b>2011</b>	<b>2010</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Related parties (Note 5)	<b>4</b>	-
Outside parties	<b>2,430</b>	-
	<b>2,434</b>	-

The average credit period on trade payables is 30 days (2010 : Nil days).

Significant trade payables that are not denominated in the functional currency of the respective entities are as follows:

	<b>Group</b>	
	<b>2011</b>	<b>2010</b>
	<b>US\$'000</b>	<b>US\$'000</b>
United States dollar	<b>2,340</b>	-

# NOTES TO FINANCIAL STATEMENTS

31 December 2011

## 15 OTHER PAYABLES

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
Related parties (Note 5)	<b>2,740</b>	-	-	-
Accruals	<b>5,485</b>	612	<b>96</b>	597
Other payables	<b>642</b>	3	<b>543</b>	3
	<b>8,867</b>	615	<b>639</b>	600

Significant other payables that are not denominated in the functional currency of the respective entities are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
Singapore dollar	198	420	72	420
United States dollar	352	-	-	-
Norwegian kroner	107	-	107	-

## 16 SHARE CAPITAL

	<b>Group and Company</b>			
	<b>2011</b>	<b>2010</b>	<b>2011</b>	<b>2010</b>
	<b>Number of ordinary shares</b>		<b>US\$'000</b>	<b>US\$'000</b>
	<b>'000</b>	<b>'000</b>		
At beginning of year	<b>594,706</b>	357,439	<b>31,509</b>	25,517
Issuance of shares pursuant to:				
Exercise of share options	-	500	-	18
Acquisition of a subsidiary (Note 24)	-	171,767	-	4,602
Share placement exercise	<b>594,706</b>	65,000	<b>23,170</b>	1,741
Transaction costs	-	-	<b>(32)</b>	(369)
At the end of the year	<b>1,189,412</b>	594,706	<b>54,647</b>	31,509

Fully paid ordinary shares, which have no par value, carry one vote per share and a right to dividends as and when declared by the Company.

The newly issued ordinary shares rank pari passu in all respects with the existing shares of the Company.

## 17 REVENUE

	<b>Group</b>	
	<b>1 January</b>	<b>1 April</b>
	<b>2011 to</b>	<b>2010 to</b>
	<b>31 December</b>	<b>31 December</b>
	<b>2011</b>	<b>2010</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Charter hire and brokerage income	<b>3,554</b>	616
Dividend income	<b>2,324</b>	-
	<b>5,878</b>	616



# NOTES TO FINANCIAL STATEMENTS

31 December 2011

## 18 OTHER INCOME

	<u>Group</u>	
	1 January 2011 to 31 December 2011 US\$'000	1 April 2010 to 31 December 2010 US\$'000
Foreign exchange gain	1,987	-
Dividend income	10	9
Gain on bargain purchase	24	-
Interest income	1	2
Others	65	28
	<u>2,087</u>	<u>39</u>

## 19 FINANCE COSTS

	<u>Group</u>	
	1 January 2011 to 31 December 2011 US\$'000	1 April 2010 to 31 December 2010 US\$'000
Interest expense to outside parties	2,248	58

From 1 April 2010 to 31 December 2010, there was no finance costs incurred relating to its discontinued operations.

## 20 INCOME TAX

	<u>Continuing operations</u>		<u>Discontinued operations</u>		<u>Total</u>	
	1 January 2011 to 31 December 2011 US\$'000	1 April 2010 to 31 December 2010 US\$'000	1 January 2011 to 31 December 2011 US\$'000	1 April 2010 to 31 December 2010 US\$'000	1 January 2011 to 31 December 2011 US\$'000	1 April 2010 to 31 December 2010 US\$'000
Current tax	-	-	-	-	-	-

Domestic income tax is calculated at 17% (2010 : 17%) of the estimated assessable profit/loss for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions. During the year, 2 (2010 : 1) of its subsidiaries earned shipping income from the charter of ships and are exempted from tax under Section 13A of the Singapore Income Tax Act.

# NOTES TO FINANCIAL STATEMENTS

31 December 2011

## 20 INCOME TAX (CONT'D)

The total charge for the year can be reconciled to the accounting loss as follows:

	<b>Group</b>	
	<b>1 January 2011 to 31 December 2011 US\$'000</b>	<b>1 April 2010 to 31 December 2010 US\$'000</b>
Profit (Loss) before tax	<b>1,465</b>	(131)
Continuing operations	<b>1,465</b>	(138)
Discontinued operations	-	7
	<b>1,465</b>	(131)
Income tax expense (benefit) calculated at 17%	<b>249</b>	(23)
Non (taxable) deductible expenses	<b>(360)</b>	84
Non-taxable income	<b>(604)</b>	(175)
Differences in tax rates of overseas operations	<b>123</b>	-
Tax losses not carried forward	<b>304</b>	-
Deferred tax assets not recognised	<b>288</b>	113
Others	-	1
Total	-	-

Subject to agreement with the relevant tax authorities, the Group has estimated tax losses carryforwards which are available for offsetting against future taxable income as follows:

	<b>Group</b>	
	<b>2011 US\$'000</b>	<b>2010 US\$'000</b>
Amount at beginning of year	<b>1,269</b>	-
Adjustment during the year	<b>1,876</b>	-
Amount in current year	<b>1,518</b>	1,269
	<b>4,663</b>	1,269
Deferred tax benefit on above not recorded	<b>823</b>	216

# NOTES TO FINANCIAL STATEMENTS

31 December 2011

## 21 PROFIT (LOSS) FOR THE YEAR

Profit (loss) for the year has been arrived at after charging (crediting):

	<b>Group</b>	
	<b>1 January 2011 to 31 December 2011 US\$'000</b>	<b>1 April 2010 to 31 December 2010 US\$'000</b>
Audit fees to auditors of the Company	60	28
Non-audit fees to auditors of the Company	-	3
Depreciation of plant and equipment	953	240
Foreign exchange gain, net	(1,987)	(322)
Employee benefits expense (including directors' remuneration)	908	410
Directors' remuneration	572	321
Defined contribution benefits	20	13
Loss on disposal of plant and equipment	117	-
Loss on disposal of associate	16	-

## 22 DISCONTINUED OPERATIONS

In 2010, the Group discontinued its retail and distribution audio equipment/accessories business. Accordingly, the result of the discontinued operation for the period from 1 April 2010 to 31 December 2010 is analysed as follows:

	<b>1 April 2010 to 31 December 2010 US\$'000</b>
Revenue	11
Cost of sales	(11)
Gain on disposal of subsidiaries	7
Profit before tax	7
Income tax	-
Profit for the year	7

During the financial year from 1 April 2010 to 31 December 2010, the discontinued operations does not contribute materially to the Group's cash flows. Accordingly, no disclosure has been made.

# NOTES TO FINANCIAL STATEMENTS

31 December 2011

## 23 EARNINGS PER SHARE

	Continuing operations		Continuing and discontinued operations	
	1 January 2011 to 31 December 2011 US\$'000	1 April 2010 to 31 December 2010 US\$'000	1 January 2011 to 31 December 2011 US\$'000	1 April 2010 to 31 December 2010 US\$'000
Profit (Loss) for the year attributable to owners of the Company	794	(138)	794	(131)
	1 January 2011 to 31 December 2011 '000	1 April 2010 to 31 December 2010 '000	1 January 2011 to 31 December 2011 '000	1 April 2010 to 31 December 2010 '000
Weighted average number of ordinary shares for the purposes of basic earnings (loss) per share	1,156,825	518,691	1,156,825	518,691
	1 January 2011 to 31 December 2011 US cents	1 April 2010 to 31 December 2010 US cents	1 January 2011 to 31 December 2011 US cents	1 April 2010 to 31 December 2010 US cents
Earnings (Loss) per share	0.07 <sup>(1)</sup>	(0.03) <sup>(2)</sup>	0.07 <sup>(1)</sup>	(0.03) <sup>(2)</sup>

<sup>(1)</sup> No diluted earnings per share for year ended 31 December 2011 as there are no dilutive potential ordinary shares.

<sup>(2)</sup> Diluted loss per share is the same as basic loss per share as the effect of the dilutive potential ordinary shares is anti-dilutive.

# NOTES TO FINANCIAL STATEMENTS

31 December 2011

## 24 ACQUISITION OF SUBSIDIARY

### 2011

On 30 June 2011, the Group acquired 51% of the issued share capital of Vallianz Marine Pte Ltd (formerly known as Bentley Marine Pte Ltd) for a cash consideration of US\$217,000. This transaction has been accounted for by the acquisition method of accounting and the fair values of assets and liabilities acquired have been disclosed below.

Vallianz Marine Pte Ltd ("VMPL") is an entity incorporated in the Republic of Singapore with its principal activity as a ship charterer. The Group acquired VMPL in order to expand its fleet of vessels.

	<b>2011</b> <b>US\$'000</b>
Plant and equipment	21,076
Trade and other receivables	3,388
Cash and cash equivalents	31
Term loans	(12,191)
Trade and other payables	(11,832)
Net assets acquired and liabilities assumed	<u>472</u>
Consideration transferred	217
Plus: Non-controlling interests	231
Less: Fair value of identifiable net assets acquired	(472)
Gain on bargain purchase	<u>(24)</u>

The gain on bargain purchase has been recorded in "other income" line item in the consolidated statement of comprehensive income.

Acquisition-related costs amounting to US\$10,000 have been excluded from the consideration transferred and have been recognised as an expense in the period, within the 'administrative expenses' line item in the consolidated statement of comprehensive income.

Non-controlling interests are measured at the non-controlling shareholders' proportionate share of the fair value of the acquiree's identifiable net assets.

	<b>2011</b> <b>US\$'000</b>
<b><u>Net cash outflow on acquisition of subsidiary</u></b>	
Consideration transferred	217
Less: cash and cash equivalents acquired	(31)
Net cash outflow on acquisition of subsidiaries	<u>186</u>

Included in the profit for the year is US\$300,000 attributable to the subsidiary acquired. Revenue for the period from the subsidiary amounted to US\$1,913,000.

Had the business combination during the year been effected at 1 January, 2011, the revenue of the Group would have been US\$7,458,000 and the profit for the year from continuing operations would have been US\$1,750,000.

# NOTES TO FINANCIAL STATEMENTS

31 December 2011

## 24 ACQUISITION OF SUBSIDIARY (CONT'D)

### 2010

On 8 July 2010, the Group completed the acquisition of 100% interest in Vallianz Samson Pte Ltd from a related company of its major shareholder. The fair value of the assets and liabilities were as follows:

	<b>2010</b> <b>US\$'000</b>
Plant and equipment	7,500
Cash and cash equivalents	101
Term loan	(3,000)
Other payables*	(4,500)
Identifiable net assets representing cash and cash equivalents acquired	<u>101</u>

\* Other payables pertain to amount owing to a related company of the seller. Pursuant to the sales and purchase agreement dated 10 June 2010, any amount that is owing by Vallianz Samson Pte Ltd to the seller or any of its related company shall be satisfied and extinguished by the issue of shares of the Company.

Accordingly, the total consideration of approximately US\$4,601,000 comprising the amount owing of US\$4,500,000 and the cost of acquisition of 100% interest in Vallianz Samson Pte Ltd of US\$101,000 was wholly satisfied by the allotment and issue of 171,767,493 ordinary shares of the Company at an issue price of S\$0.0375 per share (Note 16), being the share price of the Company at the date of acquisition.

