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

The attached 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 Maybank Kim Eng Holdings Limited (formerly known as Kim Eng Holdings Limited) ("**Maybank KEH**"), Maybank Kim Eng Securities Pte. Ltd. (formerly known as Kim Eng Securities Pte. Ltd.) ("**Maybank KES**") (each an "**Issuer**" and together, the "**Issuers**"), Maybank KEH (in its capacity as guarantor for notes, except where the Issuer is Maybank KEH) (the "**Guarantor**"), Maybank KES (in its capacity as arranger), Standard Chartered Bank (each an "**Arranger**" and together, the "**Arrangers**"), DBS Bank Ltd., Maybank KES (in its capacity as dealer), Oversea-Chinese Banking Corporation Limited, Standard Chartered Bank (each a "**Dealer**" and together, the "**Dealers**") or any person who controls any of them nor any of their respective directors, officers, employees, representatives or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the information memorandum distributed to you in electronic format and the hard copy version.

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

The attached information memorandum or any materials relating to the offering of securities 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 of securities 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 the Issuers or the Guarantor in such jurisdiction. The attached information memorandum may only be communicated to persons in the United Kingdom in circumstances where Section 21(1) of the Financial Services and Markets Act 2000 does not apply.

You are reminded that you have accessed the attached information memorandum on the basis that you are a person into whose possession the attached 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 the attached information memorandum, electronically or otherwise, to any other person. **If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.**

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

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

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**MAYBANK KIM ENG HOLDINGS LIMITED**  
**(formerly known as Kim Eng Holdings Limited)**

(Incorporated in the Republic of Singapore on 17 January 1989) (Company Registration No. 198900204D)

**MAYBANK KIM ENG SECURITIES PTE. LTD.**  
**(formerly known as Kim Eng Securities Pte. Ltd.)**

(Incorporated in the Republic of Singapore on 15 September 1972) (Company Registration No. 197201256N)

**S\$800,000,000**  
**Multicurrency Medium Term Note Programme**  
**guaranteed (other than in respect of Notes of Maybank Kim Eng Holdings Limited) by**  
**MAYBANK KIM ENG HOLDINGS LIMITED**

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**") to be issued from time to time by Maybank Kim Eng Holdings Limited ("**Maybank KEH**") and Maybank Kim Eng Securities Pte. Ltd. ("**Maybank KES**") (each an "**Issuer**" and together, the "**Issuers**") pursuant to the S\$800,000,000 Multicurrency Medium Term Note Programme (the "**MTN Programme**") may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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

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

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six (6) months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (1) to an institutional investor or to a relevant person (as defined in Section 275(2) of the SFA), or (in the case of such corporation) where the transfer arises from an offer referred to in Section 276(3)(i)(B) of the SFA or (in the case of such 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.

The payment of all amounts payable in respect of Notes issued by the Issuers (other than Maybank KEH) will be unconditionally and irrevocably guaranteed by Maybank KEH in its capacity as guarantor (the "**Guarantor**").

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

**Potential investors should pay attention to the risk factors and considerations set out in the section "Investment Considerations".**

*Arrangers*



*Dealers*



The date of this Information Memorandum is 28 October 2015.

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## NOTICE

Maybank Kim Eng Securities Pte. Ltd. ("**Maybank KES**") and Standard Chartered Bank (the "**Arrangers**", and each, an "**Arranger**") have been authorised by Maybank Kim Eng Holdings Limited ("**Maybank KEH**") and Maybank KES to arrange the MTN Programme described herein. Under the MTN Programme, each of the Issuers may, subject to compliance with all relevant laws, regulations and directives, from time to time issue Notes denominated in Singapore dollars and/or any other currencies. The payment of all amounts payable in respect of Notes issued by the Issuers (other than Maybank KEH) will be unconditionally and irrevocably guaranteed by Maybank KEH (in such capacity, the "**Guarantor**").

This Information Memorandum contains information with regard to the Issuers, their respective subsidiaries, the Guarantor, the MTN Programme, the Notes and the Guarantee (as defined herein). Each Issuer and the Guarantor confirms that this Information Memorandum contains all information with regard to the Issuers, the Guarantor and their respective subsidiaries which is material in the context of the issue and offering of the Notes, that the information on the Issuers, the Guarantor and their respective subsidiaries, the MTN Programme, the Notes and the Guarantee 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 Notes would make any such information or expressions of opinion, expectation or intention misleading in any material respect.

Notes may be issued in series having one or more issue dates and the same maturity date, and on identical terms (including listing) except (in the case of Notes other than variable rate notes (as described under "Summary of the MTN Programme")) for the issue dates, issue prices and/or the dates of the first payment of interest, or (in the case of variable rate notes) for the issue prices and rates of interest. Each series may be issued in one or more tranches on the same or different issue dates. The Notes will be issued in bearer form and may be listed on a stock exchange. The Notes will initially be represented by either a temporary global note or a permanent global note which will be deposited on the issue date either with CDP (as defined herein) or a common depository on behalf of Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**") or otherwise delivered as agreed between the Relevant Issuer (as defined herein) and the Relevant Dealer (as defined herein). Subject to compliance with all relevant laws, regulations and directives, the Notes will have maturities as may be agreed between the Relevant Issuer and the Relevant Dealer and may be subject to redemption or purchase in whole or in part. The Notes will bear interest at a fixed, floating, variable or hybrid rate or may not bear interest or may be such other Notes as may be agreed between the Issuers 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 issued in relation to each series or tranche of Notes (the "**Redemption Amount**"). Details applicable to each series or tranche of Notes will be specified in the applicable pricing supplement which is to be read in conjunction with this Information Memorandum.

The maximum aggregate principal amount of the Notes to be issued, when added to the aggregate principal amount of all Notes outstanding (as defined in the Trust Deed referred to below) shall be S\$800,000,000 (or its equivalent in any other currencies) or such higher amount as may be agreed between the Issuers, the Guarantor and the Arrangers. 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 any of the Issuers, the Guarantor, the Arrangers, the Issuing and Paying Agent (as defined herein), the Agent Bank (as defined herein), the Trustee (as defined herein) and the Dealers (as defined herein) (other than those appointed as such solely in respect of one or more specified tranches). 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 any of the Issuers, the Guarantor or any of their respective subsidiaries or associated companies (if any). Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the MTN Programme may be used for the purpose of, and does not constitute, an offer of, or solicitation or invitation by or on behalf of any of the Issuers, the Guarantor, the Arrangers or the Dealers to subscribe for or purchase, the Notes in any jurisdiction or under any circumstances in which such offer, solicitation or invitation is unlawful, or not authorised or to

any person to whom it is unlawful to make such offer, solicitation or invitation. The distribution and publication of this Information Memorandum or any such other document or information and the offer of the Notes in certain jurisdictions may be restricted by law. Persons who distribute or publish this Information Memorandum or any such other document or information or into whose possession this Information Memorandum or any such other document or information comes are required to inform themselves about and to observe any such restrictions and all applicable laws, orders, rules and regulations.

The Notes have not been, and will not be, registered under the Securities Act (as defined herein) or with any securities regulatory authority of any state or other jurisdiction of the United States and the Notes are subject to U.S. tax law requirements and restrictions. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to or for the account or benefit of U.S. persons (as defined in the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder).

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

This Information Memorandum and any other documents or materials in relation to the issue, offering or sale of the Notes have been prepared solely for the purpose of the initial sale by the Relevant Dealers of the Notes from time to time to be issued pursuant to the MTN Programme. This Information Memorandum and such other documents or materials are made available to the recipients thereof solely on the basis that they are persons falling within the ambit of Section 274 and/or Section 275 of the SFA and may not be relied upon by any person other than persons to whom the Notes are sold or with whom they are placed by the Relevant 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) nor the issue, offering, purchase or sale of the Notes shall, under any circumstances, constitute a representation, or give rise to any implication, that there has been no change in the prospects, results of operations or general affairs of the Issuers, the Guarantor or any of their respective subsidiaries or associated companies (if any) or in the information herein since the date hereof or the date on which this Information Memorandum has been most recently amended or supplemented.

The Arrangers and the Dealers have not separately verified the information contained in this Information Memorandum. None of the Issuers or the Guarantor, the Arrangers, 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 Notes or the subscription for, purchase or acquisition thereof, the creditworthiness or financial condition or otherwise of any of the Issuers, the Guarantor or their respective subsidiaries or associated companies (if any). Further, none of the Arrangers and the Dealers makes any representation or warranty as to any of the Issuers, their respective subsidiaries or associated companies (if any) or as to the accuracy, reliability or completeness of the information set out herein (including the legal and regulatory requirements pertaining to Sections 274, 275 and 276 or any other provisions of the SFA) and the documents which are incorporated by reference in, and form part of, this Information Memorandum.

To the fullest extent permitted by law, neither the Dealers nor the Arrangers accept any responsibility for the contents of this Information Memorandum or for any other statement, made or purported to be made by an Arranger or a Dealer or on its behalf in connection with the Issuers, the Guarantor, the Group (as defined herein), the MTN Programme or the issue and offering of the Notes. Each 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.

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the MTN Programme or the issue of the Notes is intended to provide the basis of any credit or other evaluation and should not be considered as a

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

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 or audited consolidated accounts or unaudited interim results of the Issuers, the Guarantor and their respective subsidiaries and associated companies (if any) which is made publicly available on the website of any of the Issuers and (2) any supplement or amendment to this Information Memorandum issued by any of the Issuers. This Information Memorandum is to be read in conjunction with all such documents which are incorporated by reference herein and, with respect to any series or tranche of Notes, any pricing supplement in respect of such series or tranche. Any statement contained in this Information Memorandum or in a document deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in this Information Memorandum or in such subsequent document that is also deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum. Copies of all documents deemed incorporated by reference herein are available for inspection at the specified office of the Issuing and Paying Agent.

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

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

**The attention of recipients of this Information Memorandum is drawn to the restrictions on resale of the Notes set out under the section “Subscription, Purchase and Distribution”.**

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

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

**Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the tax consequences of the acquisition, ownership or disposal of the Notes.**

## FORWARD-LOOKING STATEMENTS

All statements contained in this Information Memorandum that are not statements of historical fact constitute “forward-looking statements”. Some of these statements can be identified by forward-looking terms such as “expect”, “believe”, “plan”, “intend”, “estimate”, “anticipate”, “may”, “will”, “would” and “could” or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the expected financial position, business strategy, plans and prospects of each Issuer and/or the Group (including statements as to each Issuer’s and/or the Group’s revenue and profitability, prospects, future plans and other matters discussed in this Information Memorandum regarding matters that are not historical fact and including the financial forecasts, profit projections, statements as to the expansion plans of each Issuer and/or the Group, expected growth in each Issuer 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 each 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 Issuers and the Group.

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

Given the risks and uncertainties that may cause the actual future results, performance or achievements of the Issuers or the Group to be materially different than expected, expressed or implied by the financial forecasts, profit projections and forward-looking statements in this Information Memorandum, undue reliance must not be placed on those forecasts, projections and statements. The Issuers, the Guarantor, the Group, the Arrangers, the Dealers and the Trustee do not represent or warrant that the actual future results, performance or achievements of the Issuers or the Group will be as discussed in those statements.

Neither the delivery of this Information Memorandum (or any part thereof) nor the issuing, offering, purchase or sale of any Notes by the Issuers shall, under any circumstances, constitute a continuing representation or create any suggestion or implication that there has been no change in the prospects, results of operations or general affairs of each of the Issuers, the Guarantor, any of their respective subsidiaries or associated companies (if any), 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 Issuers, the Guarantor, the Group, the Arrangers, 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:

- “Agency Agreement”** : The agency agreement dated 22 November 2006 made between (1) Maybank KEH and Maybank KES, and acceded to by Specified Issuers (as defined in the Trust Deed) from time to time by the execution of a Deed of Accession, (2) the Guarantor, as guarantor, (3) Standard Chartered Bank, as issuing and paying agent, (4) Standard Chartered Bank, as agent bank, and (5) British and Malayan Trustees Limited, as trustee, as amended, varied and supplemented by the First Supplemental Agency Agreement, as further amended, varied and supplemented by the Second Supplemental Agency Agreement and as further amended, varied and/or supplemented from time to time.
- “Agent Bank”** : Standard Chartered Bank.
- “Arrangers”** : Maybank KES and Standard Chartered Bank.
- “ASCO”** : Association of Securities Companies.
- “ASEAN”** : The Association of South East Asian Nations.
- “business day”** : A day (other than Saturday, Sunday or public holiday in Singapore) on which commercial banks are open for business in Singapore.
- “CDP”** : The Central Depository (Pte) Limited.
- “CEO”** : Chief Executive Officer.
- “CFO”** : Chief Financial Officer.
- “Clearstream, Luxembourg”** : Clearstream Banking, *société anonyme*.
- “Companies Act”** : The Companies Act (Chapter 50 of Singapore), as amended or modified from time to time.
- “Conditions”** : The terms and conditions of the Notes.
- “Couponholders”** : The holders of the Coupons.
- “Coupons”** : The interest coupons appertaining to an interest bearing definitive Note.
- “Dealers”** : Persons appointed as dealers under the MTN Programme.
- “Deed of Accession”** : A deed of accession substantially in the form set out in Schedule 5 to the Trust Deed between a Specified Issuer, the Guarantor, the Dealers, the Issuing and Paying Agent, the Agent Bank and the Trustee, pursuant to which the relevant Specified Issuer agrees to become bound by each of the Issue Documents (as defined therein) as an Issuer therein in respect of any Notes issued by it.
- “Directors”** : The directors (including alternate directors, if any) of the Issuers and the Guarantor (as the case may be) as at the date of this Information Memorandum.

<b><u>“ETF”</u></b>	: Exchange-traded fund.
<b><u>“FAA”</u></b>	: Financial Advisers Act (Chapter 110 of Singapore).
<b><u>“FATCA”</u></b>	: The United States Foreign Account Tax Compliance Act.
<b><u>“First Supplemental Agency Agreement”</u></b>	: The supplemental agency agreement dated 11 June 2012 made between (1) Maybank KEH and Maybank KES, as issuers, (2) the Guarantor as guarantor, (3) the Issuing and Paying Agent as issuing and paying agent, (4) the Agent Bank as agent bank and (5) the Trustee, as trustee.
<b><u>“First Supplemental Programme Agreement”</u></b>	: The supplemental programme agreement dated 11 June 2012 made between (1) Maybank KEH and Maybank KES, as issuers, (2) the Guarantor as guarantor, (3) Standard Chartered Bank, as arranger and (4) DBS Bank Ltd., Oversea-Chinese Banking Corporation Limited and Standard Chartered Bank, as dealers.
<b><u>“First Supplemental Trust Deed”</u></b>	: The supplemental trust deed dated 24 July 2009 made between (1) Maybank KEH and Maybank KES, as issuers, (2) the Guarantor, as guarantor and (3) the Trustee, as trustee.
<b><u>“FY”</u></b>	: Financial year ended or ending 31 December.
<b><u>“Global Note”</u></b>	: A global Note representing Notes of one or more Tranches of the same Series, being a Temporary Global Note and/or, as the context may require, a Permanent Global Note, in each case without Coupons.
<b><u>“Group”</u></b>	: Maybank KEH and its subsidiaries.
<b><u>“Guarantee”</u></b>	: The guarantee of the Guarantor contained in the Trust Deed.
<b><u>“Guarantor”</u></b>	: Maybank KEH (in respect of Notes issued by the other Issuers).
<b><u>“IDX”</u></b>	: Indonesia Stock Exchange.
<b><u>“Issuers”</u></b>	: Maybank KEH and Maybank KES and <b><u>“Issuer”</u></b> means any of them.
<b><u>“Issuing and Paying Agent”</u></b>	: Standard Chartered Bank.
<b><u>“KES(HK)”</u></b>	: Kim Eng Securities (Hong Kong) Limited.
<b><u>“Latest Practicable Date”</u></b>	: 15 October 2015.
<b><u>“MAS”</u></b>	: The Monetary Authority of Singapore.
<b><u>“Maybank”</u></b>	: Malayan Banking Berhad.
<b><u>“Maybank ATRKE Capital”</u></b>	: Maybank ATR Kim Eng Capital Partners, Inc.
<b><u>“Maybank Group”</u></b>	: Maybank and its subsidiaries.
<b><u>“Maybank IB”</u></b>	: Maybank Investment Bank Berhad.
<b><u>“Maybank IB Group”</u></b>	: Maybank IB and its subsidiaries.
<b><u>“Maybank KEH”</u></b>	: Maybank Kim Eng Holdings Limited (formerly known as Kim Eng Holdings Limited).