## 25 DISPOSAL OF SUBSIDIARY

In 2010, Enzer Acoustics Pte Ltd, a subsidiary of the Company was placed under voluntary liquidation.

The carrying amount of net assets deconsolidated on liquidation of subsidiaries and its cash flow effects were as follows:

	<b>2010</b> <b>US\$'000</b>
Cash and cash equivalents	1
Trade and other payables	(8)
Net liabilities on liquidation	<u>(7)</u>
Less: Net liabilities deconsolidated, net of cash and cash equivalents	8
Cash and cash equivalents disposed	<u>1</u>

# NOTES TO FINANCIAL STATEMENTS

31 December 2011

## 26 OPERATING LEASE ARRANGEMENTS

### The Group as lessor

The Group hires out its vessels under operating leases. Charter hire income of US\$3,192,000 (2010 : US\$616,000) was earned.

At the end of the reporting period, the Group has contracted with charterers for the following future minimum lease receivable:

	<b>2011</b>	<b>Group</b>
	<b>US\$'000</b>	<b>2010</b>
		<b>US\$'000</b>
Future minimum lease receivable:		
Within 1 year	5,087	1,278
After 1 year but within 5 years	14,774	4,365
	<u>19,861</u>	<u>5,643</u>

Operating lease receivables represent charter hire income receivable by the Group. Leases were negotiated for a minimum period of 5 years.

## 27 CONTINGENT LIABILITY

The Company provided corporate guarantees of US\$101,117,000 (2010 : US\$3,000,000) for loans taken by its subsidiaries and management is of the view that the fair values of the guarantees is not material.



# NOTES TO FINANCIAL STATEMENTS

31 December 2011

## 28 SEGMENT INFORMATION

The Group's chief operating decision maker has been identified as the executive director of the Group, who reviews the consolidated results prepared in the following reportable segments when making decisions about allocating resources and assessing performance of the Group:

- (i) Vessel chartering and brokerage : leasing of owned vessels; and
- (ii) Investment holding: holding available-for-sale investments for long-term purposes.

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors the tangible and financial assets attributable to each segment. All assets and liabilities are allocated to reportable segments.

Information regarding the operations of each reportable segment is included below.

### 2011

	<b>Vessel chartering and brokerage US\$'000</b>	<b>Investment holding US\$'000</b>	<b>Total US\$'000</b>
<b>REVENUE</b>			
External sales	3,554	2,324	5,878

### **RESULTS**

Segment results	1,543	2,170	3,713
Finance costs	(618)	(1,630)	(2,248)
Profit before income tax			1,465
Income tax			-
Profit for the year			1,465

### **Segment assets and segment liabilities**

Segment assets	39,524	125,223	164,747
Segment liabilities	23,507	85,102	108,609

### **Other information**

Foreign exchange gains	(1,980)	(7)	(1,987)
Loss on disposal of plant and equipment	117	-	117
Depreciation of plant and equipment	953	-	953

There are no intersegment elimination as disclosed above as the Group does not transact between the segments.

# NOTES TO FINANCIAL STATEMENTS

31 December 2011

## 28 SEGMENT INFORMATION (CONT'D)

### Geographical information

The Group operates only in Singapore and accordingly, no presentation of geographical information has been included in the financial statements.

### Major customer information

During the year, the Group derived vessel chartering and brokerage revenue amounting to US\$3,192,000 from related companies of its major shareholder.

In addition, revenue from the investment holding segment is derived from a related company of its major shareholder.

### 2010

The Group operated only in the vessel chartering and brokerage segment and one geographical segment. Accordingly, no segment reporting has been presented.

## 29 EVENT AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, Resolute Offshore Pte Ltd redeemed US\$3,000,000 of preference shares from the Group, resulting in a net balance of US\$120,750,000 of unquoted preference shares in Resolute Offshore Pte Ltd.

## 30 COMPARATIVE FIGURES

The financial statements for the year ended 31 December 2011 cover the 12 month period from 1 January 2011 to 31 December 2011.

The comparative financial statements for the year ended 31 December 2010 cover the 9 month period from 1 April 2010 to 31 December 2010.

**AUDITED ACCOUNTS OF VALLIANZ HOLDINGS LIMITED AND ITS SUBSIDIARIES  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012**

The information in this Appendix III has been reproduced from the annual report of Vallianz Holdings Limited and its subsidiaries for the financial year ended 31 December 2012 and has not been specifically prepared for inclusion in this Information Memorandum and references to the page numbers herein are to those as reproduced from the annual report for the financial year ended 31 December 2012.

# INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF VALLIANZ HOLDINGS LIMITED

## Report on the Financial Statements

We have audited the accompanying financial statements of Vallianz Holdings 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 2012, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 39 to 81.

## 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 (the "Act") and Singapore Financial Reporting Standards and for devising and maintaining a system of internal accounting controls sufficient to provide reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

## Auditors' Responsibility

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

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

## Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2012 and of the results, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year ended on that date.

## Report on Other Legal and Regulatory Requirements

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

Deloitte & Touche LLP  
Public Accountants and  
Certified Public Accountants  
Singapore

21 March 2013

# STATEMENTS OF FINANCIAL POSITION

31 December 2012

		Group		Company	
	Note	2012 US\$'000	2011 US\$'000	2012 US\$'000	2011 US\$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and cash equivalents	6	3,352	3,449	1,819	1,868
Trade receivables	7	432	2,294	–	91
Other receivables	8	3,282	7,030	8,035	5,443
Available-for-sale investments	9	86	86	86	86
Total current assets		<u>7,152</u>	<u>12,859</u>	<u>9,940</u>	<u>7,488</u>
<b>Non-current assets</b>					
Plant and equipment	10	25,995	27,448	65	10
Subsidiaries	11	–	–	24,798	24,798
Available-for-sale investments	9	<u>115,650</u>	<u>124,440</u>	<u>–</u>	<u>690</u>
Total non-current assets		<u>141,645</u>	<u>151,888</u>	<u>24,863</u>	<u>25,498</u>
<b>Total assets</b>		<u>148,797</u>	<u>164,747</u>	<u>34,803</u>	<u>32,986</u>
<b>LIABILITIES AND EQUITY</b>					
<b>Current liabilities</b>					
Term loans	12	14,169	14,084	–	–
Trade payables	13	–	2,434	–	–
Other payables	14	<u>2,541</u>	<u>8,867</u>	<u>220</u>	<u>639</u>
Total current liabilities		<u>16,710</u>	<u>25,385</u>	<u>220</u>	<u>639</u>
<b>Non-current liability</b>					
Term loans	12	<u>69,055</u>	<u>83,224</u>	<u>–</u>	<u>–</u>
<b>Capital and reserves</b>					
Share capital	15	54,647	54,647	54,647	54,647
Foreign currency translation reserve		98	(622)	–	–
Accumulated losses		<u>(19,115)</u>	<u>(21,526)</u>	<u>(20,064)</u>	<u>(22,300)</u>
Equity attributable to owners of the Company		35,630	32,499	34,583	32,347
Non-controlling interests		<u>27,402</u>	<u>23,639</u>	<u>–</u>	<u>–</u>
Total equity		<u>63,032</u>	<u>56,138</u>	<u>34,583</u>	<u>32,347</u>
<b>Total liabilities and equity</b>		<u>148,797</u>	<u>164,747</u>	<u>34,803</u>	<u>32,986</u>

See accompanying notes to financial statements.

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2012

	Note	2012 US\$'000	2011 US\$'000
<b>Revenue</b>	16	11,519	5,878
Cost of sales		(1,765)	(1,405)
<b>Gross profit</b>		9,754	4,473
Other income	17	5,350	2,087
Administrative expenses		(5,820)	(2,847)
Finance costs	18	(3,802)	(2,248)
<b>Profit before tax</b>		5,482	1,465
Income tax	19	–	–
<b>Profit for the year</b>	20	5,482	1,465
<b>Other comprehensive income:</b>			
Exchange differences on translation of foreign operations representing other comprehensive income for the year, net of tax		1,412	(1,405)
<b>Total comprehensive income for the year</b>		6,894	60
<b>Profit for the year attributable to:</b>			
Owners of the Company		2,411	794
Non-controlling interests		3,071	671
		5,482	1,465
<b>Total comprehensive income attributable to:</b>			
Owners of the Company		3,131	172
Non-controlling interests		3,763	(112)
		6,894	60
<b>Earnings per share (US cents)</b>			
Basic and diluted	21	0.20	0.07

See accompanying notes to financial statements.

# STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2012

		Share capital	Foreign currency translation reserve	Accumulated losses	Equity attributable to owners of the Company	Non- controlling interests	Total
	Note	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
<b>Group</b>							
Balance at 1 January 2011		31,509	–	(22,320)	9,189	–	9,189
Total comprehensive income for the year		–	(622)	794	172	(112)	60
Issue of shares	15	23,138	–	–	23,138	–	23,138
Acquisition of a subsidiary		–	–	–	–	231	231
Acquisition of assets and liabilities		–	–	–	–	19,600	19,600
Non-controlling interest's share of preference shares in a subsidiary issued during the year		–	–	–	–	3,920	3,920
Balance at 31 December 2011		54,647	(622)	(21,526)	32,499	23,639	56,138
Total comprehensive income for the year		–	720	2,411	3,131	3,763	6,894
<b>Balance at 31 December 2012</b>		<b>54,647</b>	<b>98</b>	<b>(19,115)</b>	<b>35,630</b>	<b>27,402</b>	<b>63,032</b>

See accompanying notes to financial statements.



# STATEMENTS OF CHANGES IN EQUITY

Year ended 31 December 2012

	Note	Share capital US\$'000	Accumulated losses US\$'000	Total US\$'000
<b>Company</b>				
Balance at 1 January 2011		31,509	(22,644)	8,865
Total comprehensive income for the year		–	344	344
Issue of shares	15	23,138	–	23,138
Balance at 31 December 2011		54,647	(22,300)	32,347
Total comprehensive income for the year		–	2,236	2,236
<b>Balance at 31 December 2012</b>		<b>54,647</b>	<b>(20,064)</b>	<b>34,583</b>

See accompanying notes to financial statements.

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2012

	2012 US\$'000	2011 US\$'000
<b>Operating activities</b>		
Profit before tax	5,482	1,465
Adjustments for:		
Depreciation of plant and equipment	1,518	953
Dividend income from available-for-sale investments	(6,352)	(2,334)
Gain on disposal of available-for-sale investment	(323)	–
Gain on bargain purchase	–	(24)
Interest income	–	(1)
Finance costs	3,802	2,248
Loss on disposal of associate	–	16
Loss on disposal of plant and equipment	16	117
Unrealised exchange loss (gain)	1,412	(1,594)
Write-off of other receivables	1,134	–
Operating cash flows before working capital changes	6,689	846
Trade and other receivables	6,025	(1,600)
Trade and other payables	(8,787)	927
Net cash from operating activities	3,927	173
<b>Investing activities</b>		
Dividends received	4,803	1,858
Interest received	–	1
Investment in available-for-sale investment	–	(690)
Net cash outflows from acquisition of subsidiary (Note 23)	–	(186)
Net cash outflows from acquisition of assets and liabilities (Note A)	–	(39,109)
Purchase of plant and equipment	(82)	–
Proceeds on disposal of plant and equipment	1	20
Proceeds from disposal of an associate	–	933
Proceeds from disposal of available-for-sale investment	1,013	–
Proceeds from disposal of intangible assets	–	29
Net cash from (used in) investing activities	5,735	(37,144)

# CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2012

	2012 US\$'000	2011 US\$'000
<b>Financing activities</b>		
Interest paid	(3,775)	(2,248)
Investment in available-for-sale investment	–	(84,169)
Proceeds from redemption of preference shares	8,100	–
Proceeds from new bank loans raised	–	84,229
Proceeds from shares issue	–	23,170
Proceeds from non-controlling shareholders	–	19,600
Repayment of term loans	(14,084)	(4,163)
Transaction costs on issuance of shares	–	(32)
Net cash (used in) from financing activities	(9,759)	36,387
Net decrease in cash and cash equivalents	(97)	(584)
Cash and cash equivalents at beginning of the year	3,449	4,036
Net effect of exchange rate changes due to cash and cash equivalents	–	(3)
<b>Cash and cash equivalents at end of year</b>	<b>3,352</b>	<b>3,449</b>

## Note A

On 30 June 2011, the Group acquired the following assets and liabilities from CSOTL Offshore Limited for a cash consideration of US\$39,240,000.

	2011 US\$'000
Plant and equipment	175
Trade and other receivables	74,574
Cash and cash equivalents	131
Term loans	(2,310)
Trade and other payables	(33,330)
Net assets acquired and liabilities assumed	39,240

## Net cash outflow on acquisition of assets and liabilities

Consideration transferred	39,240
Less: cash and cash equivalents acquired	(131)
Net cash outflow on acquisition of assets and liabilities	39,109

## Note B

In 2011, one of the subsidiaries issued non-cumulative preference shares to its non-controlling shareholder amounting to US\$3,920,000 which was settled by way of offsetting a corresponding payable to a related company of the major shareholder.

See accompanying notes to financial statements.

# NOTES TO FINANCIAL STATEMENTS

31 December 2012

## 1 GENERAL

The Company (Registration No. 199206945E) is incorporated in the Republic of Singapore with its principal place of business and registered office at 12 International Business Park #02-02, Swiber@IBP, Singapore 609920. The Company is listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The financial statements are expressed in United States dollars.

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are detailed in Note 11 to the financial statements.

During the current and prior periods, the Group has been engaged by various subsidiaries of its major shareholder to provide chartering services. The dividend income received by the Group is also derived from the cumulative preference shares issued by a related company of its major shareholder. The revenue from the related companies of the major shareholder amounted to approximately US\$11,344,000 (2011: US\$5,516,000). Accordingly, the Group remains reliant on its major shareholder for its business.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended 31 December 2012 were authorised for issue by the Board of Directors on 21 March 2013.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**BASIS OF ACCOUNTING** – The financial statements are prepared in accordance with the historical cost basis, except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards ("FRS").

**ADOPTION OF NEW AND REVISED STANDARDS** – In the current financial year, the Group has adopted all the new and revised FRSs and Interpretations of FRS ("INT FRS") that are relevant to its operations and effective for annual periods beginning on or after 1 January 2012. The adoption of these new/revised FRS and INT FRS does not result in changes to the Group's and Company's accounting policies and has no material effect on the amounts reported for the current or prior years.

At the date of authorisation of these financial statements, the following FRSs and amendments to FRS that are relevant to the Group and the Company were issued but not effective:

- Amendments to FRS 1 *Presentation of Financial Statements – Amendments relating to Presentation of Items of Other Comprehensive Income*
- FRS 27 (Revised) *Separate Financial Statements*
- FRS 110 *Consolidated Financial Statements*
- FRS 112 *Disclosure of Interests in Other Entities*
- FRS 113 *Fair Value Measurement*
- Amendments to FRS 32 *Financial Instruments: Presentation* and FRS107 *Financial Instruments: Disclosure – Offsetting Financial Assets and Financial Liabilities*
- *Annual Improvements to FRS 2012*

Consequential amendments were also made to various standards as a result of these new revised standards.

# NOTES TO FINANCIAL STATEMENTS

31 December 2012

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### **Amendments to FRS 1 *Presentation of Financial Statements* – Amendments relating to *Presentation of Items of Other Comprehensive Income* (“OCI”)**

The amendment on Other Comprehensive Income (“OCI”) presentation will require the group to present in separate groupings, OCI items that might be recycled i.e., reclassified to profit or loss (e.g., those arising from cash flow hedging, foreign currency translation) and those items that would not be recycled (e.g. revaluation gains on property, plant and equipment under the revaluation model). The tax effects recognised for the OCI items would also be captured in the respective grouping, although there is a choice to present OCI items before tax or net of tax.

Changes arising from these amendments to FRS 1 will take effect from financial years beginning on or after 1 July 2012, with full retrospective application.

### **FRS 110 *Consolidated Financial Statements and FRS 27 *Separate Financial Statements****

FRS 110 replaces the control assessment criteria and consolidation requirements currently in FRS 27 and INT FRS 12 *Consolidation – Special Purpose Entities*.

FRS 110 defines the principle of control and establishes control as the basis for determining which entities are consolidated in the consolidated financial statements. It also provides more extensive application guidance on assessing control based on voting rights or other contractual rights. Under FRS 110, control assessment will be based on whether an investor has (i) power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the returns. FRS 27 remains as a standard applicable only to separate financial statements.

FRS 110 will take effect from financial years beginning on or after 1 January 2014, with retrospective application subject to transitional provisions.

### **FRS 112 *Disclosure of Interests in Other Entities***

FRS 112 requires an entity to provide more extensive disclosures regarding the nature of and risks associated with its interest in subsidiaries, associates, joint arrangements and unconsolidated structured entities. FRS 112 will take effect from financial years beginning on or after 1 January 2014.

### **FRS 113 *Fair Value Measurement***

FRS 113 is a single new standard that applies to both financial and non-financial items. It replaces the guidance on fair value measurement and related disclosures in other standards, with the exception of measurement dealt with under FRS 102 *Share-based Payment*, FRS 17 *Leases*, net realisable value in FRS 2 *Inventories* and value-in-use in FRS 36 *Impairment of Assets*.

FRS 113 provides a common fair value definition and hierarchy applicable to the fair value measurement of assets, liabilities, and an entity's own equity instruments within its scope, but does not change the requirements in other standards regarding which items should be measured or disclosed at fair value.

FRS 113 will be effective prospectively from annual periods beginning on or after 1 January 2013. Comparative information is not required for periods before initial application.

The Group is currently estimating the effects of the above FRSs and amendments to FRS in the period of initial adoption.

# NOTES TO FINANCIAL STATEMENTS

31 December 2012

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### **Amendments to FRS 32 *Financial Instruments: Presentation* and FRS 107 *Financial Instruments: Disclosure – Offsetting Financial Assets and Financial Liabilities***

The amendments to FRS 32 clarify existing application issues relating to the offsetting requirements. Specifically, the amendments clarify the meaning of 'currently has a legal enforceable right of set-off' and 'simultaneous realisation and settlement'.

The amendments to FRS 107 require entities to disclose information about rights of set-off and related arrangements (such as collateral posting requirements) for financial instruments under an enforceable master netting agreement or similar arrangement.

The amendments to FRS 107 are required for annual periods beginning on or after 1 January 2013 and interim periods within those annual periods. The disclosures should be provided retrospectively for all comparative periods. However, the amendments to FRS 32 are effective for annual periods beginning on or after 1 January 2014, with retrospective application required.

The management anticipates that the application of amendments to FRS 107 will result in more extensive disclosures on offsetting financial assets and financial liabilities.

### **Annual Improvements to FRS 2012**

The Annual Improvements include a number of amendments to various FRSs. The amendments are effective for annual periods beginning on or after 1 January 2013. The amendments include:

- Amendments to FRS 16 *Property, Plant and Equipment*; and
- Amendment to FRS 32 *Financial Instruments: Presentation*

Amendments to FRS 16 clarify that spare parts, stand-by equipment and servicing equipment should be classified as property, plant and equipment when they meet the definition of property, plant and equipment in FRS 16 and as inventory if otherwise. The management does not anticipate that the amendments to FRS 16 will have a significant effect on the financial statements.

Amendments to FRS 32 clarify that income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction should be accounted for in accordance with FRS 12 *Income Taxes*. The management anticipates that the amendments will have no effect on the financial statements as the Group has already adopted this treatment.

**BASIS OF CONSOLIDATION** – The consolidated financial statements incorporate the financial statements of the Company and entities (including special purpose entities) controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate.

# NOTES TO FINANCIAL STATEMENTS

31 December 2012

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation.

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interest of non-controlling shareholders that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured (at date of original business combination) either at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets. The choice of measurement basis is made on an acquisition-by-acquisition basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for (i.e. reclassified to profit or loss or transferred directly to retained earnings) in the same manner as would be required if the relevant assets or liabilities were disposed of. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in an associate or jointly controlled entity.

In the Company's financial statements, investments in subsidiaries and associates are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

**BUSINESS COMBINATIONS** – Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.



# NOTES TO FINANCIAL STATEMENTS

31 December 2012

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with FRS 39 *Financial Instruments: Recognition and Measurement*, or FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 *Share-based Payment* at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

# NOTES TO FINANCIAL STATEMENTS

31 December 2012

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

The accounting policy for initial measurement of non-controlling interests is described above.

**FINANCIAL INSTRUMENTS** – Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

### Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premium or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period.

### Available-for-sale-financial assets

Preference shares held by the Group are classified as being available for sale and are stated at fair value. Fair value is determined in the manner described in Note 4. Gains and losses arising from changes in fair value are recognised in other comprehensive income with the exception of impairment losses, interest calculated using the effective interest method and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in other comprehensive income and accumulated in revaluation reserve is reclassified to profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payments is established. The fair value of available-for-sale monetary assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. The change in fair value attributable to translation differences that result from a change in amortised cost of the asset is recognised in profit or loss, and other changes are recognised in other comprehensive income. Certain unquoted equity investments held by the Group are classified as being available-for-sale and are stated at cost less any accumulated impairment losses.

### Loans and receivables

Trade and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the recognition of interest would be immaterial.

# NOTES TO FINANCIAL STATEMENTS

31 December 2012

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For available-for-sale equity instruments, a significant or prolonged decline in the fair value of the investment below its cost is considered to be objective evidence of impairment.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. When a trade and other receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss. With the exception of equity available-for-sale instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity instruments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any subsequent increase in fair value after an impairment loss is recognised in other comprehensive income.

### Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

# NOTES TO FINANCIAL STATEMENTS

31 December 2012

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Financial liabilities and equity instruments

#### Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

#### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

#### Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis, except for short-term payables when the recognition of interest would be immaterial.

Interest-bearing bank loans are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings.

#### Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

LEASES – Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

#### The Group as lessor

Charter hire income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

# NOTES TO FINANCIAL STATEMENTS

31 December 2012

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**PLANT AND EQUIPMENT** – Plant and equipment are carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged so as to write off the cost less residual values or valuation of assets over their estimated useful lives, using the straight-line method, on the following bases:

Vessels	–	18 years
Computers	–	3 years
Renovation	–	3 years
Office furniture and equipment	–	3 to 5 years

The estimated useful lives, residual values and depreciation method are reviewed at each period end, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on disposal or retirement of an item of plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

**IMPAIRMENT OF NON-FINANCIAL ASSETS** – At the end of each reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

# NOTES TO FINANCIAL STATEMENTS

31 December 2012

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior periods. A reversal of an impairment loss is recognised immediately in profit or loss.

**PROVISIONS** – Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

**SHARE-BASED PAYMENTS** – The Group issues equity-settled share-based payments to certain employees.

Equity-settled share-based payments are measured at fair value of the equity instruments at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of equity instruments that will eventually vest. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

**REVENUE RECOGNITION** – Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for services provided in the normal course of business, net of discounts and sales related taxes.