<b><u>“Maybank KER”</u></b>	:	Maybank Kim Eng Research Pte. Ltd.
<b><u>“Maybank KES”</u></b>	:	Maybank Kim Eng Securities Pte. Ltd. (formerly known as Kim Eng Securities Pte. Ltd.).
<b><u>“Maybank KEST”</u></b>	:	Maybank Kim Eng Securities (Thailand) Public Company Limited (formerly known as Kim Eng Securities (Thailand) Public Company Limited).
<b><u>“Maybank KESN”</u></b>	:	Maybank Kim Eng Securities Nominees Pte. Ltd.
<b><u>“Maybank Kim Eng Group”</u></b> or <b><u>“Maybank Kim Eng”</u></b>	:	The Group and the Maybank IB Group.
<b><u>“Maybank Singapore”</u></b>	:	Malayan Banking Berhad, Singapore Branch.
<b><u>“MIBH”</u></b>	:	Maybank IB Holdings Sdn Bhd.
<b><u>“MKEVS”</u></b>	:	Maybank Kim Eng Securities Limited <sup>1</sup> .
<b><u>“MTN Programme”</u></b>	:	The S\$800,000,000 Multicurrency Medium Term Note Programme of the Issuers as described in this Information Memorandum.
<b><u>“Noteholders”</u></b>	:	The holders of the Notes.
<b><u>“Notes”</u></b>	:	The notes to be issued by any of the Issuers under the MTN Programme.
<b><u>“Permanent Global Note”</u></b>	:	A Global Note representing Notes of one or more Tranches of the same Series, either on issue or upon exchange of interests in a Temporary Global Note.
<b><u>“PRC”</u></b> or <b><u>“China”</u></b>	:	People’s Republic of China.
<b><u>“Pricing Supplement”</u></b>	:	In relation to any Tranche, a pricing supplement, to be read in conjunction with this Information Memorandum, specifying the relevant issue details in relation to such Tranche.
<b><u>“Programme Agreement”</u></b>	:	The programme agreement dated 22 November 2006 made between (1) Maybank KEH and Maybank KES, and acceded to by Specified Issuers from time to time by the execution of a Deed of Accession, (2) the Guarantor, as guarantor, (3) Standard Chartered Bank, as arranger, and (4) Standard Chartered Bank, as dealer, as amended, varied and supplemented by the First Supplemental Programme Agreement, as further amended and restated by the Programme Amendment and Restatement Agreement, and as further amended, varied and/or supplemented from time to time.

<sup>1</sup> MKEVS used to have the following names: (a) Kim Eng Vietnam Securities Joint Stock Company (effective 14 December 2007), (b) Maybank Kim Eng Securities Joint Stock Company (effective 10 August 2012) and (c) Maybank Kim Eng Securities Limited (effective 3 January 2014).

<b><u>“Programme Amendment and Restatement Agreement”</u></b>	:	The programme amendment and restatement agreement dated 28 October 2015 made between (1) Maybank KEH and Maybank KES, and acceded to by Specified Issuers from time to time by the execution of a Deed of Accession, (2) the Guarantor, as guarantor, (3) Maybank KES and Standard Chartered Bank, as arrangers, and (4) DBS Bank Ltd., Maybank KES, Oversea-Chinese Banking Corporation Limited and Standard Chartered Bank as dealers.
<b><u>“PSE”</u></b>	:	Philippine Stock Exchange.
<b><u>“PTMKES”</u></b>	:	PT Maybank Kim Eng Securities (formerly known as PT Kim Eng Securities).
<b><u>“Relevant Dealer(s)”</u></b>	:	In relation to any Tranche, the Dealer or Dealers with or through whom an agreement to issue Notes has been concluded, or is being negotiated, by the Relevant Issuer.
<b><u>“Relevant Issuer”</u></b>	:	In relation to any Tranche, the Issuer which has concluded an agreement with the Relevant Dealer(s) to issue, or which has issued, the Notes of that Tranche.
<b><u>“SECT”</u></b>	:	Securities and Exchange Commission of Thailand.
<b><u>“Securities Act”</u></b>	:	Securities Act of 1933 of the United States, as amended or modified from time to time.
<b><u>“Series”</u></b>	:	(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.
<b><u>“SET”</u></b>	:	The Stock Exchange of Thailand.
<b><u>“SFA”</u></b>	:	Securities and Futures Act (Chapter 289 of Singapore), as amended or modified from time to time.
<b><u>“SFO(HK)”</u></b>	:	Securities and Futures Ordinance (Cap. 571) of Hong Kong, as amended or modified from time to time.
<b><u>“SGX-DC”</u></b>	:	Singapore Exchange Derivatives Clearing Limited.
<b><u>“SGX-DT”</u></b>	:	Singapore Exchange Derivatives Trading Limited.
<b><u>“SGX-ST”</u></b>	:	Singapore Exchange Securities Trading Limited.
<b><u>“Specified Issuers”</u></b>	:	Subsidiaries of Maybank KEH, based either within or outside Singapore.
<b><u>“Second Supplemental Agency Agreement”</u></b>	:	The supplemental agency agreement dated 28 October 2015 made between (1) Maybank KEH and Maybank KES, as issuers, (2) the Guarantor as guarantor, (3) the Issuing and Paying Agent as issuing and paying agent, (4) the Agent Bank as agent bank and (5) the Trustee, as trustee.

<b><u>“Second Supplemental Trust Deed”</u></b>	: The supplemental trust deed dated 11 June 2012 made between (1) Maybank KEH and Maybank KES, as issuers, (2) the Guarantor, as guarantor and (3) the Trustee, as trustee.
<b><u>“Temporary Global Note”</u></b>	: A Global Note representing Notes of one or more Tranches of the same Series on issue.
<b><u>“TFEX”</u></b>	: Thailand Futures Exchange.
<b><u>“Third Supplemental Trust Deed”</u></b>	: The supplemental trust deed dated 28 October 2015 made between (1) Maybank KEH and Maybank KES, as issuers, (2) the Guarantor, as guarantor and (3) the Trustee, as trustee.
<b><u>“Tranche”</u></b>	: Notes which are identical in all respects (including as to listing).
<b><u>“Trust Deed”</u></b>	: The trust deed dated 22 November 2006 made between (1) Maybank KEH and Maybank KES, and acceded to by Specified Issuers from time to time by the execution of a Deed of Accession, (2) the Guarantor, as guarantor and (3) the Trustee, as trustee, as amended, varied and supplemented by the First Supplemental Trust Deed, as further amended, varied and supplemented by the Second Supplemental Trust Deed, as further amended, varied and supplemented by the Third Supplemental Trust Deed and as further amended, varied and/or supplemented from time to time.
<b><u>“Trustee”</u></b>	: British and Malayan Trustees Limited.
<b><u>“United States”</u></b> or <b><u>“U.S.”</u></b>	: United States of America.
<b><u>“Php”</u></b>	: Philippine peso.
<b><u>“RMB”</u></b>	: Renminbi.
<b><u>“S\$”</u></b> or <b><u>“Singapore dollars”</u></b> and <b><u>“cents”</u></b>	: Singapore dollars and cents respectively.
<b><u>“USD”</u></b>	: United States dollars.
<b><u>“VND”</u></b>	: Vietnamese dong.
<b><u>“%”</u></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

### Maybank Kim Eng Holdings Limited

Board of Directors	:	Mr. Cheah Teik Seng Datuk Lim Hong Tat Mr. John Chong Eng Chuan Mr. Amirul Feisal Bin Wan Zahir
Company Secretary	:	Ms. Tan Cheh Imm Teresa
Registered Office	:	50 North Canal Road #03-01 Singapore 059304

### Maybank Kim Eng Securities Pte. Ltd.

Board of Directors	:	Mr. Bedi Harmeet Singh Mr. Goh Keat Jin Mr. Ong Kah Pin Giles Datuk Lim Hong Tat
Company Secretary	:	Ms. Tan Cheh Imm Teresa
Registered Office	:	50 North Canal Road #03-01 Singapore 059304
Auditors to Maybank KEH and Maybank KES	:	Ernst and Young LLP 1 Raffles Quay #18-01 Singapore 048583
Arrangers of the MTN Programme	:	Maybank Kim Eng Securities Pte. Ltd. 50 North Canal Road #03-01 Singapore 059304  Standard Chartered Bank Marina Bay Financial Centre (Tower 1) 8 Marina Boulevard, Level 20 Singapore 018981
Dealers of the MTN Programme	:	DBS Bank Ltd. 12 Marina Boulevard Level 42 Marina Bay Financial Centre Tower 3 Singapore 018982  Maybank Kim Eng Securities Pte. Ltd. 50 North Canal Road #03-01 Singapore 059304  Oversea-Chinese Banking Corporation Limited 63 Chulia Street #03-05 OCBC Centre East Singapore 049514  Standard Chartered Bank Marina Bay Financial Centre (Tower 1) 8 Marina Boulevard, Level 20 Singapore 018981

Legal Advisers to the Arrangers and the Trustee (for the purposes of the update of the MTN Programme) : WongPartnership LLP  
12 Marina Boulevard Level 28  
Marina Bay Financial Centre Tower 3  
Singapore 018982

Legal Advisers to Standard Chartered Bank (as Arranger) and the Trustee (as at the date of the establishment of the MTN Programme) : Allen & Gledhill LLP  
One Marina Boulevard #28-00  
Singapore 018989

Legal Advisers to the Issuers and the Guarantor (as at the date of the establishment and update of the MTN Programme) : Lee & Lee  
50 Raffles Place  
#06-00 Singapore Land Tower  
Singapore 048623

Issuing and Paying Agent and Agent Bank : Standard Chartered Bank  
Securities Services Operations  
Standard Chartered @ Changi  
7 Changi Business Park Crescent  
Level 3, Securities Services  
Singapore 486028

Trustee for the Noteholders : British and Malayan Trustees Limited  
1 Coleman Street  
#08-01 The Adelphi  
Singapore 179803

## SUMMARY OF THE MTN PROGRAMME

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

Issuers	:	Maybank Kim Eng Holdings Limited Maybank Kim Eng Securities Pte. Ltd. Each Specified Issuer who has acceded to the MTN Programme.
Guarantor	:	In respect of Notes issued by the Issuers (other than Maybank KEH), Maybank KEH.
Arrangers	:	Maybank KES and Standard Chartered Bank.
Dealers	:	DBS Bank Ltd., Maybank KES, Oversea-Chinese Banking Corporation Limited and Standard Chartered Bank and/or such other Dealers as may be appointed by the Issuers in accordance with the Programme Agreement.
Issuing and Paying Agent and Agent Bank with respect to Notes cleared through CDP only	:	Standard Chartered Bank.
Issuing and Paying Agent and Agent Bank with respect to any Notes not cleared through CDP	:	The Relevant Issuer will appoint an additional Issuing and Paying Agent before issuing any Notes that are not intended to be cleared through CDP.
Description	:	S\$800,000,000 Multicurrency Medium Term Note Programme.
Programme Size	:	The maximum aggregate principal amount of the Notes outstanding at any time shall be S\$800,000,000 (or its equivalent in other currencies) or such higher amount as may be agreed between the Issuers, the Guarantor and the Arrangers.
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 Relevant Issuer(s) and the Relevant Dealer(s).
Guarantee	:	The payment of all sums payable by the Issuers (other than Maybank KEH) under the Trust Deed and the Notes will be unconditionally and irrevocably guaranteed by Maybank KEH.
Method of Issue	:	Notes may be issued from time to time under the MTN 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.

- Maturity : Subject to compliance with all relevant laws, regulations and directives, Notes shall have such maturities as may be agreed between the Relevant Issuer(s) 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 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 Relevant Issuer(s) 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 Relevant Issuer(s) 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 Relevant Issuer(s) and the Relevant Dealer(s).
- Notwithstanding in the Agency Agreement or in the Terms and Conditions of the Notes, the Rate of Interest from time to time applicable to any Floating Rate Notes cleared through CDP as determined by the Agent Bank shall be subject to the final calculation as confirmed by CDP (to the extent that CDP does provide such confirmation).
- 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 Relevant Issuer(s) 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 Relevant Issuer(s) 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 Relevant Issuer(s) 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 Relevant Issuer(s) 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 Relevant Issuer(s) and the Relevant Dealer(s), in each case payable at the end of each interest period to be agreed between the Relevant Issuer(s) and the Relevant Dealer(s).

- Zero Coupon Notes : Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest other than in the case of late payment.
- Form and Denomination of Notes : The Notes will be issued in bearer form only and in such denominations as may be agreed between the Relevant Issuer(s) and the Relevant Dealer(s). Each Tranche or Series of Notes may initially be represented by a Temporary Global Note or a Permanent Global Note. Each Temporary Global Note may be deposited on the relevant issue date with CDP, a common depository for Euroclear and Clearstream, Luxembourg and/or any other agreed clearing system and will be exchangeable, upon request as described therein, either for a Permanent Global Note or definitive Notes (as indicated in the applicable Pricing Supplement) on or after the date 40 days after the later of the commencement of the offering and the relevant issue date, upon certification as to non-U.S. beneficial ownership. Each Permanent Global Note may be exchanged, unless otherwise specified in the applicable Pricing Supplement, upon request as described therein, in whole (but not in part) for definitive Notes upon the terms therein.
- Custody of the Notes : Notes which are to be listed on the SGX-ST may be cleared through CDP. Notes which are to be cleared through CDP are required to be kept with CDP as authorised depository. Notes which are to be cleared through Euroclear and/or Clearstream, Luxembourg are required to be kept with a common depository on behalf of Euroclear and Clearstream, Luxembourg.
- Status of the Notes and the Guarantee : The Notes and Coupons of all Series will constitute direct, unconditional, unsubordinated and unsecured obligations of the Relevant 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 Relevant Issuer from time to time outstanding.
- The payment obligations of the Guarantor under the Guarantee constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and shall rank *pari passu* with all other unsecured obligations (other than subordinated obligations and priorities created by law) of the Guarantor.
- 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 Relevant 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 Relevant Issuer (either in whole or in part) prior to their stated maturity at the option of the Relevant Issuer and/or the holders of the Notes.