### Charter hire income

Revenue generated from charter hire income is recognised on a straight-line basis over the period of the relevant leases.

# NOTES TO FINANCIAL STATEMENTS

31 December 2012

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

### Management fees income

Management fees incomes are recognised in the period in which the services are rendered.

### Dividend income

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

**RETIREMENT BENEFIT COSTS** – Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

**EMPLOYEE LEAVE ENTITLEMENT** – Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

**INCOME TAX** – Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the company and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.



# NOTES TO FINANCIAL STATEMENTS

31 December 2012

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

**FOREIGN CURRENCY TRANSACTIONS** – The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are presented in United States dollars, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

# NOTES TO FINANCIAL STATEMENTS

31 December 2012

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains or losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in United States dollars using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, loss of joint control over a jointly controlled entity that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates or jointly controlled entities that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

# NOTES TO FINANCIAL STATEMENTS

31 December 2012

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings and other currency instruments designated as hedges of such investments, are recognised in other comprehensive income and accumulated in a separate component of equity under the header of foreign currency translation reserve.

**CASH AND CASH EQUIVALENTS** – Cash and cash equivalents comprise cash at banks and on fixed deposits that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

## 3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### (i) *Critical judgements in applying the entity's accounting policies*

Management is of the opinion that any instances of application of judgements are not expected to have a significant effect on the amounts recognised in the financial statements apart from those involving estimation uncertainties as disclosed in (ii) below.

### (ii) *Key sources of estimation uncertainty*

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

#### Impairment of available-for-sale investments

Management assesses whether there is any objective evidence that available-for-sale investments are impaired, as evidenced by the occurrence of one or more loss events. Management has taken into consideration, among other factors, the financial health and long-term business outlook of the investments, including factors such as changes in overall industry and sector performance and related market risks as well as the valuation of the underlying asset owned by the investee. Based on their assessment, management is of the view that no impairment is required for the available-for-sale investments.

The carrying amount of available-for-sale investments is disclosed in Note 9.

# NOTES TO FINANCIAL STATEMENTS

31 December 2012

## 3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONT'D)

### (ii) *Key sources of estimation uncertainty (cont'd)*

#### Impairment of plant and equipment

As at 31 December 2012, the Group's carrying amount of plant and equipment is approximately US\$25,995,000 (2011: US\$27,448,000). The Group reviews the carrying amount of the plant and equipment to determine whether there are any indicators of impairment. If any such indication exists, the recoverable amount of the plant and equipment is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. The value in use calculation requires management to estimate the future cash flows expected to arise from the plant and equipment and a suitable discount rate in order to calculate present value. As the exercise is based on both prospective financial and non-financial information, it is highly subjective in nature. Accordingly, actual outcome is likely to be different from that forecasted since anticipated events frequently do not occur as expected and the variation may be material. A change in any of the key variables underlying the cash flow forecast could have a significant impact on the value in use calculation.

#### Useful lives and residual values of plant and equipment

The carrying amount of plant and equipment disclosed in Note 10 has been determined after charging depreciation on a straight line basis over the estimated useful life of these assets and after taking into consideration the residual values of the plant and equipment.

Management reviews the estimated useful lives and residual values of these assets at the end of each reporting period and determined that these estimates remain reasonable. If the useful lives of the plant and equipment were to shorten or the residual values of the plant and equipment were to reduce due to the changes in market price of steel, the carrying amount of plant and equipment may be impacted.

#### Recoverability of trade and other receivables

Management regularly reviews trade and other receivables and estimates the ultimate realisable amounts for each receivable, based on creditworthiness and the past collection history of each customer. Management is of the view that the carrying amounts of the trade and other receivables as disclosed in Notes 7 and 8 are recoverable.

#### Impairment of investments in subsidiaries

The Company reviews the carrying amount of its investment in a subsidiary to determine whether there are any indications that those assets have suffered an impairment loss. In performing its review, the Company considers the management budget and economic outlooks relating to those assets, unless stated otherwise. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of impairment, if any. On the above basis, the Company has assessed and is of the view that there is no indicator of impairment. The carrying amount of the investment in subsidiaries is approximately US\$24,798,000 (2011: US\$24,798,000) as disclosed in Note 11 to the financial statements.

# NOTES TO FINANCIAL STATEMENTS

31 December 2012

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

### (a) *Categories of financial instruments*

The following table sets out the financial instruments as at the end of the reporting period:

	Group		Company	
	2012	2011	2012	2011
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Financial assets</b>				
Loans and receivables (including cash and cash equivalents)	7,045	12,753	9,833	7,390
Available-for-sale investments	115,736	124,526	86	776
	<u>122,781</u>	<u>137,279</u>	<u>9,919</u>	<u>8,166</u>
<b>Financial liabilities</b>				
Amortised cost	<u>85,765</u>	<u>108,609</u>	<u>220</u>	<u>639</u>

### (b) *Financial risk management policies and objectives*

#### (i) Credit risk management

The Group has adopted procedures in extending credit terms to customers and in monitoring its credit risk. The Group only grants credit to creditworthy counterparties. Cash is held with creditworthy financial institutions.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at the end of the reporting period in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the statement of financial position.

At the end of the reporting period, 100% (2011: 48.2%) of the Group's trade receivables are due from related parties.

Further details of credit risks on trade and other receivables are disclosed in Notes 7 and 8 respectively.

# NOTES TO FINANCIAL STATEMENTS

31 December 2012

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

### (b) Financial risk management policies and objectives (cont'd)

#### (ii) Foreign exchange risk management

The Group's foreign currency exposures arise mainly from the exchange rate movements of the Singapore dollar against the United States dollar.

At the end the reporting period, the carrying amount of significant monetary assets and liabilities (including intercompany balances) denominated in currencies other than the respective group entities' functional currencies are as follows:

	The Group*				The Company			
	Liabilities		Assets		Liabilities		Assets	
	2012	2011	2012	2011	2012	2011	2012	2011
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Singapore dollar	220	198	336	455	72	72	318	418
United States dollar	–	2,692	41,257	45,929	–	–	–	–
Norwegian kroner	–	107	–	–	–	107	–	–

\* Figures include intercompany financial assets and liabilities denominated in currencies other than the respective group entities' functional currencies.

The Group has an investment in a foreign subsidiary, whose net assets are exposed to currency translation risk. The Group does not currently designate its foreign currency denominated debt as a hedging instrument for the purpose of hedging the translation of its foreign operations.

The following table details the sensitivity to a 5% increase and decrease in the relevant foreign currencies against the functional currency of each group entity. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates.

If the relevant foreign currency strengthens by 5% against the functional currency of each group entity as at the year end, impact on profit before tax will increase by:

	Group		Company	
	2012	2011	2012	2011
	US\$'000	US\$'000	US\$'000	US\$'000
Singapore dollar	6	13	12	17
United States dollar	2,063	2,162	–	–

If the relevant foreign currency weakens by 5% against the functional currency of each group entity as at the year end, impact on profit before tax would decrease by the same amount.

# NOTES TO FINANCIAL STATEMENTS

31 December 2012

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

### (b) *Financial risk management policies and objectives (cont'd)*

#### (iii) Interest rate risk management

The Group is exposed to interest rate risk mainly through its variable rate borrowings undertaken during the period.

#### ***Interest rate sensitivity***

The sensitivity analysis below have been determined based on the exposure to interest rates for financial instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial period and held constant throughout the reporting period in the case of instruments that have floating rates. A 50 basis point increase is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the possible change in interest rates.

If interest rates had been 50 basis points higher or lower during the period and all other variables were held constant, the Group's profit before tax would decrease or increase approximately US\$389,000 (2011: US\$232,000).

As the Company does not hold interest-bearing assets or liabilities, no sensitivity analysis has been presented.

#### (iv) Liquidity risk management

At the end of the reporting period, the Group's total current liabilities exceed its total current assets by US\$9,558,000 (2011: US\$12,526,000). Management is of the view that they will be able to generate sufficient cash inflows from its operations in order to satisfy its obligations, notwithstanding that the loans are secured against the vessels of the Group as well as the vessels owned by a related company of its major shareholder.

If the Group is unable to continue in operational existence for the foreseeable future, adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which could differ significantly from the amounts which they are currently recorded in the consolidated statement of financial position. In addition, the Group may have to reclassify non-current assets as current assets. No such adjustments have been made as at the date of this report.



# NOTES TO FINANCIAL STATEMENTS

31 December 2012

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

### (b) Financial risk management policies and objectives (cont'd)

#### Liquidity and interest risk analyses

#### Non-derivative financial liabilities

The following table details the remaining contractual maturity for non-derivative financial liabilities. The table below has been drawn up based on the undiscounted cash flows of the financial liabilities based on the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the possible future cash flows attributable to the instrument included in the maturity analysis which are not included in the carrying amount of the financial liability on the statement of financial position.

	Weighted average effective interest rate %	On demand or within 1 year US\$'000	Within 2 to 5 years US\$'000	After 5 years US\$'000	Adjustment US\$'000	Total US\$'000
<u>Group</u>						
<u>2012</u>						
Non-interest-bearing		2,541	–	–	–	2,541
Variable interest rate						
instruments	4.06	15,471	59,193	12,402	(9,180)	77,886
Fixed interest rate						
instruments	11.24	1,760	4,058	–	(480)	5,338
		<u>19,772</u>	<u>63,251</u>	<u>12,402</u>	<u>(9,660)</u>	<u>85,765</u>
<u>2011</u>						
Non-interest-bearing	–	11,301	–	–	–	11,301
Variable interest rate						
instruments	4.08	16,132	61,328	26,242	(13,169)	90,533
Fixed interest rate						
instruments	11.24	1,755	5,818	–	(798)	6,775
		<u>29,188</u>	<u>67,146</u>	<u>26,242</u>	<u>(13,967)</u>	<u>108,609</u>

All financial assets are due within one year from the end of the reporting period and are non-interest bearing except for available-for-sale investments amounting to US\$115,650,000 (2011: US\$123,750,000) which is not expected to be realised within the next 12 months and are measured at fair value.

# NOTES TO FINANCIAL STATEMENTS

31 December 2012

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

### (b) *Financial risk management policies and objectives (cont'd)*

#### Company

All financial assets and liabilities are due within one year from the end of the reporting period and are non-interest bearing except for available-for-sale investment amounting to US\$Nil (2011: US\$690,000).

The Company issued guarantees for bank loans and counter indemnities to the extent of US\$101,117,000 (2011: US\$101,117,000) to banks. The earliest period that the guarantee could be called is within 1 year (2011: 1 year) from the end of the reporting period. Management considers that it is more likely than not that no amount will be payable under these financial guarantee arrangements.

#### (v) Fair values of financial assets and financial liabilities

The carrying amounts of cash and bank balances, trade and other receivables and trade and other payables approximate their respective fair values due to the relatively short-term maturity of these financial instruments. The fair values of other classes of financial assets and liabilities are disclosed in the respective notes to financial statements.

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices;
- the fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments; and
- unquoted equity investments (Note 9) are measured at cost less accumulated impairment loss because their fair value cannot be measured reliably.