Negative Pledge

- :
- Each Issuer (including Maybank KEH) hereby covenants with the Trustee that so long as any of the Notes remains outstanding (as defined in the Trust Deed), each Issuer will not, and Maybank KEH will procure that none of its Principal Subsidiaries (as defined in Condition 9 of the Terms and Conditions of the Notes) will, create or have outstanding any security over the whole or any part of its undertakings, assets, property or revenues, present or future, except for:
- (a) any security existing at the date of the Trust Deed and disclosed in writing to the Trustee on or prior to the date of the Trust Deed (but, except with the prior consent in writing of the Trustee, the amount secured by any such security may not be increased);
  - (b) liens or rights of set-off arising in the ordinary course of business or by operation of law (or by an agreement evidencing the same), in either case, in respect of indebtedness which either (1) has been due for less than 21 days or (2) is being contested in good faith and by appropriate means;
  - (c) any security created on any asset acquired by any Issuer or a Principal Subsidiary after the date of the Trust Deed ("**Future Assets**") for the sole purpose of financing or refinancing, in whole or in part, the acquisition of such Future Assets and securing a principal amount not exceeding 100 per cent of the cost of that acquisition;
  - (d) any security existing at the time of acquisition of any asset acquired by any Issuer or a Principal Subsidiary after the date of the Trust Deed and any substitute security created on that asset in connection with the refinancing of the indebtedness secured by that asset (provided that the amount secured by such substitute security shall not exceed the prevailing market value of that asset);
  - (e) any security created by any Issuer or a Principal Subsidiary in order to secure any credit facilities taken out by such Issuer or such Principal Subsidiary with third party financiers, provided that:
    - (1) the proceeds of such credit facilities are used to fund the granting of loans or advances by such Issuer or such Principal Subsidiary in the ordinary course of the securities financing business of the Group (as defined in the Trust Deed); and

- (2) the security created for such credit facilities is limited to only the underlying securities acquired or to be acquired using the proceeds of such loans or advances granted by such Issuer or such Principal Subsidiary;
- (f) any security created by Maybank Kim Eng Properties Pte. Ltd. or any wholly-owned subsidiary of Maybank KEH (in the event Maybank Kim Eng Properties Pte. Ltd. has transferred or transfers the property located at 50 North Canal Road, Singapore 059304 (the "**Property**") to such wholly-owned subsidiary) over the Property or any part thereof, including any development erected or to be erected thereon, in order to secure any credit facilities taken out by Maybank Kim Eng Properties Pte. Ltd. or such wholly-owned subsidiary to finance or refinance in whole or in part the purchase price of the Property and/or the cost of any construction or development of the Property provided that, in all cases, the amount of such credit facilities secured by the Property shall not at any time exceed the Purchase and Development Amount (as defined in Condition 3 of the Terms and Conditions of the Notes);
- (g) any security created or outstanding with the prior consent of the Trustee; and
- (h) any other security in respect of undertakings, assets, property or revenue, provided that the aggregate value of all security created by the Issuers and the Principal Subsidiaries under this paragraph (h) does not exceed five per cent of the Consolidated Tangible Net Worth (as defined in Condition 3 of the Terms and Conditions of the Notes) from time to time.

Financial Covenants : Maybank KEH (whether as Issuer or Guarantor) has covenanted with the Trustee that so long as any of the Notes remains outstanding, Maybank KEH will ensure that:

- (a) the Consolidated Tangible Net Worth will not at any time be less than S\$500,000,000;
- (b) the ratio of Consolidated Total Debt (as defined in Condition 3 of the Terms and Conditions of the Notes) to Consolidated Tangible Net Worth will not at any time be more than 2.5:1; and
- (c) the ratio of Consolidated Total Liabilities (as defined in Condition 3 of the Terms and Conditions of the Notes) to Consolidated Tangible Net Worth will not at any time be more than 4.0:1.

Taxation : All payments in respect of the Notes and the Coupons by the Relevant Issuer or, as the case may be, the Guarantor 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, if the relevant Issuer is not incorporated in Singapore, such other jurisdiction in which the Relevant Issuer is resident for the purposes of taxation) or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Relevant Issuer or, as the case may be, the Guarantor 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. For further details, see the section on "Taxation" below.

- Listing : Each Series of the Notes may, if so agreed between the Relevant Issuer(s) and the Relevant Dealer(s), be listed on the SGX-ST or any stock exchange(s) as may be agreed between the Relevant Issuer(s) 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" herein. Further restrictions may apply in connection with any particular Series or Tranche of Notes.
- Governing Law : The MTN Programme and any Notes issued under the MTN Programme will be governed by, and construed in accordance with, the laws of Singapore.

## TERMS AND CONDITIONS OF THE NOTES

*The following is the text of the terms and conditions which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, will be endorsed on the Notes in definitive form issued in exchange for the Global Note(s) representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on the definitive Notes or Certificates, as the case may be. 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 dated 22 November 2006 (as amended and supplemented by a supplemental trust deed dated 24 July 2009, as further amended and supplemented by a supplemental trust deed dated 11 June 2012, as further amended and supplemented by a supplemental trust deed dated 28 October 2015 and as further amended and supplemented from time to time, the “**Trust Deed**”) made between (1) Maybank Kim Eng Holdings Limited (formerly known as Kim Eng Holdings Limited) (“**Maybank KEH**”) and Maybank Kim Eng Securities Pte. Ltd. (formerly known as Kim Eng Securities Pte. Ltd.) (“**Maybank KES**”) and acceded to by Specified Issuers from time to time by the execution of a Deed of Accession (each an “**Issuer**”), (2) Maybank KEH, in its capacity as guarantor for notes issued by the other Issuers (the “**Guarantor**”), as guarantor and (3) British and Malayan Trustees Limited (the “**Trustee**”, which expression shall wherever the context so admits include such company and all other persons for the time being the trustee or trustees of the Trust Deed), as trustee for the Noteholders (as defined below), and (where applicable) the Notes are issued with the benefit of a deed of covenant (as amended and supplemented by a supplemental deed of covenant dated 11 June 2012 and as further amended and supplemented from time to time, the “**Deed of Covenant**”) dated [22 November 2006/[●]<sup>1</sup>], relating to the Notes executed by [Maybank KEH/Maybank KES/[Specified Issuer]<sup>2</sup>]. The Issuers and the Guarantor have entered into an Agency Agreement (as amended and supplemented by a supplemental agency agreement dated 11 June 2012, as further amended and supplemented by a supplemental agency agreement dated 28 October 2015 and as further amended and supplemented from time to time, the “**Agency Agreement**”) dated 22 November 2006 made between (1) Maybank KEH, Maybank KES and acceded to by Specified Issuers from time to time by the execution of a Deed of Accession, (2) the Guarantor, (3) Standard Chartered Bank, as issuing and paying agent (in such capacity, the “**Issuing and Paying Agent**”) and agent bank (in such capacity, the “**Agent Bank**”) and (4) the Trustee, as trustee. The Noteholders and the holders of the coupons (the “**Coupons**”) appertaining to the interest-bearing Notes (the “**Couponholders**”) are bound by and are deemed to have notice of all of the provisions of the Trust Deed, the Agency Agreement and the Deed of Covenant.

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

### 1. Form, Denomination and Title

#### (a) Form and Denomination

- (i) The Notes of the Series of which this Note forms part (in these Conditions, the “**Notes**”) are issued in bearer form in each case in the Denomination Amount shown hereon.
- (ii) This Note is a Fixed Rate Note, a Floating Rate Note, a Variable Rate Note, a Hybrid Note or a Zero Coupon Note (depending upon the Interest Basis shown on its face).

<sup>1</sup> Insert date of relevant Deed of Covenant.

<sup>2</sup> Delete and/or insert name of Specified Issuer, as appropriate.

- (iii) Notes are serially numbered and issued with Coupons attached, save in the case of Notes that do not bear interest in which case references to interest (other than in relation to default interest referred to in Condition 6(f)) in these Conditions are not applicable.

(b) **Title**

- (i) Title to the Notes and the Coupons appertaining thereto shall pass by delivery.
- (ii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note or Coupon shall be deemed to be and may be treated as the absolute owner of such Note or of such Coupon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Note or Coupon shall be overdue and notwithstanding any notice of ownership, theft or loss thereof or any writing thereon made by anyone, and no person shall be liable for so treating the holder.
- (iii) For so long as any of the Notes is represented by a Global Note and such Global Note is held by a common depository for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**") and/ or The Central Depository (Pte) Limited (the "**Depository**"), each person who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg and/ or the Depository as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg and/or the Depository as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the relevant Issuer, the Guarantor, the Issuing and Paying Agent, the Agent Bank, all other agents of the relevant Issuer and the Trustee as the holder of such principal amount of Notes other than with respect to the payment of principal, interest and any other amounts in respect of the Notes, for which purpose the bearer of the Global Note shall be treated by the relevant Issuer, the Guarantor, the Issuing and Paying Agent, the Agent Bank, all other agents of the relevant Issuer and the Trustee as the holder of such Notes in accordance with and subject to the terms of the Global Note (and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly). Notes which are represented by the Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg or of the Depository.
- (iv) In these Conditions, "**Global Note**" means the relevant Temporary Global Note representing each Series or the relevant Permanent Global Note representing each Series, "**Noteholder**" means the bearer of any Definitive Note and "**holder**" (in relation to a Definitive Note or Coupon) means the bearer of any Definitive Note or Coupon, "**Series**" means (a) (in relation to Notes other than Variable Rate Notes) a Tranche, together with any further Tranche or Tranches, which are (i) expressed to be consolidated and forming a single series and (ii) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of interest and (b) (in relation to Variable Rate Notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest and "**Tranche**" means Notes which are identical in all respects (including as to listing).
- (v) Words and expressions defined in the Trust Deed or used in the applicable Pricing Supplement (as defined in the Trust Deed) shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

## 2. Status and Guarantee

### (a) Status

The Notes and Coupons of all Series constitute direct, unconditional, unsubordinated and unsecured obligations of the relevant 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 relevant Issuer.

### (b) Guarantee

The payment of all sums expressed to be payable by the relevant Issuer under the Trust Deed, the Notes and the Coupons are unconditionally and irrevocably guaranteed by the Guarantor. The obligations of the Guarantor under the Guarantee are contained in the Trust Deed. The payment obligations of the Guarantor under the Guarantee and the Trust Deed constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and shall rank *pari passu* with all other unsecured obligations (other than subordinated obligations and priorities created by law) of the Guarantor.

## 3. Negative Pledge and Financial Covenants

### (a) Negative Pledge

In the Trust Deed, each Issuer (including Maybank KEH) has covenanted with the Trustee that so long as any of the Notes remains outstanding (as defined in the Trust Deed), each Issuer will not, and Maybank KEH will procure that none of its Principal Subsidiaries will, create or have outstanding any security over the whole or any part of its undertakings, assets, property or revenues, present or future, except for:

- (i) any security existing at the date of the Trust Deed and disclosed in writing to the Trustee on or prior to the date of the Trust Deed (but, except with the prior consent in writing of the Trustee, the amount secured by any such security may not be increased);
- (ii) liens or rights of set-off arising in the ordinary course of business or by operation of law (or by an agreement evidencing the same), in either case, in respect of indebtedness which either (1) has been due for less than 21 days or (2) is being contested in good faith and by appropriate means;
- (iii) any security created on any asset acquired by any Issuer or a Principal Subsidiary of Maybank KEH after the date of the Trust Deed ("**Future Assets**") for the sole purpose of financing or refinancing, in whole or in part, the acquisition of such Future Assets and securing a principal amount not exceeding 100 per cent. of the cost of that acquisition;
- (iv) any security existing at the time of acquisition of any asset acquired by any Issuer or a Principal Subsidiary of Maybank KEH after the date of the Trust Deed and any substitute security created on that asset in connection with the refinancing of the indebtedness secured by that asset (provided that the amount secured by such substitute security shall not exceed the prevailing market value of that asset);
- (v) any security created by any Issuer or a Principal Subsidiary in order to secure any credit facilities taken out by such Issuer or such Principal Subsidiary with third party financiers, provided that:
  - (1) the proceeds of such credit facilities are used to fund the granting of loans or advances by such Issuer or such Principal Subsidiary in the ordinary course of the securities financing business of the Group (as defined in the Trust Deed); and

- (2) the security created for such credit facilities is limited to only the underlying securities acquired or to be acquired using the proceeds of such loans or advances granted by such Issuer or such Principal Subsidiary;
- (vi) any security created by Maybank Kim Eng Properties Pte. Ltd. (formerly known as Kim Eng Properties Pte Ltd) or any wholly-owned subsidiary of Maybank KEH (in the event Maybank Kim Eng Properties Pte. Ltd. has transferred or transfers the property located at 50 North Canal Road, Singapore (the "**Property**") to such wholly-owned subsidiary) over the Property or any part thereof, including any development erected or to be erected thereon, in order to secure any credit facilities taken out by Maybank Kim Eng Properties Pte. Ltd. or such wholly-owned subsidiary to finance or refinance in whole or in part the purchase price of the Property and/or the cost of any construction or development of the Property provided that, in all cases, the amount of such credit facilities secured by the Property shall not at any time exceed the Purchase and Development Amount;
- (vii) any security created or outstanding with the prior consent of the Trustee; and
- (viii) any other security in respect of undertakings, assets, property or revenue, provided that the aggregate value of all security created by the Issuers and the Principal Subsidiaries under this paragraph (viii) does not exceed five per cent. of the Consolidated Tangible Net Worth from time to time.

For the purpose of this Condition 3, the phrase "**Purchase and Development Amount**" means the aggregate of (a) the principal amount not exceeding 100 per cent. of the cost of the acquisition of the Property and (b) the costs of construction and/or development of the Property.

(b) **Financial Covenants**

In the Trust Deed, Maybank KEH has further covenanted with the Trustee that, so long as any of the Notes remains outstanding, it will ensure that:

- (i) the Consolidated Tangible Net Worth will not at any time be less than S\$500,000,000;
- (ii) the ratio of Consolidated Total Debt to Consolidated Tangible Net Worth will not at any time be more than 2.5:1; and
- (iii) the ratio of Consolidated Total Liabilities to Consolidated Tangible Net Worth will not at any time be more than 4.0:1.

For the purposes of this Condition 3:

"**Consolidated Tangible Net Worth**" means the amount (expressed in Singapore Dollars) for the time being, calculated in accordance with generally accepted accounting principles in Singapore, equal to the aggregate of:

- (a) the amount paid up or credited as paid up on the issued share capital of Maybank KEH for the time being issued and paid up;
- (b) the amounts standing to the credit of the capital and revenue reserves (including profit and loss account) of the Group on a consolidated basis;
- (c) the minority interests in the subsidiaries of Maybank KEH; and
- (d) subordinated shareholders' loans (if any);

all as shown in the then latest audited or unaudited consolidated balance sheet of the Group but after:

- (1) making such adjustments as may be appropriate in respect of any variation in the issued and paid up share capital and the capital and revenue reserves set out in paragraph (b) of the Group since the date of the latest audited or, as the case may be, unaudited consolidated balance sheet of the Group;
- (2) (if not already excluded) excluding any sums set aside for future taxation; and
- (3) deducting (to the extent not already taken into account):
  - (A) an amount equal to any distribution by any member of the Group out of profits earned prior to the date of the latest audited or, as the case may be, unaudited consolidated balance sheet of the Group and which have been declared, recommended or made since that date except so far as provided for in such balance sheet and/or paid or due to be paid to members of the Group;
  - (B) all goodwill and other intangible assets; and
  - (C) any debit balances on consolidated profit and loss account;
- (4) taking into account any amounts arising from a writing-up or writing-down of the book value of any property of the Group which is publicly announced after the date of the latest audited consolidated balance sheet of the Group;

**“Consolidated Total Debt”** means in relation to the Group, an amount (expressed in Singapore Dollars) for the time being, calculated on a consolidated basis, in accordance with generally accepted accounting principles in Singapore, equal to the aggregate of:

- (a) bank overdrafts and all other indebtedness in respect of any borrowings maturing within 12 months;
- (b) the principal amount of the Notes or any bonds or debentures of any member of the Group whether issued for cash or a consideration other than cash;
- (c) the liabilities of Maybank KEH under the Trust Deed or the Notes;
- (d) all other indebtedness whatsoever of the Group for borrowed moneys; and
- (e) any redeemable preference shares issued by any member of the Group and which is regarded by generally accepted accounting principles in Singapore as debt or other liability of the Group; and

**“Consolidated Total Liabilities”** means the aggregate of Consolidated Total Debt plus, insofar as not already taken into account, all other liabilities of the Group calculated in accordance with generally accepted accounting principles in Singapore; including:

- (a) current creditors, proposed dividends, and taxation payable within 12 months;
- (b) the principal amount raised by acceptances under any acceptance credit in favour of any member of the Group;
- (c) the face amount of any bills of exchange (other than cheques) or other instruments upon which any member of the Group is liable as drawer, acceptor or endorser;

- (d) all actual and contingent liabilities of whatsoever nature of any member of the Group in respect of borrowed moneys including, without limitation, the maximum premium payable on a redemption of any debenture or other indebtedness of any member of the Group and all actual and contingent liabilities of any other person (including the amount of any shares and the principal amount of any debentures of any person) to the extent that such liabilities, shares or debentures are directly or indirectly guaranteed or secured by or are, directly or indirectly, the subject of an indemnity given by, or with a right of recourse against, any member of the Group;
- (e) the aggregate of the principal amounts outstanding under all agreements or transactions entered into by any member of the Group for leasing, hire purchase, conditional sale or purchase on deferred terms, or provision of funds in support of obligations of third parties and similar transactions in relation to any property (other than land), and any other amounts due to creditors other than current creditors (other than in relation to land);
- (f) amounts standing to the credit of any deferred tax account or tax equalisation reserve; and
- (g) any amount proposed to be distributed to shareholders (other than any member of the Group);

Provided that:

- (1) the outstanding contracts payable as shown in the then latest audited or unaudited consolidated balance sheet of the Group shall not be included in any calculation of Consolidated Total Liabilities; and
- (2) no liabilities shall be included in a calculation of Consolidated Total Liabilities more than once.