# NOTES TO FINANCIAL STATEMENTS

31 December 2012

## 4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONT'D)

### (b) *Financial risk management policies and objectives (cont'd)*

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- (a) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);
- (b) 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 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

At the end of the reporting period, the Group has available-for-sale investments ("AFS") amounting to US\$115,650,000 (2011: US\$123,750,000) and this has been measured at fair value based on Level 3. As at 31 December 2012 and 2011, the Group recorded its AFS at cost as it closely represents the fair value of the investments.

### (c) *Capital risk management policies and objectives*

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The structure of the Group consists of debt, which includes the borrowings disclosed in Note 12, and equity attributable to owners of the Company, comprising issued capital and reserves.

The Group's overall strategy remains unchanged from 2011.

# NOTES TO FINANCIAL STATEMENTS

31 December 2012

## 5 RELATED PARTY TRANSACTIONS

Some of the Company's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances due to and from related parties are with the related companies of its major shareholder and such balances are unsecured, interest free and repayable on demand unless otherwise stated.

During the financial year, the Group entered into the following significant transactions with related companies of its major shareholder:

	<b>Group</b>	
	<b>2012</b>	<b>2011</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Charter hire and brokerage income	(5,013)	(3,192)
Dividend income	(6,331)	(2,324)
Management fees	308	347

### *Compensation of directors and key management personnel*

The remuneration of directors and other members of key management during the period was as follows:

	<b>Group</b>	
	<b>2012</b>	<b>2011</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Short-term benefits	1,121	812
Post-retirement benefits	13	13
	1,134	825

The remuneration of directors and key management is determined by the remuneration committee having regard to the performance of individuals and market trends.

## 6 CASH AND CASH EQUIVALENTS

	<b>Group</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
Cash at bank	3,352	3,449	1,819	1,868

Cash and cash equivalents mainly comprise cash held at bank. The carrying amounts of these assets approximate their fair values.

Significant cash and cash equivalents that are not denominated in the functional currencies of the respective entities are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
Singapore dollar	329	452	311	415

# NOTES TO FINANCIAL STATEMENTS

31 December 2012

## 7 TRADE RECEIVABLES

	Group		Company	
	2012	2011	2012	2011
	US\$'000	US\$'000	US\$'000	US\$'000
Outside parties	–	1,188	–	91
Related party (Note 5)	432	1,106	–	–
Total	432	2,294	–	91

The credit period on services rendered is 30 days (2011: 30 days). No interest is charged on the outstanding balance.

Trade receivables amounting to US\$431,000 (2011: US\$1,096,000) are secured by a corporate guarantee from its major shareholder.

Allowance for trade receivables is provided for based on estimated irrecoverable amounts from services provided, determined by reference to past default experience. No allowances are made in current and prior periods as management is of the view that these receivables are recoverable.

As at 31 December 2012, included in the Group's trade receivables balance are debtors with a carrying amount of US\$Nil (2011: US\$1,772,000) which are past due at the end of the reporting period for which the Group has not recognised an allowance for doubtful receivables as there has not been a significant change in credit quality and the amounts are still considered recoverable. In 2011, the average age of these receivables was 155 days.

Significant trade receivables that are not denominated in the functional currencies of the respective entities are as follows:

	Group	
	2012	2011
	US\$'000	US\$'000
United States dollar	–	1,053

# NOTES TO FINANCIAL STATEMENTS

31 December 2012

## 8 OTHER RECEIVABLES

	Group		Company	
	2012	2011	2012	2011
	US\$'000	US\$'000	US\$'000	US\$'000
Subsidiaries	–	–	8,006	5,353
Related party (Note 5)	3,226	5,059	–	–
Outside parties	34	1,950	7	77
Prepayments	21	20	21	12
Deposits	1	1	1	1
Total	3,282	7,030	8,035	5,443

Amount due from subsidiaries is unsecured, interest-free and repayable in demand.

The group has written off other receivables amounting to US\$1,134,000 (2011: US\$Nil) during the year ended 31 December 2012 as management is of the view such receivables are no longer recoverable.

Significant other receivables that are not denominated in the functional currencies of the respective entities are as follows:

	Group		Company	
	2012	2011	2012	2011
	US\$'000	US\$'000	US\$'000	US\$'000
Singapore dollar	7	3	7	3
United States dollar	1,676	5,295	–	–

## 9 AVAILABLE-FOR-SALE INVESTMENTS

	Group		Company	
	2012	2011	2012	2011
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Available-for-sale investments, at cost</b>				
Unquoted equity shares (a)	86	776	86	776
Less: Presented as current asset	(86)	(86)	(86)	(86)
Presented as non-current asset	–	690	–	690
<b>Available-for-sale investments, at fair value (Level 3)</b>				
Unquoted preference shares (b)	115,650	123,750	–	–
Total	115,650	124,440	–	690

# NOTES TO FINANCIAL STATEMENTS

31 December 2012

## 9 AVAILABLE-FOR-SALE INVESTMENTS (CONT'D)

### (a) Unquoted equity shares

The unquoted equity shares are stated at cost as it is not practicable to determine with sufficient reliability the fair value of the unquoted investments as there are no quoted market prices for the investments nor are there other methods to reasonably estimate the fair values.

### (b) Unquoted preference shares

In 2011, the Group acquired the assets and liabilities from an unrelated party, CSOTL Offshore Limited ("CSOTL"). In the transaction, the vessel owned by CSOTL was transferred to an unrelated party, Resolute Offshore Pte Ltd ("ROPL"), in exchange for US\$155,000,000 of convertible bonds to be held by the Group. ROPL was subsequently disposed by its original shareholders to the Company's major shareholder, Swiber Holdings Limited. Pursuant to the change in shareholders, the convertible bonds were converted to cumulative preference shares issued by ROPL amounting to US\$155,000,000.

Subsequent to the conversion, ROPL redeemed US\$8,100,000 (2011: US\$31,250,000) of cumulative preference shares from the Group, resulting in a net balance of US\$115,650,000 (2011: US\$123,750,000) as at end of the reporting period. For the financial year ended 31 December 2012, US\$8,100,000 was redeemed by cash. In 2011, the redemption did not result in any cash flow as it was settled by way of offsetting a corresponding payable to a related company of ROPL.

The unquoted preference shares have been accounted for as an unquoted equity instrument in accordance with FRS 39 *Financial Instruments: Recognition and Measurement*. The terms and conditions of the unquoted cumulative preference shares are set out below:

- (i) Non-convertible;
- (ii) Non-voting;
- (iii) Dividend rate of 5.2% per annum payable semi-annually at the discretion of issuer. No dividend will be paid on the ordinary shares if payment is not made on the preference share dividends; and
- (iv) Right to redeem the preference shares lies with the issuer. Redemption amount comprises of unpaid principal.



# NOTES TO FINANCIAL STATEMENTS

31 December 2012

## 10 PLANT AND EQUIPMENT

	Computers US\$'000	Office furniture and equipment US\$'000	Renovation US\$'000	Vessels US\$'000	Total US\$'000
<b>Group</b>					
<b>Cost:</b>					
At 1 January 2011	18	10	–	7,500	7,528
Acquisition of subsidiaries (Note 23)	–	–	–	21,076	21,076
Additions	60	115	–	–	175
Disposals	(34)	(113)	–	–	(147)
At 31 December 2011	44	12	–	28,576	28,632
Additions	–	–	82	–	82
Disposals	(29)	(4)	–	–	(33)
At 31 December 2012	15	8	82	28,576	28,681
<b>Accumulated depreciation:</b>					
At 1 January 2011	4	6	–	231	241
Depreciation for the financial year	14	2	–	937	953
Disposals	(10)	–	–	–	(10)
At 31 December 2011	8	8	–	1,168	1,184
Depreciation for the financial year	19	1	20	1,478	1,518
Disposal	(14)	(2)	–	–	(16)
At 31 December 2012	13	7	20	2,646	2,686
<b>Carrying amount:</b>					
At 31 December 2012	2	1	62	25,930	25,995
At 31 December 2011	36	4	–	27,408	27,448

Certain of the Group's plant and equipment with a total carrying amount of US\$25,930,000 (2011: US\$27,408,000) were mortgaged to facilities institutions for facilities granted.

# NOTES TO FINANCIAL STATEMENTS

31 December 2012

## 10 PLANT AND EQUIPMENT (CONT'D)

	Computers US\$'000	Office furniture and equipment US\$'000	Renovation US\$'000	Total US\$'000
<b>Company</b>				
Cost:				
At 1 January 2011	18	10	–	28
Disposals	(4)	–	–	(4)
At 31 December 2011	14	10	–	24
Additions	–	–	82	82
Disposals	(3)	(2)	–	(5)
At 31 December 2012	11	8	82	101
<b>Accumulated depreciation:</b>				
At 1 January 2011	4	6	–	10
Depreciation for the financial year	5	1	–	6
Disposals	(2)	–	–	(2)
At 31 December 2011	7	7	–	14
Depreciation for the financial year	4	1	20	25
Disposals	(2)	(1)	–	(3)
At 31 December 2012	9	7	20	36
<b>Carrying amount:</b>				
At 31 December 2012	2	1	62	65
At 31 December 2011	7	3	–	10

# NOTES TO FINANCIAL STATEMENTS

31 December 2012

## 11 SUBSIDIARIES

	Company	
	2012 US\$'000	2011 US\$'000
Unquoted equity shares, at cost	20,718	20,718
Unquoted preference shares	4,080	4,080
	<u>24,798</u>	<u>24,798</u>

The unquoted non-cumulative preference shares issued by one of its subsidiaries have been accounted for as investment in subsidiary. The terms and conditions of the unquoted non-cumulative preference shares are set out below:

- (i) Non-convertible;
- (ii) Non-voting;
- (iii) Dividend rate of 15% per annum at the discretion of the issuer; and
- (iv) Right to redeem the preference shares lies with the issuer.

Details of the subsidiaries are as follows:

Name of subsidiary	Proportion of ownership interest/ voting power held		Principal activities/ Country of incorporation and operations
	2012 %	2011 %	
Vallianz Samson Pte Ltd <sup>(1)</sup>	100	100	Vessel ownership and chartering/ Singapore
Vallianz Marine Pte Ltd <sup>(1) (4)</sup>	51	51	Vessel ownership and chartering/ Singapore
Vallianz 4000 Pte Ltd <sup>(3)</sup>	100	100	Dormant/Singapore
Resolute Pte Ltd <sup>(1)</sup>	51	51	Investment holding/Singapore
CSOTL Offshore Limited <sup>(2)</sup>	51	51	Dormant/Thailand

<sup>(1)</sup> Audited by Deloitte & Touche LLP, Singapore.

<sup>(2)</sup> Audited by another firm of auditors, PYS Audit Company Limited.

<sup>(3)</sup> Exempted from audit by law in the country of incorporation.

<sup>(4)</sup> In 2011, the subsidiary was acquired during the year for a cash consideration of US\$217,000 for 51% equity interest (Note 23).

# NOTES TO FINANCIAL STATEMENTS

31 December 2012

## 12 TERM LOANS

	Group	
	2012	2011
	US\$'000	US\$'000
Loans	83,224	97,308
Less: Amount due for settlement within 12 months (shown under current liabilities)	(14,169)	(14,084)
Amount due for settlement after 12 months	69,055	83,224

The Group has 6 (2011: 6) bank loans with repayment terms commencing from August 2010 to June 2018.

Loans amounting to approximately US\$3,157,000 (2011: US\$4,204,000) are subject to interest rates of 3.82% above the cost of funds while loan amounting to approximately US\$1,500,000 (2011: US\$2,100,000) carries interest at 3.75% above LIBOR per annum. Another loan amounting to approximately US\$73,229,000 (2011: US\$84,229,000) is subject to interest at 3.50% above LIBOR per annum. Accordingly, interest rates are subject to change according to prevailing market conditions and/or at bank's discretion. The carrying amount of these loans approximates the fair value as the interest rates approximate the prevailing market rates. The average effective interest rate of the loans is 4.06% (2011: 4.08%).