**4. (I) Interest on Fixed Rate Notes**

**(a) Interest Rate and Accrual**

Each Fixed Rate Note bears interest on its Calculation Amount (as defined in Condition 4(II)(e)) from the Interest Commencement Date in respect thereof and as shown on the face of such Note at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Note payable in arrear on each Interest Payment Date or Interest Payment Dates shown on the face of such Note in each year and on the Maturity Date shown on the face of such Note if that date does not fall on an Interest Payment Date.

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

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

(b) **Calculations**

In the case of a Fixed Rate Note, interest in respect of a period of less than one year will be calculated on the Day Count Fraction specified hereon.

(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 date ("**Interest Payment Date**"). Such Interest Payment Date is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period on the face of the Note (the "**Specified Number of Months**") after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date (and which corresponds numerically with such preceding Interest Payment Date or the Interest Commencement Date, as the case may be), provided that the Agreed Yield (as defined in Condition 4(II)(c)) in respect of any Variable Rate Note for any Interest Period (as defined below) relating to that Variable Rate Note shall be payable on the first day of that Interest Period. If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day, then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding business day and (ii) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

The period beginning on the Interest Commencement Date and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date is herein called an "**Interest Period**".

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

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

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

Such floating rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Note. The “**Spread**” is the percentage rate per annum specified on the face of such Note as being applicable to the rate of interest for such Note. The rate of interest so calculated shall be subject to Condition 4(V)(a) below.

The rate of interest payable in respect of a Floating Rate Note from time to time is referred to in these Conditions as the “**Rate of Interest**”.

(ii) The Rate of Interest payable from time to time in respect of each Floating Rate Note will be determined by the relevant Agent Bank on the basis of the following provisions:

(1) in the case of Floating Rate Notes which are SIBOR Notes:

(A) the relevant Agent Bank will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Interest Period which appears on the Reuters Screen ABSIRFIX01 Page under the caption “ABS SIBOR FIX - SIBOR AND SWAP OFFER RATES - RATES AT 11:00 HRS SINGAPORE TIME” and under the column headed “SGD SIBOR” (or such other replacement page thereof for the purpose of displaying SIBOR or such other Screen Page as may be provided hereon) and as adjusted by the Spread (if any);

(B) if no such rate appears on the Reuters Screen ABSIRFIX01 Page under the column headed “SGD SIBOR” (or such other replacement page thereof or if no rate appears on such other Screen Page as may be provided hereon) or if the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the relevant Agent Bank will request the principal Singapore offices of each of the Reference Banks to provide the relevant 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 four decimal places) of such offered quotations and as adjusted by the Spread (if any), as determined by the relevant Agent Bank;

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

(D) if on any Interest Determination Date, one only or none of the Reference Banks provides the relevant Agent Bank with such quotations, the Rate of Interest for the relevant Interest Period

shall be the rate per annum which the relevant Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates quoted by the Reference Banks or those of them (being at least two in number) to the relevant Agent Bank at or about the Relevant Time on such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any) or if on such Interest Determination Date one only or none of the Reference Banks provides the relevant Agent Bank with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the relevant Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date and as adjusted by the Spread (if any);

- (2) in the case of Floating Rate Notes which are Swap Rate Notes:
- (A) the relevant Agent Bank will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period as being the rate which appears on the Reuters Screen ABSFIX01 Page under the caption "SGD SOR rates as of 11:00hrs 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);
  - (B) if on any Interest Determination Date, no such rate is quoted on Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) or Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, the relevant 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 four decimal places)) for a period equal to the duration of such Interest Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as the relevant Agent Bank may select; and
  - (C) if on any Interest Determination Date, the relevant Agent Bank is otherwise unable to determine the Rate of Interest under paragraphs (b)(ii)(2)(A) and (b)(ii)(2)(B) above, the Rate of Interest shall be determined by the relevant Agent Bank to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates quoted by the Singapore offices of the Reference Banks or those of them (being at least two in number) to the relevant Agent Bank at or about 11.00 a.m. (Singapore time) on the first business day

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

- (3) in the case of Floating Rate Notes which are not SIBOR Notes or Swap Rate Notes or which are denominated in a currency other than Singapore dollars, the relevant 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 relevant Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre (as defined below) at the Relevant Time on the Interest Determination Date and as adjusted by the Spread (if any); and
- (C) if paragraph (b)(ii)(3)(B) applies and the relevant 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 relevant 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 relevant 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 relevant 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 relevant 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 relevant 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 relevant 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 relevant 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 relevant 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 or cause the Relevant Dealer to notify the Guarantor, the Issuing and Paying Agent and the Agent Bank of the Agreed Yield or, as the case may be, the Agreed Rate for such Variable Rate Note for such Interest Period; and
  - (2) cause such Agreed Yield or, as the case may be, Agreed Rate for such Variable Rate Note to be notified by the Issuing and Paying Agent to the relevant Noteholder at its request.
- (iv) For the purposes of sub-paragraph (ii) above, the Rate of Interest for each Interest Period for which there is neither an Agreed Yield nor Agreed Rate in respect of any Variable Rate Note or no Relevant Dealer in respect of the Variable Rate Note(s) shall be the rate (the "**Fall Back Rate**") determined by reference to a Benchmark as stated on the face of such Variable Rate Note(s), being (in the case of Variable Rate Notes which are denominated in Singapore dollars) SIBOR (in which case such Variable Rate Note(s) will be SIBOR Note(s)) or Swap Rate (in which case such Variable Rate Note(s) will be Swap Rate Note(s)) or (in any other case or in the case of Variable Rate Notes which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out on the face of such Variable Rate Note(s).

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

The Fall Back Rate payable from time to time in respect of each Variable Rate Note will be determined by the Agent Bank in accordance with the provisions of Condition 4(II)(b)(ii) above (*mutatis mutandis*) and references therein to "**Rate of Interest**" shall mean "**Fall Back Rate**".

- (v) If interest is payable in respect of a Variable Rate Note on the first day of an Interest Period relating to such Variable Rate Note, the relevant 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 relevant Issuer will pay the Interest Amount for such Variable Rate Note for such Interest Period on the last day of such Interest Period.

(d) **Minimum Rate of Interest**

If the applicable Pricing Supplement specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with Condition 4(II)(b) or Condition 4(II)(c) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

Unless otherwise stated in the applicable Pricing Supplement, the Minimum Rate of Interest shall be deemed to be 0 per cent.

(e) **Definitions**

As used in these Conditions:

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

“**business day**” means:

- (i) (in the case of Notes denominated in Singapore dollars) a day (other than a Saturday, Sunday or public holiday in Singapore) on which commercial banks are open for business in Singapore; and
- (ii) (in the case of Notes denominated in a currency other than Singapore dollars), a day (other than a Saturday, Sunday or public holiday in Singapore or the principal financial centre for that currency) on which commercial banks and foreign exchange markets are open for business in Singapore and 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;

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

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

“**Relevant Dealer**” means, in respect of any Variable Rate Note, the Dealer party to the Programme Agreement referred to in the Agency Agreement with whom the relevant 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 inter-bank market in the Relevant Financial Centre; and

“**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 Monitor Money Rates Service (“**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.

**(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 the Redemption Amount is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(III) 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 date ("**Interest Payment Date**"). Such Interest Payment Date is/are either shown hereon as Specified Interest Payment Dates 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 would otherwise fall on a day which is not a business day, it shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month. In any such case as aforesaid or if there is no date in the relevant month which corresponds numerically with the preceding Interest Payment Date or, as the case may be, the first day of the Floating Rate Period (i) the Interest Payment Date shall be

brought forward to the immediately preceding business day and (ii) each subsequent Interest Payment Date shall be the last business day of the month which is the last of the Specified Number of Months after the month in which the preceding Interest Payment Date or, as the case may be, the first day of the Floating Rate Period shall have fallen.

- (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 4(III) and the Agency Agreement to the Relevant Date.
- (iv) The provisions of Condition 4(II)(b) and Condition 4(II)(d) shall apply to each Hybrid Note during the Floating Rate Period as though references therein to Floating Rate Notes are references to Hybrid Notes.

**(IV) Zero Coupon Notes**

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note (determined in accordance with Condition 5(h)). As from the Maturity Date, the rate of interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as defined in Condition 5(h)).

**(V) Calculations**

**(a) Determination of Rate of Interest and Calculation of Interest Amounts**

The Agent Bank will, as soon as practicable after the Relevant Time on each Interest Determination Date determine the Rate of Interest and calculate the amount of interest payable (the "**Interest Amounts**") in respect of each Calculation Amount of the relevant Floating Rate Notes, Variable Rate Notes or (where applicable) Hybrid Notes for the relevant Interest Period. The amount of interest payable in respect of any 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, the relevant Issuer and the Guarantor and (in the case of Floating Rate Notes) to be notified to Noteholders in accordance with Condition 15 as soon as possible after their determination but in no event later than the fourth business day thereafter. The Interest Amounts and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period by reason of any Interest Payment Date not being a business day. If the Floating Rate Notes, Variable Rate Notes or, as the case may be, Hybrid Notes

become due and payable under Condition 9, the Rate of Interest and Interest Amounts payable in respect of the Floating Rate Notes, Variable Rate Notes or, as the case may be, Hybrid Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest and Interest Amounts need to be made unless the Trustee requires otherwise.

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

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

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

The relevant 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 relevant Issuer will appoint another bank with an office in the Relevant Financial Centre to act as such in its place. The Agent Bank may not resign its duties without a successor having been appointed as aforesaid.

**5. Redemption and Purchase**

(a) **Final Redemption**

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

So long as the Notes are listed on any Stock Exchange, the relevant Issuer shall use its best endeavours to comply with the rules of such Stock Exchange in relation to the publication of any redemption of Notes.

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

If so provided hereon, the relevant 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 relevant Issuer accordingly. To exercise such option, the relevant 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 relevant Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 9, 10 and 11.

In the case of a purchase of some only of the Notes, the notice to Noteholders shall also contain the certificate numbers of the Notes to be purchased, which shall have

been drawn by or on behalf of the relevant Issuer in such place and in such manner as may be agreed between the relevant Issuer and the Trustee, subject to compliance with any applicable laws. So long as the Notes are listed on the Singapore Exchange Securities Trading Limited, the relevant Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any purchase of 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 relevant Issuer at their Redemption Amount on any Interest Payment Date and the relevant Issuer will purchase such Variable Rate Notes accordingly. To exercise such option, a Noteholder shall deposit any Variable Rate Notes to be purchased with the Issuing and Paying Agent at its specified office together with all Coupons relating to such Variable Rate Notes which mature after the date fixed for purchase, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent within the Noteholders' VRN Purchase Option Period shown on the face hereof. Any Variable Rate Notes so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the relevant Issuer. Such Variable Rate Notes may be held, resold or surrendered to the Issuing and Paying Agent for cancellation. The Variable Rate Notes so purchased, while held by or on behalf of the relevant Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 9, 10 and 11.

(ii) If so provided hereon, each Noteholder shall have the option to have all or any of his Fixed Rate Notes, Floating Rate Notes or Hybrid Notes purchased by the relevant Issuer at their Redemption Amount on any date on which interest is due to be paid on such Notes and the relevant Issuer will purchase such Notes accordingly. To exercise such option, a Noteholder shall deposit any Notes to be purchased with the Issuing and Paying Agent at its specified office together with all Coupons relating to such Notes which mature after the date fixed for purchase, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent within the Noteholders' Purchase Option Period shown on the face hereof. Any Notes so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the relevant Issuer. Such Notes may be held, resold or surrendered to the Issuing and Paying Agent for cancellation. The Notes so purchased, while held by or on behalf of the relevant Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 9, 10 and 11.

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

If so provided hereon, the relevant 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, the notice to Noteholders shall also contain the certificate numbers of the Notes to be redeemed, which shall have been drawn in such place and in such manner as may be fair and reasonable in the circumstances taking account of prevailing market practices, subject to compliance with any applicable laws.

So long as the Notes are listed on the Singapore Exchange Securities Trading Limited, the relevant Issuer shall, comply with the rules of such Stock Exchange in relation to the publication of any redemption of Notes.

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

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

(f) **Redemption for Taxation Reasons**

If so provided hereon, the Notes may be redeemed at the option of the relevant Issuer in whole, but not in part, on any Interest Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount or (in the case of Zero Coupon Notes) Early Redemption Amount (as defined in Condition 5(h) below) (together with interest accrued to (but excluding) the date fixed for redemption), if (i) the relevant Issuer (or, if the Guarantee was called, the Guarantor) 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, if the relevant Issuer is not incorporated in Singapore, such other jurisdiction in which the relevant Issuer is resident for the purposes of taxation) 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 relevant Issuer or, as the case may be, the Guarantor 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 relevant Issuer or, as the case may be, the Guarantor 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 relevant Issuer shall deliver to the Issuing and Paying Agent a certificate signed by a duly authorised signatory of the relevant Issuer or, as the case may be, the Guarantor stating that the relevant Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the relevant Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the relevant Issuer or, as the case may be, the Guarantor has or is likely to become obliged to pay such additional amounts as a result of such change or amendment.

(g) **Purchases**

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

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

(h) **Early Redemption of Zero Coupon Notes**

- (i) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or formula, upon redemption of such Note pursuant to Condition 5(f) or upon it becoming due and payable as provided in Condition 9, shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.
- (ii) Subject to the provisions of sub-paragraph (iii) below, the Amortised Face Amount of any such Note shall be the scheduled Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (iii) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 5(f) or upon it becoming due and payable as provided in Condition 9 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph will continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Redemption Amount of such Note on the Maturity Date together with any interest which may accrue in accordance with Condition 4(IV).

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

(i) **Cancellation**

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

**6. Payments**

(a) **Principal and Interest**

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

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

Save as provided in Condition 7, payments will be subject in all cases to any other applicable fiscal or other laws and regulations in the place of payment or other laws

and regulations to which the relevant Issuer or its Agents agree to be subject and the relevant Issuer will not be liable for any taxes or duties of whatever nature imposed or levied by such laws, regulations or agreements. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(c) **Appointment of Agents**

The Issuing and Paying Agent and its specified office are listed below. The relevant Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of the Issuing and Paying Agent and to appoint additional or other Issuing and Paying Agents, provided that they will at all times maintain an Issuing and Paying Agent having a specified office in Singapore.

Notice of any such change or any change of any specified office will promptly be given to the Noteholders in accordance with Condition 15.

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

(d) **Unmatured Coupons**

- (i) Fixed Rate Notes and Hybrid Notes should be surrendered for payment together with all unexpired Coupons (if any) relating to such Notes (and, in the case of Hybrid Notes, relating to interest payable during the Fixed Rate Period), failing which an amount equal to the face value of each missing unexpired Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unexpired Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of 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 Floating Rate Note, Variable Rate Note or Hybrid Note, unexpired Coupons relating to such Note (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period) (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Where any Floating Rate Note, Variable Rate Note or Hybrid Note is presented for redemption without all unexpired Coupons relating to it (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period), redemption shall be made only against the provision of such indemnity as the relevant Issuer may require.
- (iv) If the due date for redemption or repayment of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Note.

(e) **Non-business days**

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

(f) **Default Interest**

If on or after the due date for payment of any sum in respect of the Notes, payment of all or any part of such sum is not made against due presentation of the Notes or, as the case may be, the Coupons, the relevant 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 (after consultation with the relevant Issuer), 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 relevant 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 relevant Issuer.