The remaining bank loans of US\$5,338,000 (2011: US\$6,775,000) are arranged at fixed interest rates. The average effective interest rate is 11.24% (2011: 11.24%). Management estimates the fair value of the Company's borrowings, by discounting their future cash flows at the market rate, to be US\$4,889,000 (2011: US\$6,090,000).

Term loans are denominated in the functional currency of the respective group entities.

The bank loans are secured by:

- (i) first legal mortgage over the vessels of the Group (Note 10) and a vessel held by a related company of its major shareholder;
- (ii) assignment of marine insurances in respect of some of the vessels mentioned above;
- (iii) assignment of earnings charter proceeds in respect of some of the vessels mentioned above; and/or
- (iv) the unquoted cumulative preference shares held by the Group (Note 9).

# NOTES TO FINANCIAL STATEMENTS

31 December 2012

## 13 TRADE PAYABLES

	<b>Group</b>	
	<b>2012</b>	<b>2011</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Related parties (Note 5)	–	4
Outside parties	–	2,430
	<b>–</b>	<b>2,434</b>

The average credit period on trade payables was 30 days in 2011.

Significant trade payables that are not denominated in the functional currencies of the respective entities:

	<b>Group</b>	
	<b>2012</b>	<b>2011</b>
	<b>US\$'000</b>	<b>US\$'000</b>
United States dollar	–	2,340

## 14 OTHER PAYABLES

	<b>Group</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
Related parties (Note 5)	2,287	2,740	148	–
Accruals	99	5,485	34	96
Other payables	155	642	38	543
	<b>2,541</b>	<b>8,867</b>	<b>220</b>	<b>639</b>

Significant other payables that are not denominated in the functional currencies of the respective entities are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
Singapore dollar	220	198	72	72
United States dollar	–	352	–	–
Norwegian kroner	–	107	–	107

# NOTES TO FINANCIAL STATEMENTS

31 December 2012

## 15 SHARE CAPITAL

	Group and Company			
	2012	2011	2012	2011
	Number of ordinary shares			
	'000	'000	US\$'000	US\$'000
At beginning of year	1,189,412	594,706	54,647	31,509
Issuance of shares pursuant to:				
Share placement exercise	–	594,706	–	23,170
Transaction costs	–	–	–	(32)
At the end of the year	<u>1,189,412</u>	<u>1,189,412</u>	<u>54,647</u>	<u>54,647</u>

Fully paid ordinary shares, which have no par value, carry one vote per share and a right to dividends as and when declared by the Company.

The newly issued ordinary shares in 2011 rank pari passu in all respects with the existing shares of the Company.

## 16 REVENUE

	Group	
	2012	2011
	US\$'000	US\$'000
Charter hire and brokerage income	5,013	3,554
Dividend income	6,331	2,324
Management fees income	175	–
	<u>11,519</u>	<u>5,878</u>

## 17 OTHER INCOME

	Group	
	2012	2011
	US\$'000	US\$'000
Gain on disposal of available-for-sale investment	323	–
Foreign exchange gain	–	1,987
Dividend income	21	10
Gain on bargain purchase	–	24
Interest income	–	1
Reversal of accruals <sup>(1)</sup>	5,000	–
Others	6	65
	<u>5,350</u>	<u>2,087</u>

<sup>(1)</sup> Relates to reversal of costs for projects undertaken by one of its subsidiaries which management has assessed and is of the view that these accruals are no longer required.

# NOTES TO FINANCIAL STATEMENTS

31 December 2012

## 18 FINANCE COSTS

	Group	
	2012	2011
	US\$'000	US\$'000
Interest expense to outside parties	3,802	2,248

## 19 INCOME TAX

Domestic income tax is calculated at 17% (2011: 17%) of the estimated assessable profit for the year. Taxation for other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions. 2 of its subsidiaries earned shipping income from the charter of ships and are exempted from tax under Section 13A of the Singapore Income Tax Act.

The total charge for the year can be reconciled to the accounting profit as follows:

	Group	
	2012	2011
	US\$'000	US\$'000
Profit before tax	5,482	1,465
Income tax expense calculated at 17% (2011: 17%)	932	249
Effect of expenses (income) that are not deductible (taxable)	141	(360)
Effect of income that are not subject to tax	(1,783)	(604)
Effect of different tax rates of subsidiaries operating in other jurisdictions	58	123
Tax losses not carried forward	550	304
Effect of deferred tax assets previously not recognised now utilised	(225)	–
Effect of unused tax losses not recognised as deferred tax assets	327	288
Total	–	–

Subject to agreement with the relevant tax authorities, the Group has estimated tax losses carry forwards which are available for offsetting against future taxable income as follows:

	Group	
	2012	2011
	US\$'000	US\$'000
Amount at beginning of year	4,663	1,269
Adjustment during the year	1,611	1,876
Utilised in current year	(979)	–
Arising during current year	1,923	1,518
	7,218	4,663
Deferred tax benefit on above not recorded	1,279	823

No deferred tax asset has been recognised due to the unpredictability of future profit streams.



# NOTES TO FINANCIAL STATEMENTS

31 December 2012

## 20 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

	Group	
	2012	2011
	US\$'000	US\$'000
Audit fees to auditors of the Company	66	60
Depreciation of plant and equipment	1,518	953
Directors' remuneration (including directors' fees)	817	572
Employee benefits expense (including directors' remuneration)	1,187	908
Defined contribution benefits included in employee benefits expense	18	20
Foreign exchange loss (gain), net	844	(1,987)
Loss on disposal of plant and equipment	16	117
Loss on disposal of associate	–	16
Write-off of other receivables	1,134	–

## 21 EARNINGS PER SHARE

	2012	2011
	US\$'000	US\$'000
<u>Earnings</u>		
Profit for the year attributable to owners of the Company	2,411	794
	2012	2011
	'000	'000
<u>Number of shares</u>		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	1,189,412	1,156,825
	2012	2011
	US cents	US cents
Basic and diluted earnings per share	0.20	0.07

Basic and diluted earnings per share are the same as the Group did not have any dilutive potential ordinary shares outstanding as at the end of the reporting period.

## 22 DIVIDEND

In respect of current year, the directors propose a dividend of 0.04 US cents per share be paid to shareholders. This dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements. The total estimated dividend to be paid is US\$500,000. No dividends were proposed for the year ended 31 December 2011.

# NOTES TO FINANCIAL STATEMENTS

31 December 2012

## 23 ACQUISITION OF SUBSIDIARY

### 2011

On 30 June 2011, the Group acquired 51% of the issued share capital of Vallianz Marine Pte Ltd for a cash consideration of US\$217,000. This transaction was accounted for by the acquisition method of accounting and the fair values of assets and liabilities acquired have been disclosed below.

Vallianz Marine Pte Ltd ("VMPL") is an entity incorporated in the Republic of Singapore with its principal activity as a ship charterer. The Group acquired VMPL in order to expand its fleet of vessels.

	2011 US\$'000
Plant and equipment	21,076
Trade and other receivables	3,388
Cash and cash equivalents	31
Term loans	(12,191)
Trade and other payables	(11,832)
Net assets acquired and liabilities assumed	472
Consideration transferred	217
Plus: Non-controlling interests	231
Less: Fair value of identifiable net assets acquired	(472)
Gain on bargain purchase	(24)

The gain on bargain purchase had been recorded in "other income" line item in the consolidated statement of comprehensive income during the year ended 31 December 2011.

Acquisition-related costs amounted to US\$10,000 had been excluded from the consideration transferred and had been recognised as an expense in 2011, within the 'administrative expenses' line item in the consolidated statement of comprehensive income.

Non-controlling interests were measured at the non-controlling shareholders' proportionate share of the fair value of the acquiree's identifiable net assets.

	2011 US\$'000
<u>Net cash outflow on acquisition of subsidiary</u>	
Consideration transferred	217
Less: cash and cash equivalents acquired	(31)
Net cash outflow on acquisition of subsidiary	186

Included in the profit for the year ended 31 December 2011 was US\$300,000 attributable to the subsidiary acquired. Revenue for the same period from the subsidiary amounted to US\$1,913,000.

Had the business combination during the year been effected at 1 January 2011, the revenue of the Group would have been US\$7,458,000 and the profit for the year ended 31 December 2011 from continuing operations would have been US\$1,750,000.

# NOTES TO FINANCIAL STATEMENTS

31 December 2012

## 24 OPERATING LEASE ARRANGEMENTS

### The Group as lessor

The Group hires out its vessels under operating leases. Charter hire income of US\$5,013,000 (2011: US\$3,192,000) was earned.

At the end of the reporting period, the Group has contracted with charterers for the following future minimum lease receivable:

	<b>Group</b>	
	<b>2012</b>	<b>2011</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Future minimum lease receivable:		
Within 1 year	5,074	5,087
After 1 year but within 5 years	9,700	14,774
	<u>14,774</u>	<u>19,861</u>

Operating lease receivables represent charter hire income receivable by the Group. Leases were negotiated for an average term of five years.

## 25 COMMITMENT

The Company provided corporate guarantees of US\$101,117,000 (2011: US\$101,117,000) for loans taken by its subsidiaries and management is of the view that the fair value of the guarantees is not material.

## 26 SEGMENT INFORMATION

The Group's chief operating decision maker has been identified as the executive director of the Group, who reviews the consolidated results prepared in the following reportable segments when making decisions about allocating resources and assessing performance of the Group:

- (i) Vessel chartering and brokerage: leasing of owned vessels; and
- (ii) Investment holding: holding available-for-sale investments for long-term purposes.

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision maker monitors the tangible and financial assets attributable to each segment. All assets and liabilities are allocated to reportable segments.

# NOTES TO FINANCIAL STATEMENTS

31 December 2012

## 26 SEGMENT INFORMATION (CONT'D)

Information regarding the operations of each reportable segment is included below.

	Vessel chartering and brokerage US\$'000		Investment holding US\$'000		Group US\$'000	
	2012	2011	2012	2011	2012	2011
<b>REVENUE</b>						
External sales	5,188	3,554	6,331	2,324	11,519	5,878
<b>RESULTS</b>						
Segment results	2,974	1,543	6,310	2,170	9,284	3,713
Finance costs	(586)	(618)	(3,216)	(1,630)	(3,802)	(2,248)
Profit before tax					5,482	1,465
Income tax					—	—
Profit for the year					5,482	1,465
<b>Segment assets and segment liabilities</b>						
Segment assets	31,478	39,524	117,319	125,223	148,797	164,747
Segment liabilities	11,661	23,507	74,104	85,102	85,765	108,609
<b>Other information</b>						
Depreciation of plant and equipment	1,518	953	—	—	1,518	953
Foreign exchange loss (gain), net	844	(1,980)	—	(7)	844	(1,987)
Write-off of other receivables	1,134	—	—	—	1,134	—
Loss on disposal of plant and equipment	16	117	—	—	16	117

There is no intersegment elimination as disclosed above as the Group does not transact between the segments.

# NOTES TO FINANCIAL STATEMENTS

31 December 2012

## 26 SEGMENT INFORMATION (CONT'D)

### Geographical information

The Group operates in Singapore and international waters and accordingly, no presentation of geographical information has been included in the financial statements.