**7. Taxation**

All payments in respect of the Notes and the Coupons by the relevant Issuer or, as the case may be, the Guarantor 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, if the relevant Issuer is not incorporated in Singapore, such other jurisdiction in which the relevant Issuer is resident for the purposes of taxation) or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the relevant Issuer or, as the case may be, the Guarantor shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented for payment:

- (a) by or on behalf of a holder who is subject to such taxes, duties, assessments or governmental charges by reason of his being connected with Singapore (or, if the relevant Issuer is not incorporated in Singapore, such other jurisdiction in which the relevant Issuer is resident for the purposes of taxation) 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, if the relevant Issuer is not incorporated in Singapore, such other jurisdiction in which the relevant Issuer is resident for the purposes of taxation)); 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 15 that, upon further presentation of the Note or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon presentation, and references to "**principal**" shall be deemed to include any premium payable in respect of the Notes, all Redemption Amounts, Early Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 5, "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 4 and any reference to "**principal**" and/or "**premium**" and/or "**Redemption Amounts**" and/or "**interest**" and/or "**Early Redemption Amounts**" shall be deemed to include any additional amounts which may be payable under these Conditions.

## 8. Prescription

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

## 9. Events of Default

If any of the following events ("**Events of Default**") occurs the Trustee at its discretion may, and if so requested by holders of at least 25 per cent. in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall, give notice in writing to the relevant 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 relevant Issuer or the Guarantor does not pay any sum payable by it under any of the Notes within seven business days of its due date;
- (b) the relevant Issuer or the Guarantor does not perform or comply with any one or more of its obligations (other than the payment obligation of the relevant Issuer or the Guarantor referred to in paragraph (a)) under any of the Issue Documents (as defined in the Trust Deed) or any of the Notes and, if in the reasonable opinion of the Trustee that default is capable of remedy, it is not in the opinion of the Trustee remedied within 21 days of its occurrence;
- (c) any representation, warranty or statement by the relevant Issuer or the Guarantor in the Trust Deed or in any document delivered under the Trust Deed, is not complied with in any material respect or is or proves to have been incorrect in any material respect when made or deemed repeated;
- (d) the Guarantee is not (or is claimed by the Guarantor not to be) in full force and effect;
- (e)
  - (i) any other indebtedness of the relevant Issuer or the Guarantor or any of the Principal Subsidiaries in respect of borrowed money is or is declared to be due and payable prior to its stated maturity by reason of any actual default, event of default or the like (however described) or is not paid when due (or within any applicable grace period in any agreement relating thereto); or
  - (ii) the relevant Issuer or the Guarantor or any of the Principal Subsidiaries fails to pay when properly called upon to do so any guarantee or indebtedness for borrowed moneys,

provided however that no Event of Default will occur under this paragraph (e) unless and until the aggregate amount of the indebtedness in respect of which one or more of the events mentioned above in this paragraph (e) has/have occurred equals or exceeds S\$15,000,000 or its equivalent in other currency or currencies;

- (f) the relevant Issuer, the Guarantor or any of the 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 payment of all or a substantial part of its indebtedness, begins formal negotiations or takes any proceeding for the deferral, rescheduling or other readjustment of all or a substantial part of its indebtedness (or of any part which it will 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 substantial part of the indebtedness of the relevant Issuer, the Guarantor or any of the Principal Subsidiaries;
- (g) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against the whole or any substantial part of the assets of the relevant Issuer, the Guarantor or any of the Principal Subsidiaries and is not discharged or stayed within 21 days;
- (h) any security on or over the whole or any substantial part of the assets of the relevant Issuer, the Guarantor or any of the Principal Subsidiaries become enforceable;
- (i) an order is made or a resolution is passed for the winding-up or for the appointment of a liquidator (including a provisional liquidator) or a judicial manager of the relevant Issuer, the Guarantor or any of the Principal Subsidiaries (except, in the case of a winding-up only, for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by the Trustee (such approval not to be unreasonably withheld) before such order is made or such resolution is passed (as the case may be)) or a receiver, trustee, administrator, agent or similar officer is appointed of the relevant Issuer, the Guarantor or any of the Principal Subsidiaries or over any substantial part of the assets of the relevant Issuer, the Guarantor or any of the Principal Subsidiaries;
- (j) the relevant Issuer, the Guarantor or any of the Principal Subsidiaries ceases or threatens to cease to carry on all or any substantial part of its business (otherwise than for the purposes of such a consolidation, amalgamation, merger or reconstruction as is referred to in paragraph (i) above);
- (k) all or a substantial part of the assets of the relevant Issuer, the Guarantor or any of the Principal Subsidiaries is seized, compulsory acquired, expropriated or nationalised;
- (l) any action, condition or thing (including the obtaining of any necessary consent) at any time required to be taken, fulfilled or done in order (i) to enable the relevant Issuer or the Guarantor lawfully to enter into, exercise its rights or perform or comply with any of its obligations under any of the Issue Documents or any of the Notes, (ii) to ensure that those obligations are valid, legally binding and enforceable or (iii) to ensure that those obligations rank and will at all times rank in accordance with Clause 2.2 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);
- (m) it is or will become unlawful for the relevant Issuer or the Guarantor to perform or comply with any one or more of its payment or other material obligations under any of the Issue Documents or any of the Notes;
- (n) the Trust Deed or any of the Notes ceases for any reason (or is claimed by the relevant Issuer or the Guarantor not) to be the legal and valid obligations of the relevant Issuer or the Guarantor, binding upon it in accordance with its terms;
- (o) any litigation, arbitration or administrative proceeding is current or pending against the relevant Issuer, the Guarantor or any of the Principal Subsidiaries (i) to restrain the entry into, exercise of any of the rights and/or the performance or enforcement of or compliance with any of the obligations of the relevant Issuer or the Guarantor under

the Trust Deed or any of the Notes or (ii) which would materially and adversely affect the ability of the relevant Issuer or the Guarantor to perform or comply with any of its payment or other material obligations under the Trust Deed or any of the Notes; and

- (p) any event occurs which, under the law of any relevant jurisdiction, has an analogous or equivalent effect to any of the events mentioned in paragraphs (f), (g), (h), (i), (j) and (k) provided that in respect of paragraphs (g) and (h), the Trustee shall have certified in writing to the relevant Issuer that the event is, in its opinion, materially prejudicial to the interests of the Noteholders,

and provided that in the case of any of the events described in paragraphs (b), (c), (e), (g) and (h), the Trustee shall have certified in writing to the relevant Issuer that the event is, in its opinion, materially prejudicial to the interests of the Noteholders.

For the purposes of these Conditions:

- (1) “**Principal Subsidiary**” means at any particular time any subsidiary of Maybank KEH (whether as Issuer or Guarantor):

- (aa) whose profits before tax, as shown by the accounts (consolidated in the case of a company which itself has subsidiaries) of such subsidiary, based upon which the latest audited consolidated accounts of the Group have been prepared, are at least 10 per cent. of the profits before tax of the Group as shown by such audited consolidated accounts; or
- (bb) whose net tangible assets, as shown by the accounts (consolidated in the case of a company which itself has subsidiaries) of such subsidiary, based upon which the latest audited consolidated accounts of the Group have been prepared, are at least 10 per cent. of the net tangible assets of the Group as shown by such audited consolidated accounts,

provided that if any such subsidiary (the “**transferor**”) shall at any time transfer the whole or a substantial part of its business, undertaking or assets to another subsidiary or Maybank KEH (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 Maybank KEH) 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 Maybank KEH) 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 profits before tax or, as the case may be, net tangible assets of such subsidiary, as shown by the accounts (consolidated in the case of a company which itself has subsidiaries) of such subsidiary, based upon which such audited consolidated accounts have been prepared, to be less than 10 per cent. of the profits before tax or, as the case may be, net tangible assets of the Group, as shown by such audited consolidated accounts. A report by the Auditors for the time being of Maybank KEH, 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

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

## **10. Enforcement of Rights**

At any time after the Notes shall have become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the relevant Issuer or the Guarantor as it may think fit to enforce repayment of the Notes, together with accrued interest, but it shall not be bound to take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by Noteholders holding not less than 25 per cent. in principal amount of the Notes outstanding and (b) it shall have been indemnified by the Noteholders to its satisfaction. No Noteholder or Couponholder shall be entitled to proceed directly against the relevant Issuer or the Guarantor unless the Trustee, having become bound to do so, fails or neglects to do so within 21 days and such failure or neglect shall be continuing.

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

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

The Trustee, the relevant Issuer or the Guarantor at any time may, and the Trustee upon the request in writing by Noteholders holding not less than 15 per cent. of the principal amount of the Notes of any Series for the time being outstanding shall, convene a meeting of the Noteholders of that Series. An Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders of the relevant Series, whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution proposed, *inter alia*, (a) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes, (b) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Notes, (c) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates of interest or the basis for calculating any Interest Amount in respect of the Notes, (d) to vary any method of, or basis for, calculating the Redemption Amount or the Early Redemption Amount including the method of calculating the Amortised Face Amount, (e) to vary the currency or currencies of payment or denomination of the Notes, (f) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, (g) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution or (h) to modify or cancel the Guarantee, 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 (a) 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 or is made to correct a manifest error or to comply with mandatory provisions of Singapore law and (b) 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.

## 12. Replacement of Notes and Coupons

If a Note or Coupon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, at the specified office of the Issuing and Paying Agent, or at the specified office of such other Issuing and Paying Agent as may from time to time be designated by the Issuers for the purpose and notice of whose designation is given to Noteholders in accordance with Condition 15, on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note or Coupon is subsequently presented for payment, there will be paid to the relevant Issuer on demand the amount payable by the relevant Issuer in respect of such Note or Coupon) and otherwise as the relevant Issuer may require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

## 13. Further Issues

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

## 14. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment unless indemnified to its satisfaction. The Trust Deed also contains a provision entitling the Trustee to enter into business transactions with the Issuer or the Guarantor or any of their respective subsidiaries without accounting to the Noteholders or Couponholders for any profit resulting from such transactions.

## 15. Notices

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

Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders in accordance with this Condition 15.

Until such time as any Definitive Notes (as defined in the Trust Deed) are issued, there may, so long as the Global Note(s) is or are held in its or their entirety on behalf of Euroclear, Clearstream, Luxembourg and/or the Depository, be substituted for such publication in such newspapers the delivery of the relevant notice to Euroclear, Clearstream, Luxembourg and/or the Depository for communication by it to the Noteholders, except that if the Notes 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 previous paragraph. Any such notice shall be deemed to have been given to the Noteholders on the seventh day after the day on which the said notice was given to Euroclear, Clearstream, Luxembourg and/or the Depository.

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

and addresses of all the Noteholders are known to the relevant Issuer, notices to such holders may be given individually by recorded delivery mail to such addresses and will be deemed to have been given when received at such addresses.

**16. Governing Law and Jurisdiction**

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

The courts of Singapore are to have non-exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed, the Notes and the Coupons and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed, the Notes and the Coupons ("**Proceedings**") may be brought in such courts. The relevant Issuer and the Guarantor irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This submission is for the benefit of the Trustee, the Noteholders and the Couponholders and shall not limit the right of the Trustee to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

The relevant Issuer and the Guarantor irrevocably agrees that, should the Trustee take any Proceedings anywhere (whether for an injunction, specific performance, damages or otherwise), no immunity (to the extent that it may at any time exist, whether on the grounds of sovereignty or otherwise) from those Proceedings, from attachment (whether in aid of execution, before judgment or otherwise) of its assets or from execution of judgment shall be claimed by it or on its behalf or with respect to its assets, any such immunity being irrevocably waived. The relevant Issuer and the Guarantor irrevocably agrees that its assets are, and shall be, subject to such Proceedings, attachment or execution in respect of its obligations under the Trust Deed.

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

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

**Issuing and Paying Agent**

Standard Chartered Bank  
Standard Chartered @ Changi  
Level 3, 7 Changi Business Park Crescent  
Singapore 486028

## INVESTMENT CONSIDERATIONS

*An investment in the Notes involves a degree of risk. Prior to making an investment or divestment decision, prospective investors or existing holders of the Notes should carefully consider all the information set forth in this Information Memorandum including the risk factors set out below. The risk factors set out below do not purport to be complete or comprehensive of all the risks that may be involved in the businesses of the Issuers, the Guarantor or the Group, or any decision to purchase, own or dispose of the Notes. Additional risks which the Issuers or the Guarantor are currently unaware of may also impair the businesses, financial condition, performance or prospects of the Issuers, the Guarantor or the Group. If any of the following investment considerations develop into actual events, the business, results of operations and financial condition of the Issuers, the Guarantor or the Group could be materially and adversely affected. In such cases, the ability of the Issuers and the Guarantor to comply with its obligations under the Trust Deed and the Notes 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 Notes may require in investigating the Issuers, the Guarantor or the Group prior to making an investment or divestment decision in relation to the Notes issued under the MTN Programme. This Information Memorandum is not, and does not purport to be, investment advice. A prospective investor should make an investment in the Notes only after it has been determined that such investment is suitable for its investment objectives. Please note that determining whether an investment in the Notes is suitable is a prospective investor's responsibility. Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the MTN Programme or the Notes (nor any part thereof) is intended to provide or form the basis of any credit or other evaluation and should not be considered as a recommendation by any of the Issuers, the Guarantor, any of the Dealers or any of the Arrangers that any recipient of this Information Memorandum or any such other document or information (or such part thereof) should subscribe for or purchase or sell any of the Notes. Each person receiving this Information Memorandum acknowledges that such person has not relied on any of the Issuers or the Guarantor or their respective subsidiaries or associated companies (if any), any of the Dealers or any of the Arrangers or any person affiliated with each of them in connection with its investigation of the accuracy or completeness of the information contained herein or of any additional information considered by it to be necessary in connection with its investment or divestment decision. Any recipient of this Information Memorandum contemplating subscribing for or purchasing or selling any of the Notes should determine for itself the relevance of the information contained in this Information Memorandum and any such other document or information (or any part thereof) and its investment or divestment should be, and shall be deemed to be, based solely upon its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness of the Issuers, the Guarantor, their respective subsidiaries and associated companies (if any), the terms and conditions of the Notes and any other factors relevant to its decision, including the merits and risks involved. A prospective investor should consult with its legal, tax and financial advisers prior to deciding to make an investment in the Notes.

### **The forward-looking information 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 Issuers' or the Guarantor's control.

### ***Risks Associated With an Investment in the Notes***

#### **Limited liquidity of the Notes issued under the MTN Programme**

There can be no assurance regarding the future development of the market for the Notes issued under the MTN Programme, the ability of such Noteholders, or the price at which such Noteholders may be able to sell their Notes. Further, even if a market for the Notes does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

Although the issue of additional Notes may increase the liquidity of the Notes, there can be no assurance that the price of such Notes will not be adversely affected by the issue in the market of such additional Notes.

### **Fluctuation of market value of Notes issued under the MTN Programme**

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

### **Interest rate risk**

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

### **Inflation risk**

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

### **Singapore taxation**

The Notes to be issued from time to time under the MTN Programme during the period from the date of this Information Memorandum to 31 December 2018 are "qualifying debt securities" for the purposes of the Income Tax Act (Chapter 134 of Singapore) (the "**ITA**") subject to the fulfilment of certain conditions more particularly described in the section "Taxation" under the heading "Singapore Taxation". However, there is no assurance that such Notes will continue to enjoy the tax concessions should the relevant tax laws be amended or revoked prior to maturity of each Series of such Notes.

### **The Notes may be subject to FATCA withholding**

While the Notes are in global form and held within the CDP, Euroclear or Clearstream, Luxembourg (together, the "**ICSDs**"), in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by the ICSDs (see "*Taxation - FATCA*"). However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA), provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Notes are discharged once it has paid the common depositary or common safekeeper for the ICSDs (as holder of the Notes) and the Issuer has therefore no responsibility for any amount thereafter transmitted through hands of the ICSDs and custodians or intermediaries.

### **The Notes may not be a suitable investment for all investors**

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

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

The Notes are complex financial instruments. Sophisticated investors generally do not purchase complex financial instruments as standalone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Notes, which are complex financial instruments, unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of such Notes and the impact this investment will have on the potential investor's overall investment portfolio.

Where Global Notes are held in clearing systems, investors will need to rely on the relevant clearing system's standard procedures for transfer, payment and communication with the Issuer.

### **Variable Rate Notes may have a multiplier or other leverage factor**

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those of securities that do not include those features.

### **Notes may be issued at a substantial discount or premium**

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

### **The Notes may be subject to optional redemption by the Issuer**

An optional redemption feature is likely to limit the market value of Notes. During any period when any of the Issuers may elect to redeem Notes, the market value of such Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period. Any of the Issuers may be expected to redeem Notes when their cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate that is as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

## Investment considerations associated with the Group's businesses

The Group, which operates primarily in the securities broking industry, is exposed to a variety of financial risks including the effects of fluctuations in currency, equity market prices, interest rates and credit and liquidity risks.

### (i) **Currency risk**

The Group operates mainly in Asia with dominant operations in Singapore, Hong Kong, Thailand, Indonesia and the Philippines. Entities in the Group regularly transact in currencies other than their respective functional currencies ("**foreign currencies**"). Currency risk arises within entities in the Group when transactions are denominated in foreign currencies such as the Singapore dollar, United States dollar, Hong Kong dollar, Thai baht, Indonesia rupiah and the Philippine peso.

Maybank KEH and certain subsidiaries have foreign currency assets, which are long-term in nature that are not hedged. These include investments in foreign subsidiaries and associated companies whose net assets are subject to currency translation risk.

### (ii) **Price risk**

The Group is exposed to equity securities price risk and fixed income risk because of the investments held by the Group which are classified on the consolidated balance sheet either as available-for-sale or at fair value through profit or loss. These securities are listed in Singapore, Hong Kong, Malaysia, Thailand, Indonesia, the Philippines, and the United States.

The Group also holds investments in opened-end and closed-end funds. As such funds may have investments in various types of assets, including commodities, the Group may have an indirect exposure to commodity risk via the investments made by these funds. As the funds are managed by fund managers, the Group has no control over the underlying investments. Fluctuations in the value of the underlying investments of these funds, including fluctuations in the prices of commodities, will affect the value of the Group's investment in such funds. There is no assurance that the Group will not suffer any future losses on its original investment amounts.

### (iii) **Cash flow and fair value interest rate risk**

Cash flow interest rate risk is the risk that the future cash flow of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The financial assets and liabilities that potentially subject the Group to interest rate risk consist mainly of short-term bank deposits, margin debts, overdue trade debts and borrowings from financial institutions. The Group is exposed to various risks associated with fluctuations in market interest rates.

### (iv) **Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Adverse changes in the credit quality of the Group's clients, or adverse changes arising from a general deterioration in global economic conditions could reduce recoverability from clients, leading to an increase in the provision for bad and doubtful debts. There is no assurance that clients will not default on the amounts owing to the Group. Where receivables are secured with collateral, there is also a risk that the Group may not be able to recover the full value of the receivables through enforcement of security, for example, where the value of the security has depreciated. In such instance, the Group's business results and financial position may be adversely affected.

The Group's major classes of financial assets are bank deposits, outstanding contracts receivables, trade receivables and other receivables.

(v) **Legal and regulatory risk**

The Group is exposed to the risk of breaches of applicable laws and regulatory requirements, breaches of obligations of fidelity, unenforceability of counterparty obligations and inappropriate documentation of contractual obligations. In addition, changes in laws, regulations or government policies pertaining to the business activities of the Group may adversely affect the business operations, financial performance and prospects of the Group. One such development occurred as of 1 January 2010, when commission rates in Thailand were partially liberalised. As a result, market participants slashed brokerage commission rates in a bid to garner more market share. As the broker with the largest market share in Thailand, profit margins of Maybank KEST have been affected as a result of this partial liberalisation of brokerage rates, and this in turn has had and may continue to have an adverse effect on the Group's profit margins.

(vi) **Country risk**

As the Group has operations in countries including Singapore, Thailand, Indonesia, Hong Kong, the Philippines, India, Vietnam, the United Kingdom and the United States of America (the "**Countries**") as well as a representative office in the PRC, it is dependent on the economic growth and political stability in these countries. Any adverse change in the economic, political, legal, social or regulatory environments in these countries may have an adverse effect on the Group's performance, financial conditions and results of operations. The outbreak of severe communicable diseases in the Countries, if uncontrolled, could have an adverse effect on the overall business sentiments and environment in the region, which may adversely affect the Group's operations in the region and financial performance from its operations in the region. For example, the outbreak of the Severe Acute Respiratory Syndrome in early 2003 severely decreased the level of economic activities and the economic growth of the countries in which the Group operated and as a result affected the Group's overall performance. In addition, in the event of an outbreak of epidemic in the Countries and if any of the Group's employees are infected with such diseases, the Group's operations in the Countries and its financial performance from its operations in the Countries may be adversely affected.

Because of the Group's operations in Asia Pacific, the Group is subject to political, legal and regulatory conditions that differ to a certain degree from those prevailing in more developed countries. The Group operates in countries which from time to time may suffer from domestic political uncertainty. As a result, the Group's operations can, and have been, affected by such instability, such as the political crisis that afflicted Thailand in early 2006. Such political instability and uncertainty in Thailand from time to time may have a negative impact on business conditions and could disrupt operations. These and similar developments in a relatively volatile region may have an adverse effect on the Group's business and operations.

Natural disasters and other acts of God which are beyond the Group's control may also adversely affect the economy, infrastructure and livelihood of the people of the Countries. Many major cities in the region are under the threat of flood, earthquake, sandstorm, typhoon or drought. The Group's operations in the region and financial performance from its operations in the region may be adversely affected if such natural disasters occur.

War and terrorist attacks may cause damage or disruption to the Group and its employees, facilities and clients, any of which may adversely affect the Group's operations in the region and financial performance from its operations in the region.

(vii) **Global credit crunch**

The sub-prime mortgage crisis that erupted in the U.S. in 2007 has besieged and stressed the global financial system. The dramatic rise in rates of delinquency and foreclosures had a significant impact on the global capital markets. The result has been a deterioration in the financial strength of financial institutions, tightening of credit and a slowdown in the world economy. Concerns over the sovereign debt default as a result of the European debt crisis also continue to weigh on market sentiment. Any deterioration in the economic conditions and markets of the countries in which the Group operates may adversely affect the Group's business and financial results.

(viii) **Operating in competitive environment**

The Group's business is primarily securities broking that is cyclical in nature and is dependent mainly on the condition of the stock markets in which the Group operates. Factors influencing the stock markets include both domestic and international economic and political conditions as well as local and international market sentiment. In addition, keen competition among securities brokers may put downward pressure on commission rates.

(ix) **Dependence of Key Personnel**

The business performance of the Group is largely dependent on the talent of skilled individuals. The ability of the Group to continue to grow and compete effectively is dependent on its ability to attract new talent and to retain and motivate existing employees including experienced sales personnel who have established strong relationships with clients of the Group. Without these individuals, the Group's operations may be affected and may result in an adverse effect on its business, results and financial position.

(x) **The Issuers' ability to comply with its obligation to repay the Notes may be dependent upon the earnings of, and distributions by, the members of the Group and future performance of the Group**

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

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

(xi) **The Group's risk management policies and procedures may have limitations**

The Group is constantly exposed to significant credit, market and operational risks and has thus devoted significant resources to strengthening their risk management policies and procedures to mitigate and manage such risks. Even though the Group has a robust risk management policy in place, in light of the continuing evolution of the Group's operations, the Group's policies and procedures designed to identify, monitor and manage risks may have limitations.

For example, although the Group has strengthened its risk management policies, the Group's risk management systems are dependent on its ability to properly identify, and mark-to-market, changes in the value of financial instruments caused by changes in market prices or rates. If the available information which the Group evaluates and on which the Group's risk management procedures depends is not accurate, the Group's anticipation of risks could be adversely affected. Moreover, severe declines in asset values, unanticipated credit events or unforeseen circumstances that may cause previously uncorrelated factors to become correlated may create losses resulting from risks not appropriately taken into account.

(xii) **Circumstances that will affect the effectiveness of the Group's risk management policies**

Although the Group has in place a robust risk management policy, in extreme market conditions, its risk management policy is still subject to factors that are beyond its control. For example, the Group's risk management strategies may not be effective in a difficult or less liquid market environment because other market participants may be attempting to use the same or similar strategies to deal with difficult market conditions, and the use of similar strategies will consequently render the Group's management strategies less effective. In such circumstances, it may be difficult for the Group to reduce its risk positions due to the activity of such other market participants, which is largely out of its control. To the extent any of the instruments and strategies the Group uses to hedge or otherwise manage its exposure to market or credit risk is not effective, the Group may not be able to mitigate effectively its risk exposures in particular market environments or against particular types of risk.

Further, even though the Group takes great care in making assessments, assumptions or estimates, there may be unidentified or unanticipated risks or circumstances that render these assessments, assumptions or estimates inaccurate. To the extent the Group's assessments, assumptions or estimates prove inaccurate or are not predictive of actual results, the Group could suffer higher than anticipated losses and enhanced regulatory scrutiny. Furthermore, investigations, administrative actions or litigation could commence in relation to violations, which may involve costs, including possible deterioration of its reputation. This, in turn, could have a material adverse impact on the Group's business, financial condition, results of operations and prospects.

(xiii) **The Group's business relies on information technology systems, and significant security breaches in its computer system and network infrastructure or system failures could harm its relationships with customers, adversely affect the provision of services to its customers, subject the Group to sanctions by regulators and materially and adversely impact its business and reputation**

In all aspects of the Group's business, the Group uses information technology systems to deliver services to and perform transactions on behalf of its customers, as well as for back office operations. The Group therefore depends on the capacity and reliability of the electronic and information technology systems supporting its operations. There can be no assurance that the Group will not encounter service disruptions owing to failures of these information technology systems. The Group's information technology systems are subject to damage or incapacitation as a result of quality problems, human error, natural disasters, power loss, sabotage, computer viruses, acts of terrorism and similar events. In addition, the Group may not be prepared to address all contingencies that could arise in the event of a major disruption of services.

Physical or electronic break-ins, security breaches, service disruptions and other disruptive problems caused by increased use of the internet or power disruptions could also affect the security of information stored in and transmitted through the Group's computer systems and network infrastructure. Although the Group has implemented security technology and operational procedures, including firewalls and password encryption technologies, designed to minimise the risk of security breaches, and the Group intends to continue to implement such security technologies, conduct regular vulnerability assessments and network penetration tests and establish operational procedures to prevent any such break-ins, damages and failures, there can be no assurance that these security measures will be successful. A significant breakdown in internal controls, fraudulent activities by employees, major service disruptions or failure of security measures or backup systems could significantly affect the Group's operations, result in enhanced regulatory scrutiny and could result in regulatory or administrative sanctions and consequently could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

(xiv) **Exposure to Disruptive Technology**

The Group has, over the years, sought to bolster existing revenue streams and create new ones, through *inter alia*, market research, upgrading and improving its existing technology, and being adaptive and sensitive to market changes and new technologies.

However, whilst the Group has taken precautions to ensure that it remains competitive and to preserve and enhance its market share, its business may be affected by disruptive technology in the market which may arise from time to time. With the ever-evolving landscape of technological advancement, it is possible for certain innovative technologies to enable new business models that can disrupt the current status quo. As a result, the business landscape may be altered, certain qualities or characteristics which are deemed valuable and necessary may be rearranged or become obsolete and new markets may be created. This may, in turn, result in the Group having to deviate from the traditional way of doing business and having to rearrange its business structure to keep up with market changes. If the Group is not able to adapt its business to accommodate such disruptive technology, or is unable to refocus its resources from sustaining innovations to the disruptive technology in time, such disruptive technology might significantly affect the Group's operations and market share, and consequently could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

## MAYBANK KIM ENG HOLDINGS LIMITED

### 1. History and ownership structure

Maybank KEH was incorporated in Singapore on 17 January 1989 as a public limited company pursuant to the Companies Act under the name “KESECS Limited”. It was subsequently converted into a private company and renamed as “KESECS Pte Ltd” on 16 March 1989. In December 1989, it was converted into a public company and assumed the name of Kim Eng Holdings Limited. The former Kim Eng Holdings Limited changed its name to Kim Eng Ong Asia Holdings Ltd on 31 January 2002 following the acquisition of Ong Asia Limited by Rezan Pte Ltd, a wholly-owned subsidiary of Maybank KEH. On 22 August 2003, Maybank KEH changed its name back to Kim Eng Holdings Limited and assumed its current name on 31 January 2012.

Maybank KEH was the first securities broking company to be listed on the SGX-ST and was admitted to the Official List of the SGX-ST on 8 February 1990. On 5 May 2011, Nomura Singapore Limited announced, for and on behalf of MIBH, a mandatory unconditional cash offer (the “**Offer**”), to acquire all the ordinary shares in the capital of Maybank KEH, other than those already owned by MIBH, its related corporations and their respective nominees. Following the close of the Offer on 4 July 2011 and the completion of the compulsory acquisition under Section 215(1) of the Companies Act on 29 July 2011, Maybank KEH was delisted from the Official List of the SGX-ST on 4 August 2011.

Following the completion of the compulsory acquisition, Maybank KEH effectively became a wholly-owned subsidiary of MIBH. MIBH is a wholly-owned subsidiary of Maybank. Maybank is a leading financial services provider in Malaysia, offering an extensive range of products and services. Maybank has total assets worth RM640.3 billion as of 31 December 2014, and is currently the largest company by market capitalisation on the Bursa Malaysia Securities Berhad Main Market. Maybank Group operates an extensive global network of over 2,400 offices in 20 countries, which includes all 10 ASEAN countries. In addition to its strong market presence in Malaysia, Singapore and Indonesia, Maybank Group’s presence extends to the Philippines, Brunei Darussalam, Cambodia, Vietnam, Laos, Thailand, Myanmar, China, Hong Kong, Papua New Guinea, Pakistan, India, Uzbekistan, Saudi Arabia, Bahrain, the United Kingdom and the United States of America.