### Major customer information

During the year, the Group derived vessel chartering and brokerage revenue amounting to approximately of US\$5,013,000 (2011: US\$3,192,000) from related companies of its major shareholder.

In addition, revenue from the investment holding segment is derived from a related company of its major shareholder.

## 27 EVENT AFTER THE REPORTING PERIOD

Subsequent to the end of the reporting period, Resolute Offshore Pte Ltd redeemed US\$5,250,000 of preference shares from the Group, resulting in net balance of US\$110,400,000 of unquoted preference shares in Resolute Offshore Pte Ltd.

**UNAUDITED ACCOUNTS OF VALLIANZ HOLDINGS LIMITED AND ITS  
SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013**

The information in this Appendix IV has been reproduced from the announcement of the unaudited accounts of Vallianz Holdings Limited and its subsidiaries for the financial year ended 31 December 2013 on 13 February 2014 and has not been specifically prepared for inclusion in this Information Memorandum.

# **UNAUDITED FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2013 ("FY 2013")**

## **PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS**

- 1(a)(i) A statement of comprehensive income (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year.

### **Consolidated Statement of Comprehensive Income**

	<b>Group</b>		
	<b>FY2013</b>	<b>FY2012</b>	<b>Change</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>%</b>
<b>Revenue</b>	<b>19,985</b>	11,519	73
Cost of sales	<b>(4,958)</b>	(1,765)	181
<b>Gross profit</b>	<b>15,027</b>	9,754	54
Other income	<b>1,219</b>	5,350	(77)
Administrative expenses	<b>(3,734)</b>	(5,820)	(36)
Finance costs	<b>(3,092)</b>	(3,802)	(19)
Share of profit of joint venture	<b>1,621</b>	-	nm
<b>Profit before tax</b>	<b>11,041</b>	5,482	101
Income tax expense	<b>(728)</b>	-	nm
<b>Profit for the year</b>	<b>10,313</b>	5,482	88
<b>Profit for the year attributable to:</b>			
Owners of the Company	<b>7,493</b>	2,411	211
Non-controlling interests	<b>2,820</b>	3,071	(8)
Total	<b>10,313</b>	5,482	
<b>Other comprehensive income for the year, net of tax</b>			
Exchange differences on translating foreign operations			
- gains arising during the year	<b>252</b>	1,412	(82)
- gains included in profit and loss upon liquidation of a subsidiary	<b>(350)</b>	-	nm
<b>Total comprehensive income for the year</b>	<b>10,215</b>	6,894	48
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	<b>7,395</b>	3,131	136
Non-controlling interests	<b>2,820</b>	3,763	(25)
Total	<b>10,215</b>	6,894	

**Note:**  
NM – Not Meaningful



- 1(a)(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year.

Net profit for the period is determined after charging/(crediting) the following:

	<b>Group</b>	
	<b>FY2013</b>	<b>FY2012</b>
	<b>US\$'000</b>	<b>US\$'000</b>
Depreciation of plant and equipment	<b>1,545</b>	1,518
Share based payment expense	<b>181</b>	-
Finance costs	<b>3,092</b>	3,802
Loss on disposal of plant and equipment	<b>1</b>	16
Write-off of other receivables	-	1,134
Other income	<b>(6)</b>	(5,000)
Gain on disposal of investments	-	(323)
Gain on liquidation of subsidiary	<b>(1,203)</b>	-
Dividend income	<b>(5,707)</b>	(6,331)
Foreign exchange (gain)/loss	<b>(143)</b>	844

- 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.

#### Statement of Financial Position

	<b>Group</b>		<b>Company</b>	
	<b>31 Dec 2013 US\$'000</b>	<b>31 Dec 2012 US\$'000</b>	<b>31 Dec 2013 US\$'000</b>	<b>31 Dec 2012 US\$'000</b>
<b>Current assets</b>				
Cash and cash equivalents	1,812	3,352	65	1,819
Trade receivables	5,662	432	-	-
Other receivables	5,335	3,282	10,868	8,035
Available-for-sale investments	86	86	86	86
	<b>12,895</b>	<b>7,152</b>	<b>11,019</b>	<b>9,940</b>
<b>Non-current assets</b>				
Plant and equipment	25,166	25,995	198	65
Subsidiaries	-	-	24,798	24,798
Joint venture	3,071	-	-	-
Available-for-sale investments	104,900	115,650	-	-
	<b>133,137</b>	<b>141,645</b>	<b>24,996</b>	<b>24,863</b>
<b>Total assets</b>	<b>146,032</b>	<b>148,797</b>	<b>36,015</b>	<b>34,803</b>
<b>Current liabilities</b>				
Term loans	15,258	14,169	-	-
Finance lease	23	-	23	-
Trade payables	2,559	-	-	-
Other payables	1,549	2,541	2,714	220
Income tax payable	728	-	-	-
	<b>20,117</b>	<b>16,710</b>	<b>2,737</b>	<b>220</b>
<b>Non-current liabilities</b>				
Term loans	53,797	69,055	-	-
Finance lease	19	-	19	-
	<b>53,816</b>	<b>69,055</b>	<b>19</b>	<b>-</b>
<b>Total liabilities</b>	<b>73,933</b>	<b>85,765</b>	<b>2,756</b>	<b>220</b>
<b>Net assets</b>	<b>72,099</b>	<b>63,032</b>	<b>33,259</b>	<b>34,583</b>
<b>Capital and reserves</b>				
Share capital	54,647	54,647	54,647	54,647
Foreign currency translation reserve	-	98	-	-
Employees' share option reserve	181	-	181	-
Accumulated losses	(12,098)	(19,115)	(21,569)	(20,064)
Equity attributable to owners of the Company	<b>42,730</b>	<b>35,630</b>	<b>33,259</b>	<b>34,583</b>
Non-controlling interests	29,369	27,402	-	-
<b>Total equity</b>	<b>72,099</b>	<b>63,032</b>	<b>33,259</b>	<b>34,583</b>

**1(b)(ii) Aggregate amount of group's borrowings and debt securities.**

**Amount repayable in one year or less, or on demand**

Group		Group	
As at 31 Dec 2013		As at 31 Dec 2012	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
15,281	-	14,169	-

**Amount repayable after one year**

Group		Group	
As at 31 Dec 2013		As at 31 Dec 2012	
Secured	Unsecured	Secured	Unsecured
US\$'000	US\$'000	US\$'000	US\$'000
53,816	-	69,055	-

**Details of any collateral**

The Group's borrowings are secured by:

- (i) First legal mortgage over all the Group's vessels and motor vehicles
- (ii) Unquoted cumulative preference shares held by the Group

- 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.

**Consolidated statements of cash flows**

	<b>Group</b>	
	<b>FY2013 US\$'000</b>	<b>FY2012 US\$'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	11,041	5,482
<b>Adjustments for:</b>		
Depreciation of plant and equipment	1,545	1,518
Gain on liquidation of subsidiary	(1,203)	-
Dividend income from available-for-sale investment	(5,707)	(6,352)
Gain on disposal of available-for-sale investment	-	(323)
Unrealised exchange loss	252	1,412
Finance costs	3,092	3,802
Loss on disposal of plant and equipment	1	16
Write-off of other receivables	-	1,134
Share based payment expense	181	-
Share of profit of joint venture	(1,621)	-
<b>Operating cash flows before working capital changes</b>	<b>7,581</b>	<b>6,689</b>
Trade and other receivables	(7,442)	6,025
Trade and other payables	1,567	(8,787)
<b>Cash from operations</b>	<b>1,706</b>	<b>3,927</b>
Income taxes paid	-	-
<b>Net cash from operating activities</b>	<b>1,706</b>	<b>3,927</b>
<b>Cash flows from investing activities</b>		
Dividends received	5,866	4,803
Proceeds from disposal of plant and equipment	55	1
Proceeds from redemption of preference shares	10,750	8,100
Proceeds from disposal of available-for-sale investment	-	1,013
Acquisition of investment in joint venture	(1,450)	-
Purchases of plant and equipment	(712)	(82)
<b>Net cash from investing activities</b>	<b>14,509</b>	<b>13,835</b>
<b>Cash flows from financing activities</b>		
Dividends paid	(476)	-
Interest paid	(3,092)	(3,775)
Repayment of term loans	(14,169)	(14,084)
Repayment of obligation under finance lease	(18)	-
<b>Net cash used in financing activities</b>	<b>(17,755)</b>	<b>(17,859)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(1,540)</b>	<b>(97)</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>3,352</b>	<b>3,449</b>
<b>Cash and cash equivalents at end of year</b>	<b>1,812</b>	<b>3,352</b>

- 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.

#### Statements of Changes in Equity

	Share capital	Foreign currency translation reserve	Employees' share option reserve	Accumulated losses	Equity attributable to owners of the Company	Non-controlling interests	Total equity
Group	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January 2013	54,647	98	-	(19,115)	35,630	27,402	63,032
Total comprehensive income for the year							
Profit for the year	-	-	-	7,493	7,493	2,820	10,313
Other comprehensive income for the year	-	(98)	-	-	(98)	-	(98)
Total	-	(98)	-	7,493	7,395	2,820	10,215
Transactions with owners, recognised directly in equity							
Dividends paid	-	-	-	(476)	(476)	-	(476)
Recognition of share based payments	-	-	181	-	181	-	181
Liquidation of subsidiary	-	-	-	-	-	(853)	(853)
Total	-	-	181	(476)	(295)	(853)	(1,148)
<b>At 31 December 2013</b>	<b>54,647</b>	<b>-</b>	<b>181</b>	<b>(12,098)</b>	<b>42,730</b>	<b>29,369</b>	<b>72,099</b>
<b>Group</b>							
At 1 January 2012	54,647	(622)	-	(21,526)	32,499	23,639	56,138
Total comprehensive income for the year							
Profit for the year	-	-	-	2,411	2,411	3,763	6,174
Other comprehensive income for the year	-	720	-	-	720	-	720
Total	-	720	-	2,411	3,131	3,763	6,894
<b>At 31 December 2012</b>	<b>54,647</b>	<b>98</b>	<b>-</b>	<b>(19,115)</b>	<b>35,630</b>	<b>27,402</b>	<b>63,032</b>

**1(d)(i) Statements of Changes in Equity (Cont'd)**

Company	Share capital	Employees' share option reserve	Accumulated losses	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January 2013	54,647	-	(20,064)	34,583
Profit for the year, representing total comprehensive income for the year	-	-	(1,209)	(1,209)
Total	-	-	(1,209)	(1,209)
Transactions with owners, recognised directly in equity				
Dividends paid	-	-	(476)	(476)
Recognition of share based payments	-	181	-	181
Total	-	181	(476)	(295)
<b>At 31 December 2013</b>	<b>54,647</b>	<b>181</b>	<b>(21,749)</b>	<b>33,079</b>
<b>Company</b>				
At 1 January 2012	54,647	-	(22,300)	32,347
Profit for the year, representing total comprehensive income for the year	-	-	2,236	2,236
Total	-	-	2,236	2,236
<b>At 31 December 2012</b>	<b>54,647</b>	<b>-</b>	<b>(20,064)</b>	<b>34,583</b>

**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.**

None.

**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.**

**Group and Company**

	31 Dec 2013 No. of shares ( '000)	31 Dec 2012 No. of shares ( '000)
The number of issued shares	<b>1,189,412</b>	1,189,412

There were no treasury shares as at 31 December 2013 and 31 December 2012.

**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.**

The Group does not have any treasury shares at the end of the financial year.

2. **Whether the figures have been audited or reviewed and in accordance with which auditing standard or practice.**

The financial statement have not been audited or reviewed by the Company's auditors.

3. **Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of 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 paragraph 5 below, the Group has applied the same accounting policies and methods of computation in the preparation of the financial statements for the current financial period as those applied in the audited financial statement for the year ended 31 December 2012.

5. **If there are any changes in the accounting policies and method of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.**

The Group has adopted the new or revised Financial Reportings Standard ("**FRS**") and the interpretation of FRS ("**IFRS**") that become effective for the entities with financial period commencing 1 January 2013. The adoption of the new and revised FRS and IFRS has no material impact on the unaudited financial statements for the financial year ended 31 December 2013.

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.**

	<b>Group</b>	
	<b>Financial year ended</b>	
	<b>31 Dec 2013</b>	<b>31 Dec 2012</b>
<u>Earnings</u>		
Profit after tax (US\$'000)	<b>7,493</b>	2,411
<u>Number of shares</u>		
Weighted average number of shares for basic earnings per share ('000)	<b>1,189,412</b>	1,189,412
Effects of dilution from share options and awards ('000)	<b>4,464</b>	-
Weighted average number of shares for diluted earnings per share ('000)	<b>1,193,876</b>	1,189,412
<u>Earnings per share (US cents)</u>		
Basic	<b>0.63</b>	0.20
Diluted	<b>0.63</b>	0.20



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.

	<b>Group</b>		<b>Company</b>	
	<b>31 Dec 2013</b>	<b>31 Dec 2012</b>	<b>31 Dec 2013</b>	<b>31 Dec 2012</b>
Net asset value (US\$'000)	<b>42,730</b>	35,630	<b>33,259</b>	34,583
Total number of shares issued ('000)	<b>1,189,412</b>	1,189,412	<b>1,189,412</b>	1,189,412
Net asset value per share (US cents)	<b>3.59</b>	3.00	<b>2.80</b>	2.91

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-**

- (a) any significant factors that affected the turnover, costs and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and  
(b) any material factors that affected the cash flow, working capital, assets and liabilities of the group during the current financial period reported on.

**Review of Group Performance**

**Consolidated Statement of Comprehensive Income**

**(a) Revenue**

The Group registered approximately US\$20.0 million of revenue for the financial year ended 31 December 2013 ("FY2013") representing an increase of 73% or US\$8.47 million when compared to the financial year ended 31 December 2012 ("FY2012"). The increase in revenue was due mainly to the growth in chartering, ship management and brokerage activities of the Group in FY2013.

**(b) Cost of sales and gross profit**

Cost of sales increased by US\$3.19 million, from US\$1.77 million in FY2012 to US\$4.96 million in FY2013. The increase in cost of sales is due mainly to chartering of a vessel in FY2013 and cost incurred relating to ship management activities of the Group.

The Group's gross profit increased by 54% or US\$5.27 million from US\$9.75 million in FY2012 to US\$15.03 million in FY2013.

**(c) Other Income**

Other income of US\$1.22 million in FY2013 was mainly due to gain on liquidation of a subsidiary.

**(d) Administrative expenses**

Administrative expenses decreased by 36% or US\$2.09 million to US\$3.73 million in FY2013 compared to FY2012. The higher expense incurred in FY2012 was mainly due to receivables written off and foreign exchange loss.

**(e) Finance costs**

Finance costs for the Group decreased by US\$710,000 from US\$3.80 million in FY2012 to US\$3.09 million. The decrease in finance costs was a result of the decrease in the Group's term loan balance.

## 8 Review of Group Performance (Cont'd)

### ***(f) Profit for the year***

The Group recorded a profit of US\$10.31 million for FY2013 as compared to US\$5.48 million for FY2012. The improvement in financial performance for FY2013 was mainly attributable to the growth in business activities and our joint venture share in the profits of Rawabi Swiber Offshore Services Co Ltd ("RSOS") which we acquired a 50% interest on 1 October 2013. Subsequent to year end, we entered into a new agreement with our Saudi joint venture partner, which will require the Group to consolidate the results of RSOS beginning FY2014.

### **Consolidated Statement of Financial Position**

### ***(g) Trade and other receivables***

Trade and other receivables increased from US\$3.71 million as at 31 December 2012 to US\$11.0 million as at 31 December 2013. The increase in trade receivables is in line with the increase in the revenue of the Group.

### ***(h) Available-for-sale investments***

As at 31 December 2012 the Group had preferential shares in Resolute Offshore Pte Ltd valued at US\$115.65 million. Resolute Offshore Pte Ltd redeemed 107,500 preference shares for a total value of US\$10.75 million during the financial year ended 31 December 2013.

### ***(i) Plant and equipment***

The decrease in plant and equipment from US\$26.0 million as at 31 December 2012 to US\$25.17 million as at 31 December 2013 is due mainly to depreciation on the Group's vessels and other equipment.

### ***(j) Total current and non-current borrowings***

Total current & non-current term borrowings decreased from US\$83.22 million as at 31 December 2012 to US\$69.05 million as at 31 December 2013 due to the repayment of the Group's various loans. The amortisation profiles of these loans caused the Group to record a working capital deficit of US\$7.22 million as at 31 December 2013.

### ***(k) Trade and other payables***

The Group's trade and other payables increased by approximately US\$1.57 million from US\$2.54 million as at 31 December 2012 to US\$4.11 million as at 31 December 2013. The increase is consistent with the growth of the group business.

### **Consolidated Statement of Cash Flows**

Cash and cash equivalents decreased from US\$3.35 million as at 31 December 2012 to US\$1.81 million as at 31 December 2013.

### ***(l) Cash flow from operating activities***

The Group's net cash inflow from operating activities for FY2013 amounted to US\$1.71 million. This comprised operating cash flows before working capital changes of US\$7.58 million, and adjusted for net working capital outflows of US\$5.87 million.

### ***(m) Cash flow from investing activities***

Net cash generated from investing activities amounted to US\$14.51 million for FY2013 due to the proceeds from the redemption of 107,500 preference shares and US\$5.87 million of dividends received from the Group's available-for-sale investment. In additions, the Group incurred an expenditure of US\$712,000 for purchase of plant and equipment mainly due to drydocking of a vessel.

### ***(n) Cash flow used in financing activities***

Net cash used in financing activities amounted to US\$17.76 million in FY2013 due mainly to repayments of bank borrowings and interest.

9. **Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.**

Not applicable.

10. **A commentary at the date of announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.**

The Group has established its business presence in the area of marine asset ownership, chartering and fleet corporate management services in Asia and the Middle East, regions where offshore exploration and production ("E&P") work is expected to grow.

This is due to the structural demand for oil, ongoing development of oil fields and the potential for new oil discovery at these regions. These growth drivers, along with the industry's expectation that oil prices will oscillate favorably, support E&P spending by offshore and international operators as well as national oil and gas companies in Asia and the Middle East. In addition, the increase in delivery of offshore oil rigs will also support vessel utilisation rates of offshore support vessels. All these augur well for Vallianz's vessel fleet, which comprises 26 offshore support vessels.

As such, the Group will continue to focus on acquiring long term income producing assets that will provide stable and predictable income, and a good asset base from which it can expand upon. The Group believes that there will be a number of opportunities in the future for the Group to capitalise on and is cautiously optimistic of the outlook on the oil and gas industry.

11. **Dividend**

**(a) Current Financial Period Reported On**

Any dividend recommended for the current financial period reported on?

Yes.

Name of dividend	Interim dividend
Dividend type	Cash
Dividend rate	US\$0.0004 per ordinary share
Tax rate	Tax exempt (one-tier)

**(b) Corresponding Period of the Immediately Preceding Financial Year**

Yes. The following dividend was proposed and paid for the financial year ended 31 December 2012 :

Name of dividend	First and Final
Dividend type	Cash
Dividend rate	US\$0.0004 per ordinary share
Tax rate	Tax exempt (one-tier)

**(c) Date Payable**

To be announced at a later date

**(d) Book Closure Date.**

To be announced at a later date.

12. **If no dividend has been declared/recommended, a statement to that effect.**

Not applicable.

### 13. Interested person transaction

In compliance with Chapter 9 of the SGX-ST Listing Manual (Section B: Rules of Catalyst), there were no transactions with interested persons for the year 31 December 2013 which exceeds the stipulated threshold except as disclosed below:

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
<b>Chartering</b>		
Swiber and its subsidiaries	US\$5,073,500 <sup>(1)</sup>	US\$1,821,000
<b>Corporate services</b>		
Swiber and its subsidiaries	Nil	US\$288,000
<b>Marine brokerage services</b>		
Swiber and its subsidiaries	US\$539,926	US\$1,232,132
<b>Ship management services</b>		
Swiber and its subsidiaries	US\$1,157,300	US\$3,036,800
<b>Other</b>		
Swiber and its subsidiaries	US\$1,450,000	Nil

<sup>(1)</sup>The transaction relates to chartering income for the year ended 31 December 2013. No shareholder approval was obtained because all terms of the charter party agreement entered into between Vallianz Marine Pte. Ltd. ("Vallianz Marine") and Newcruz Offshore Marine Pte Ltd were finalized and signed prior to the Company acquiring the 51% interest in Vallianz Marine and before Swiber Holdings Limited became an interested party as in Chapter 9 of the SGX-ST Listing Manual (Section B: Rules of Catalyst).

### 14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year.

	Vessel chartering & broking US\$'000	Vessel management US\$'000	Investment holding US\$'000	Total US\$'000
<b>2013</b>				
<b>Revenue</b>				
External sales	8,672	5,616	5,697	19,985
Total revenue	8,672	5,616	5,697	19,985
<b>Results</b>				
Segment results	4,093	4,373	3,986	12,452
Unallocated income				60
Finance costs				(3,092)
Share of profit of joint venture				1,621
Profit before tax				11,041
Income tax				(728)
Profit for the year				10,313
<b>2012</b>				
<b>Revenue</b>				
External sales	5,188	-	6,331	11,519
Total revenue	5,188	-	6,331	11,519
<b>Results</b>				
Segment results	2,974	-	6,310	9,284
Finance costs				(3,802)
Profit before tax				5,482
Income tax				-
Profit for the year				5,482

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

Please refer to para 8 and 14 above.

16. Breakdown of sales

	Group		
	31 Dec 2013	31 Dec 2012	Increase / decrease
	US\$'000	US\$'000	%
(a) Sales reported for first half year	7,467	5,943	26%
(b) Operating profit after tax before deducting minority interest reported for first half year	4,128	3,298	25%
(c) Sales reported for second half year	12,518	5,576	124%
(d) Operating profit after tax before deducting minority interest reported for second half year	6,185	2,184	183%

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year.

	31 Dec 2013	31 Dec 2012
	US\$'000	US\$'000
Ordinary	476	476
Total	476	476

18. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704 (10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement.

Pursuant to Rule 704(10) of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Board of Directors of Vallianz Holdings Limited (the "Company") would like to confirm that none of the persons occupying managerial positions in the Company or its principal subsidiaries are related to a Director or Chief Executive Officer or Substantial Shareholder of the Company, for the financial year ended 31 December 2013.

#### BY ORDER OF THE BOARD

Lee Bee Fong  
Company Secretary  
13 February 2014

*This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, Stamford Corporate Services Pte Ltd, for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The Company's Sponsor has not independently verified the contents of this announcement.*

*This announcement has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this announcement including the correctness of any of the statements or opinions made or reports contained in this announcement.*

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