### 2. Principal business activities and competitive analysis

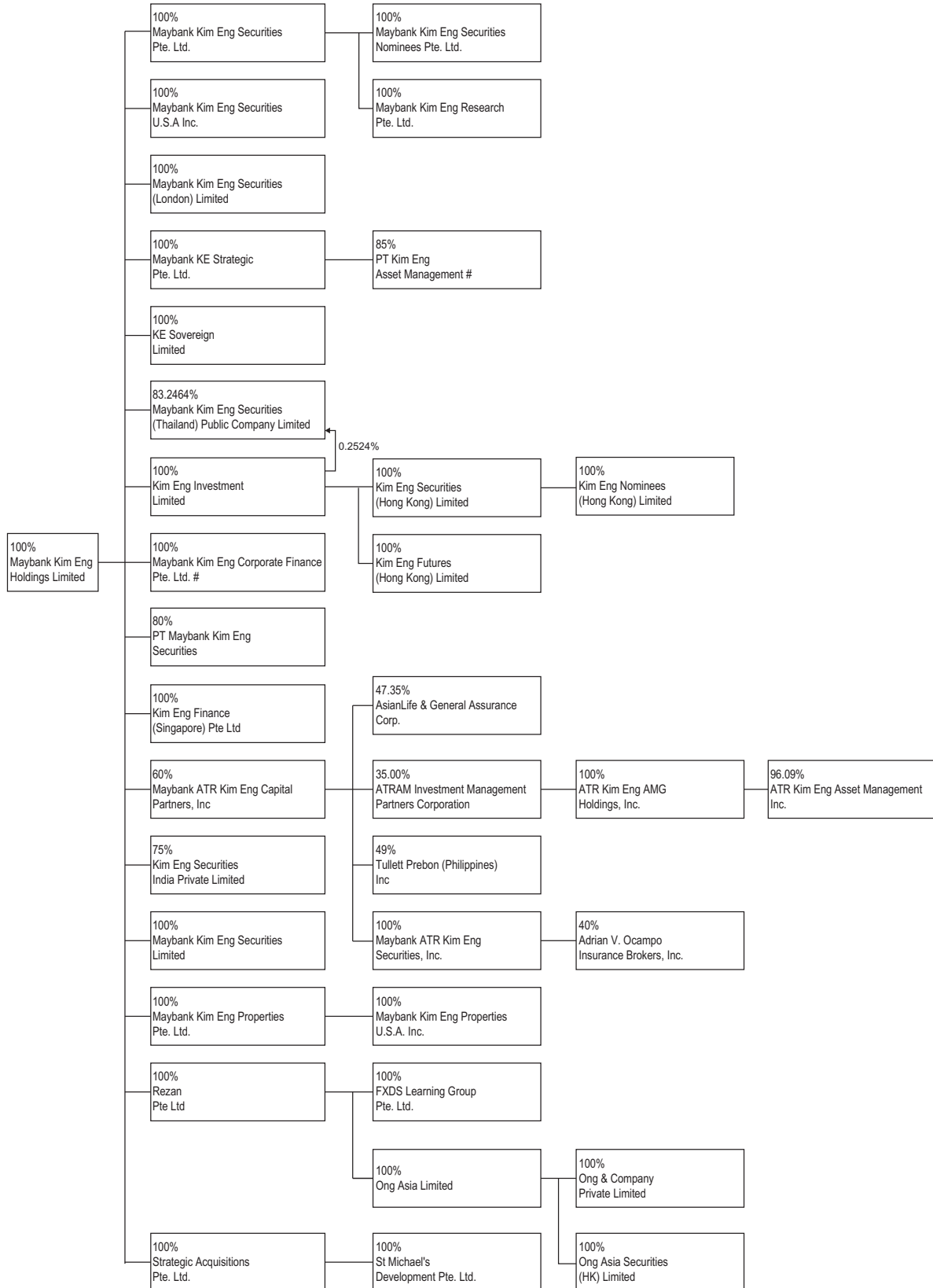
The Group is one of the largest securities broking groups in Singapore. The principal activity of Maybank KEH is that of investment holding. The principal activities of the Group consist of securities broking, investment advisory, provision of corporate finance services, margin financing, money lending, provision of nominee services, investment holding, property investment and insurance.

The Group was one of the first securities broking groups in Singapore to establish regional and global operations. It has an international presence while maintaining a strong Asian focus in its business. Among Singapore-based securities brokers, the Group has one of the most extensive geographical footprints with subsidiaries and associated companies operating in Singapore, Thailand, Hong Kong, Indonesia, the Philippines, India, Vietnam, the United Kingdom and the United States.

The Group was also the first securities broking group to be listed on the SGX-ST and has grown to become one of South East Asia’s leading securities broking groups. In addition, it also has full-fledged memberships of the stock exchanges in all the countries that it operates other than the United Kingdom and the United States, which are sales offices. After the completion of MIBH’s acquisition of the Group in 2011, the Group now enjoys the advantages of being part of the Maybank Group with its strong regional banking platform. Over the years, the Group’s business has grown to cover a wide range of products and services. Today, its businesses cover securities broking, online trading, margin financing, custodian & nominee services, research, corporate finance and advisory services, investment holding, property investment, and insurance.

The Group has a strong financial track record, with shareholders’ funds growing from a modest S\$82 million during the Group’s initial public offering in 1990 to over S\$775 million, as at 30 June 2015.

## GROUP STRUCTURE (as at 30 September 2015)



# in members' voluntary liquidation

(i) **Singapore**

Maybank KES is the Group's main securities broking operating subsidiary company and it operates out of Singapore. Maybank KES is a licensed capital markets services provider under the SFA and a member company of the SGX-ST, the SGX-DT, the SGX-DC and the CDP. It is also an exempt financial adviser pursuant to Section 23(1)(d) of the FAA.

Maybank KES has a sales force of over 400 trading representatives. It provides a host of financial services to its clients covering securities broking (including online trading), margin financing, underwriting, custodian and nominee services, and a comprehensive range of corporate finance and advisory services. It is involved in the areas of initial public offerings, secondary market fund raising exercises as well as financial advisory services.

Maybank KER is a wholly-owned subsidiary of Maybank KES. It provides investment research services to both the institutional and retail clients of the Group.

(ii) **Thailand**

Maybank KEST is a leading securities broking company in Thailand in terms of market share of trading volumes, providing services through its headquarters in Bangkok and 57 branches located across the country. Following the acquisition of the assets and business of Yuanta Securities (Thailand) Limited in January 2002, Maybank KEST has been the leading securities broking company in Thailand in terms of turnover value based on statistics released by the SET. Maybank KEST is also a leading investment banking house in Thailand. Maybank KEST is listed on the SET and as of 30 September 2015, Maybank KEH, and Kim Eng Investment Limited hold 83.25% and 0.25% respectively in Maybank KEST.

Maybank KEST is licensed to carry out the following business activities in Thailand:

- (a) securities broking;
- (b) securities trading;
- (c) securities underwriting;
- (d) investment advisory;
- (e) corporate finance advisory;
- (f) securities registration;
- (g) derivatives business; and
- (h) stock borrowing and lending.

In addition to the above business activities, Maybank KEST also provides research and margin finance services to its clients.

Maybank KEST was granted by the Ministry of Finance of Thailand a license to operate business as a derivatives agent in accordance with the Derivatives Act B.E. 2546 (2003). As a derivatives agent, Maybank KEST has serviced individual clients and institutional clients since the launch of TFEX on 28 April 2006. Currently, TFEX offers 8 exchange-traded derivatives products, namely, SET50 Index Futures, SET50 Index Options, Single Stock Futures, Gold Futures, Brent Crude Oil Futures, Interest Rate Futures, USD Futures and Sector Futures.

Maybank KEST has a credit rating of "AA" by Fitch Ratings (Thailand) and is one of the first brokerage houses issuing a Derivative Warrant ("**DW**") in Thailand via direct listing method in 2010. In 2013, the company had issued 49 DWs that earned good responses from investors.

(iii) **Hong Kong**

KES(HK), an indirect wholly-owned subsidiary of Maybank KEH, is a licensed corporation under the SFO(HK). KES(HK) is also an exchange participant of the Stock Exchange of

Hong Kong Limited and a direct clearing participant of the Hong Kong Securities Clearing Company Limited. KES(HK) is the Group's operating company for its securities business in Hong Kong. KES(HK) is engaged in securities broking, share margin financing, underwriting and placement of securities, research, corporate finance and, through its wholly-owned subsidiary, Kim Eng Nominees (Hong Kong) Limited, custody and nominee service businesses.

Kim Eng Futures (Hong Kong) Limited, an indirect wholly-owned subsidiary of Maybank KEH, is a licensed corporation under the SFO(HK) and is also an exchange participant of the Hong Kong Futures Exchange Limited and a clearing participant of the HKFE Clearing Corporation Limited. Its principal activity is futures broking and dealing.

(iv) **Indonesia**

The Group's Indonesia operations are conducted through PTMKES, an 80% owned subsidiary of Maybank KEH. PTMKES is one of the top securities broking companies in Indonesia in terms of market share of trading values. In addition to securities broking, online trading and direct market access trading, PTMKES provides equity research, equity and debt underwriting, margin financing, fixed income sales and trading, and corporate finance services. Headquartered in Jakarta, PTMKES also has branch offices in Surabaya, Semarang and in other areas of Jakarta such as Kebon Jeruk, Pluit and Melawai.

(v) **The Philippines**

The Group's investment banking and equities brokerage business in the Philippines are conducted through its subsidiary, Maybank ATRKE Capital and Maybank ATRKE Capital's wholly-owned subsidiary, Maybank ATR Kim Eng Securities, Inc.. Other Maybank ATRKE Capital subsidiaries and affiliates include group life and group health insurer AsianLife & General Assurance Corporation, fund manager ATR KimEng Asset Management and money broker, Tullett Prebon (Philippines) Inc.

The Group's strengths in the Philippines are: (a) market leadership in domestic equities (corporate finance and securities brokerage), group medical plan insurance, and money broking, and (b) skilled and experienced management and staff, who provide dynamic and proactive responses to market conditions.

(vi) **Others**

The Group has offices in London and New York to service institutional clients located in the major financial markets of Europe and the United States respectively. The two offices complement the efforts of the Group to deepen and broaden its international client base.

KES(HK) has had a representative office in Shanghai since November 2013, and its purpose is to promote the Group's corporate brand and to act as liaison office to serve its mainland clients.

The Group's 75% owned India subsidiary, Kim Eng Securities India Private Limited, commenced operations in September 2008. It offers securities broking services in both cash and derivatives segments to foreign and domestic institutions. It has also received a merchant banking licence, enabling the company to offer investment banking services.

MKEVS received its official licence to conduct the activities of securities broking, dealing and securities investment advisory in December 2007. MKEVS commenced operations in April 2008. On 11 May 2012, Maybank KEH acquired a call option over approximately 51.45% of the charter capital of MKEVS from the local founding shareholders which together with other relevant documents, provided Maybank KEH effective control of all the voting rights of MKEVS. The said call option was exercised on 3 January 2014 and as at the Latest Practicable Date, Maybank KEH owns 100% of MKEVS.

As at 30 September 2015, MKEVS had about 32,645 clients and 221 employees, and has a network of 8 offices throughout the country.

### 3. Board of Directors

*Mr. Cheah Teik Seng (“**Mr. Cheah**”)*

*Chairman*

*Independent and Non-Executive Director*

Mr. Cheah was appointed as a Director of Maybank KEH in November 2011. He was also an independent non-executive Director of Maybank from 26 August 2009 to 25 August 2015 and an independent non-executive Director of Maybank IB from 11 February 2010 to 25 August 2015.

As a Malaysian Federal Government Public Services Department scholarship holder, he served in the civil service in Malaysia in the early 1980s. Since leaving the government service in Malaysia, he has taken on various roles in the banking and financial services industry both in Malaysia as well as in London, Hong Kong and Singapore. For example, he has held positions in Public Bank Berhad, Chase Manhattan Bank NA branch in Kuala Lumpur and in London, Merrill Lynch (Asia Pacific) Limited, Goldman Sachs Hong Kong, UBS AG in Hong Kong and Singapore, and in BNP Paribas Hong Kong Branch, where he held the position of Managing Director for a tenure of 9 years. He is currently a Director and partner of Aktis Capital Singapore Pte. Ltd.

His current directorships in companies within the Maybank Group include Maybank KEST, a listed company in Thailand and being the Chairman of Maybank Cambodia Plc. and Maybank Agro Fund Sdn Bhd.

Mr. Cheah sits on the board of other listed companies such as Drillsearch Energy Limited in Australia and MJC Investments Corporation in the Philippines. He also holds directorship in various private equity companies in Hong Kong and China.

*Datuk Lim Hong Tat*

*Non-Independent and Non-Executive Director*

Datuk Lim Hong Tat was appointed as a Director of Maybank KEH on 19 December 2013. Datuk Lim joined Maybank upon graduation in 1981. He has 34 years of experience covering all aspects of banking, having managed branches, and in regional banking, credit card matters and international banking operations, including holding senior management positions as Director/President and CEO of Maybank Philippines Incorporated, Head of International Banking, Head of Consumer Banking and Head of Community Financial Services, Malaysia.

He has been the Group Head, Community Financial Services and CEO of Maybank Singapore since 1 January 2014, and is responsible for driving and implementing the bank’s community banking strategy across all geographies. This covers branch banking, consumer lending, small-medium enterprises and business banking, sales and distribution, wealth management, payments, virtual banking, product innovation and customer segmentation. He is also responsible for growing the business of all Maybank entities in Singapore. This spans the full suite of financial products and services – commercial banking, global banking, investment banking, and insurance. Prior to this he was the Deputy President and Head of Community Financial Services of Maybank.

He is a Member of the Visa Client Council for Asia Pacific, Member of the board of the European Financial Management Association, Associate Member of International Academy of Retail Banking, Council Member of Association of Banks in Singapore and a Director of Maybank Philippines Inc., Maybank KES and Etiqa Insurance Pte. Ltd.

*Mr. John Chong Eng Chuan (“**Mr. John Chong**”)*

*Non-Executive and Non-Independent Director*

Mr. John Chong was appointed as a Director of Maybank KEH on 24 February 2014. He was also appointed as the CEO of Maybank Kim Eng Group and Maybank IB in February 2014. Mr. John Chong has more than 20 years of experience in investment banking and capital

markets and has held many senior positions within the Maybank Group, especially in the area of debt capital markets in Malaysia. Prior to being appointed as the CEO of Maybank Kim Eng Group and Maybank IB, he was Deputy CEO & Head, Investment Banking and Advisory of Maybank in Malaysia and Managing Director of Client Coverage Global Banking, Maybank.

His current directorships in companies within the Maybank Group include Maybank KEST, Maybank International (L) Ltd and Maybank International Trust (L) Ltd.

*Mr. Amirul Feisal Bin Wan Zahir (“**Mr. Amirul Feisal**”)*

*Non-Independent and Non-Executive Director*

Mr. Amirul Feisal Bin Wan Zahir was appointed as a Director of Maybank KEH on 17 February 2015.

He is currently the Group Head of Global Banking in Maybank which encompasses Maybank Group’s Client Coverage, Global Markets, Corporate Banking, Investment Banking, Asset Management, and Transaction Banking businesses. His main responsibility is to strengthen and entrench the wholesale banking business in key regional markets including Malaysia, Singapore, the Philippines, Indonesia and Hong Kong/Greater China.

Mr. Amirul Feisal started his career in KPMG Plc in the Audit Division based in London and left to join Schroders Investment Banking (“**Schroders**”) in Kuala Lumpur. He remained at Schroders (later renamed as Citigroup Global Markets) and was in Citigroup Global Markets Singapore Pte. Ltd. from 2000 to 2004 and Citigroup Global Markets Asia Limited in Hong Kong in 2004. Mr. Amirul Feisal progressed his career in various departments within the Investment Banking division in Kuala Lumpur, Singapore and Hong Kong. In 2004, Mr. Amirul Feisal joined BinaFikir Sdn. Bhd., as a shareholder and Executive Director and in 2008 was appointed as Managing Director, Head of Investment Banking for Maybank IB. In 2010, Mr. Amirul Feisal joined Permodalan Nasional Berhad as Executive Vice President of Special Projects and was later seconded to Chemical Company of Malaysia Berhad as Executive Director and subsequently, appointed as Group Managing Director until he rejoined Maybank in 2014.

#### **4. Key Executives of the Group**

Details of Mr. John Chong Eng Chuan, CEO, Maybank Kim Eng Group, have been set out in the section “Maybank Kim Eng Holdings Limited – Board of Directors”.

*Mr. Mohamad Yasin Abdullah (“**Yasin**”)*

*CFO, Maybank Kim Eng Group*

Yasin was appointed Group CFO of Maybank Kim Eng effective 1 April 2015 and CFO of Maybank IB with effect from 1 October 2010. He was previously Deputy CFO of Maybank Kim Eng. Yasin has 17 years of experience in the corporate and financial industry, of which eight were spent in the capacity as CFO. Prior to joining Maybank Kim Eng and Maybank IB, he was the CFO of Unicorn International Islamic Bank Malaysia Berhad (now known as Alkhair International Islamic Bank Malaysia Berhad), an Islamic bank licensed under the Malaysian International Islamic Finance Centre initiative. Prior to that, he worked at Suria Capital Holdings Berhad, a public-listed company, as their CFO.

Yasin’s professional career began with Maybank in 1997. As a scholarship holder, he immediately joined Maybank upon graduation and remained with Maybank until 2002. Later, he joined a construction-based public-listed company, Tronoh Consolidated Malaysia Berhad (now known as Zelan Berhad) as their Finance Manager. He subsequently joined Bank Muamalat Malaysia Berhad as Head of Finance/Vice President, Finance.

Yasin is a Fellow Member of the Association of Chartered Certified Accountants (FCCA) and a Fellow Member of the Certified Islamic Professional Accountant (CIPA) issued by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI), Bahrain. He is also a member of the Chartered Institute of Management Accountants (CIMA), Malaysian Institute of Certified Public Accountants (MICPA) and Malaysian Institute of Accountants (MIA).

He graduated from the International Islamic University, Malaysia (IIUM) with a Bachelor of Accounting (Honours) and a Masters of Business Administration ("**MBA**") in Finance.

*Mr. Alexander Panasko ("**Alex**")  
Chief Risk Officer, Maybank Kim Eng Group*

Alex has over 18 years of industry experience. He joined Maybank Kim Eng Group in 2012 as Chief Risk Officer and is responsible for managing the credit, market and operational risk across the Maybank Kim Eng Group.

Prior to joining Maybank Kim Eng Group, Alex had spent more than 14 years with MF Global Singapore Pte. Limited (formerly ED&F Man, Man Group Plc, Man Financial Inc) having worked in major financial centres (London, New York, Chicago and Singapore) and holding various positions within the organisation, the most recent being the Chief Risk Officer for Asia Pacific, MF Global and its subsidiaries from 1997 to 2011.

Alex holds a Bachelor of Arts (Foreign Languages and Education majors) from Cherkassy State University, Ukraine and also a Bachelor of Arts (Business Management/Sales and Marketing majors, Political Science minor) from William Penn University, Oskaloosa, Iowa. He then went on to get a Master of Science, Financial Markets and Trading Degree from the Illinois Institute of Technology, Chicago.

*Ms. Ami Moris ("**Ami**")  
Regional Head, Equities, Maybank Kim Eng Group*

Ami was appointed Regional Head, Equities of Maybank Kim Eng Group on 1 January 2013. She is responsible for both the Retail and Institutional Equities businesses of the Maybank Kim Eng Group. Since joining the Maybank Group in 2009, Ami has been part of the team that built up Maybank IB. By leveraging her 20 years of experience in the equities industry, Ami has helped to develop what was once a single-market brokerage into ASEAN's largest brokerage franchise.

Ami started her career in securities broking with CapitalCorp Securities Sdn Bhd in 1992 as Vice President, Institutional Sales. Prior to joining Maybank IB in May 2009, Ami was with Kenanga Investment Bank Berhad which she joined in 2001.

Ami spent 13 years in the United Kingdom where she graduated from the University of Essex with a degree in Mathematics and Politics. She also holds a Master of Arts in History and Philosophy of Social and Political Science from the same university.

*Mr. Ong Kah Pin Giles ("**Giles Ong**")  
Regional Head, Investment Banking & Advisory, Maybank Kim Eng Group*

Giles Ong joined the Maybank Kim Eng Group as Head of Investment Banking and Advisory for the region in 2012. He is responsible for Maybank Kim Eng Group's global investment banking and advisory business. These businesses include corporate finance, debt markets, equity capital markets and strategic advisory.

Giles Ong has more than 15 years of investment banking experience. He started his investment banking career with Morgan Stanley Asia (Singapore) Pte., following which he worked for a short stint at Merrill Lynch in Singapore before joining Citigroup Global Markets Singapore Pte. Ltd. ("**Citi**") in 2004. He was appointed as the Head of Mergers & Acquisitions for South East Asia at Citi in 2006, and was promoted to Managing Director in 2007. In 2009, Giles Ong was appointed Deputy Head of Global Banking (Singapore) for Citi in addition to his role as Head of Mergers & Acquisitions for South East Asia. Giles Ong left Citi in December 2011.

Giles Ong holds a Bachelor of Science in Economics from the London School of Economics and Political Science and an MBA from Sloan School of Management at Massachusetts Institute of Technology. Prior to joining the investment banking industry, Giles Ong worked for the Singapore Economic Development Board.

*Ms. Roselawati Yaacob ("**Roselawati**")*  
*Regional Head, Human Capital, Maybank Kim Eng Group*

Roselawati joined Maybank on 1 June 2015 as Regional Head of Human Capital for Maybank Kim Eng Group, bringing more than 17 years of human capital experience to her role.

Prior to joining Maybank, Roselawati was Head of Human Resource at OCBC AI-Amin Bank Berhad as well as Vice President of Human Resources at OCBC Bank Malaysia Berhad, where her portfolio included Consumer Financial Services, Global Banking (Treasury and Investment Banking), Chairman's Office, Group Risk, Finance, and Legal & Compliance, amongst others. She is a specialist in compensation and benefits and has played a critical role in driving the talent agenda at OCBC Bank (Malaysia) Berhad through her direct involvement in special projects with the CEO.

Roselawati graduated with a Bachelor of Arts in Business Administration from Lewis University, Illinois, USA.

*Mr. Bedi Harmeet Singh ("**Mr. Bedi**")*  
*CEO, Maybank KES*

Mr. Bedi was appointed as Chairman, CEO and Executive Director of Maybank KES on 15 July 2014. He is responsible for the overall development of the Group's business in Singapore, including the execution of growth strategies in alignment with Maybank Group's plans.

Mr. Bedi has more than 20 years of banking experience in Asia, which includes 15 years of banking experience in Singapore, in the areas of corporate finance, mergers and acquisitions, investment banking, regional sector coverage, and corporate banking. Prior to joining Maybank KES, Mr. Bedi worked at UBS Singapore where he held the position of Managing Director and Head of Corporate Finance and Mergers and Acquisitions for South East Asia. Prior to that, he headed the South East Asia Corporate Finance teams at Merrill Lynch and Deutsche Bank AG based in Singapore. Mr. Bedi has also held senior corporate finance and sector coverage positions at JP Morgan in Singapore and Hong Kong, and has also been involved in investment banking and corporate banking at JP Morgan and HSBC in India. He holds a Bachelor of Arts in Economics from St Xavier's College, University of Bombay, India and a Post-Graduate Diploma in Management (MBA) from the Indian Institute of Management, Ahmedabad, India.

*Mr. Montree Sornpaisarn*  
*Co-CEO, Maybank KEST*

Mr. Montree Sornpaisarn has been the CEO of Maybank KEST since October 2001. He is presently responsible for the overall brokerage, investment banking business, the derivatives department and new business developments. He has extensive experience in large-scale equity offering including privatisation of state-owned enterprises and recognised expertise in several areas of investment banking services such as public offerings, mergers and acquisitions, restructuring and project finance.

Prior to joining Maybank KEST, he worked for Jardine Fleming Thanakom, American International Assurance, SG Asia Credit and Vickers Ballas Securities (Thailand).

He has served as a member of the Governor of the SET's Board of Directors (May 2008 – May 2010) and was its Governor during October 2001 – May 2002. He was the executive director of Association of Thai Securities Companies (May 2005 – January 2010). Currently, Mr. Montree Sornpaisarn is a director of the Investment Banking Club of Thailand and heads its Derivative Product Working Group. He is also a consultant to the Thailand Listed Company Association & Investment Banking Club and was also a director of the Futures Industry Club of Thailand.

He holds a Bachelor of Engineering (Computer) from Chulalongkorn University and received his MBA from Thammasat University. He is also a Chartered Financial Analyst ("**CFA**") and has accreditation from the Association for Investment Management and Research.

*Ms. Boonporn Boriboonsongsilp*  
*Co-CEO, Maybank KEST*

Ms. Boonporn Boriboonsongsilp is the Co-CEO (Retail Business) of Maybank Kim Eng Securities (Thailand) Plc. She is responsible for the overall brokerage businesses of equity markets, derivatives and private wealth management.

She has approximately 20 years of working experience in the securities business. Prior to joining Maybank KEST, she worked for Bangkok Bank Limited and Asia Securities Company Limited. She holds directorial positions in the Association of Securities Companies, Brokerage Commission Working Committee and Expanding Client Base Working Committee, Association of Securities Companies, and ASCO Training Institution.

She holds two Master's Degrees. The first is an MBA in Finance from Kasetsart University and the second is a Master's Degree in Science (Statistics) from Chulalongkorn University. She has been voted as one of Thailand's Best Women Executives by the Thansettakij Newspaper in 2012.

*Mr. Manuel N. Tordesillas ("**Manny**")*  
*CEO, Maybank ATRKE Capital*

Manny has been the President, CEO, and Director of Maybank ATRKE Capital since 1995. He has nearly 35 years of international and local investment banking experience, having spent 11 years in Hong Kong where he worked for Citicorp International Limited and Peregrine Capital Limited prior to returning to the Philippines in 1995.

Manny is also the President and CEO of ATR Kim Eng AMG Holdings, Inc. and ATR Holdings, Inc where he also sits on their respective Boards as a Director. He also serves as Director and Vice Chairman of Asian Life and General Assurance Corp. Manny is also a Director of Tullett Prebon (Philippines) Inc. and an Independent Director of Rockwell Land Corporation. He is currently the President of the Investment Houses Association of the Philippines, a member of the country's Capital Markets Development Council, and a member of the Board of Advisors of De La Salle University College of Business and Economics and the Harvard Business School Association of the Philippines. He obtained his MBA from Harvard University in 1982 and his Bachelor in Science in Industrial Management Engineering from De La Salle University in 1975.

*Mr. Wilianto le*  
*President Director, PTMKES*

Mr. Wilianto le was appointed as President Director of PTMKES with effect from 28 January 2015. Prior to his appointment, Wilianto had been overseeing the business as Officer-in-Charge of PTMKES in addition to managing his responsibilities as Head of Research of PTMKES. In this role, he strengthened team work and established a foundation for future growth in the company. A rated analyst in various surveys such as Institutional Investors and Asiamoney during his career in equity research, Mr. Wilianto le has also successfully raised the profile of the research team in the eyes of clients. He joined PTMKES in January 2014 having previously worked at established international houses where he amassed close to 20 years of experience in capital markets and equity research. He received his MBA from Pittsburg State University, USA and his BSc in Electrical Engineering from Universitas Pancasila, Indonesia.

*Mr. John Fei*  
*CEO, Maybank KES(HK)*

Mr. John Fei was appointed CEO of KES(HK) effective from 9 February 2015. He is in charge of growing the investment banking and equities businesses in Hong Kong with the aim of realising Maybank Group's aspirations in Greater China. He has more than 20 years of investment banking experience under his belt, having worked for a large bank and brokerage firm in China as well as global banks. Mr. John Fei holds an MBA in Finance from Columbia Business School and a Bachelor of Science in Accounting from State University of New York at Binghamton.

*Mr. Goh Keat Jin*  
*Head, International Business, Maybank Kim Eng Group and*  
*Regional Head, Business Strategy and Client Management, Maybank Kim Eng Group*

Mr. Goh Keat Jin is highly experienced in the area of institutional equities and has more than 18 years experience in institutional sales and equity research.

He started as an actuarial consultant in Scottish Widows Life and Pension Fund for two years prior to joining the Institute for the Development of Economic Analysis as a technical analyst. Mr Goh Keat Jin then embarked on the role of an analyst in 1996, furthering his career in various research houses including Deutsche Securities Asia Ltd, GK Goh Holdings Limited and Maybank KES. He covered sectors such as property, offshore & marine, non-bank financials, consumer and technology. In 2004, he joined UBS AG in Singapore as a member of the Singapore / Malaysia Sales team and in 2006, assumed the role of Head of Singapore / Malaysia Sales in BNP Paribas Securities (Singapore) Pte. Ltd.

Mr. Goh Keat Jin subsequently joined Maybank IB in January 2011 as Managing Director, International Business. In November 2011, he took on the role as the Regional Head, Institutional Equities, managing the Institutional Equities business of Maybank IB. In May 2012, he transferred to Maybank KES and undertook a similar role until March 2015. From April 2015, he took on new appointments as Head, International Business for the Maybank Kim Eng Group and Regional Head, Business Strategy & Client Management for Maybank Kim Eng Group's Equities business.

Mr. Goh Keat Jin has a BSc Actuarial Science (First Class Honours) from the London School of Economics, UK. He is also a certified CFA (US).

*Mr. Jeffrey Goh*  
*Regional Head, Retail Equities*  
*Regional Head, Products and Services*  
*Maybank Kim Eng Group*

Mr. Jeffrey Goh joined the Maybank Kim Eng Group on 1 April 2011 and was appointed as the Regional Head of Retail Equities with effect from 1 October 2013. Mr. Jeffrey Goh, who is Regional Head of Product and Services, Retail Equities and Head of Retail Equities of Maybank KES in Singapore, has led his team in successfully implementing retail business strategies to drive product development across the region. Some of his notable achievements include the establishment of an over-the-counter Fixed Income desk to extend the Group's asset class coverage, enhancement to the Group's share margin product to offer multi-currency loans and the successful roll-out of the Group's online trading system across the region by leveraging on the Group's multi-market trading capabilities. Prior to his current appointment, Mr. Jeffrey Goh was the Executive Vice President of Maybank KES and was responsible for the establishment of the Contract for Difference business in October 2008, and heads the institutional Electronic Trading Services and Equity Derivatives and Structured Products business units.

Mr. Jeffrey Goh has more than 23 years of experience in the area of investment research, fund management, wealth management services, securities broking, product development and management. Prior to joining the Group, Mr. Jeffrey Goh worked at OCBC Securities (Singapore) where he was the Associate Director and Head of Equity Derivatives and Structured Products / Head of Private Clients. Prior to that, he spent almost 5 years in Banque Nationale de Paris (Singapore) and Bank Brussels Lambert (Singapore), where he was involved in providing equities and related investment solutions to high net worth clients and in the pitching of investment and trading strategies, asset allocation recommendations and tactical trading ideas. Mr. Jeffrey Goh has also previously held positions in Haw Par Merchant Bankers Limited as an equities portfolio manager and Consultants Services / Tecity Group (Tan Sri Tan Chin Tuan's group of companies) as an investment analyst. He holds a Bachelor of Science in Finance (minor in Economics) from Southern Illinois University, United States.

*Mr. Mohammad Fairuz Mohd Radi ("**Fairuz**")  
Regional Head, Strategy, Maybank Kim Eng Group*

Fairuz joined Maybank in September 2010. As the Maybank Managing Director of Strategy for Global Banking, he is responsible for defining strategy and implementing transformational initiatives. He is in charge of special projects, information technology, branding and marketing, and change and event management for our global banking business and international operations. With effect from 1 January 2014, Fairuz was appointed Regional Head of Strategy of Maybank Kim Eng Group.

Fairuz has been instrumental in driving the regionalisation of the Global Banking business of the Maybank Group and played a key role in setting up Maybank Asset Management Sdn Bhd. He was also involved in implementing standardised Global Banking regional platforms including the Regional Cash Management System, Regional Trade Finance platform and Global Treasury Risk Management System, across the countries where Maybank has a presence. His portfolio sees him work with various internal key business stakeholders to ensure effective governance and successful implementation of Maybank Group's framework across the region.

Fairuz has, through an illustrious 13-year career, accrued experience in enterprise and business strategy, and programme and project management for large and complex regional projects. His areas of focus include business process improvement, system implementation, change management and people transition. Prior to joining Maybank, Fairuz worked in Accenture Solutions Sdn. Bhd. There, he was the Joint-Lead of the Accenture project team that was involved in Maybank Global Banking's five-year strategy and target operating model blueprint. Fairuz holds a Master of Science in Electrical Engineering and Technologies for Broadband Communications from University of College London and a Bachelor of Science in Electrical Engineering from Pennsylvania State University.

*Mr. Paul Kwan ("**Paul**")  
Regional Chief Information Officer, Maybank Kim Eng Group*

Paul was appointed Regional Chief Information Officer of Maybank Kim Eng Group with effect from 27 April 2015.

Paul is responsible for spearheading the development and implementation of information technology ("**IT**") initiatives to support the company's overall business and strategic goals while ensuring alignment with the aspirations of Maybank Group. This includes assessing and anticipating technology projects and recommending appropriate action and resources, as well as proposing hardware/software solutions to achieve the company's business objectives. Paul also leads the Maybank Kim Eng Group in establishing and directing strategic and tactical goals, policies and procedures for the IT departments.

Prior to joining Maybank Kim Eng Group, Paul was the Chief Information Officer, Asia at Millennium Capital Management (HK) Limited where he was instrumental in the exceptional growth of their regional business by implementing various trading platforms and low-latency trading systems across the region. Before that he was the Head of Technical Support and a Managing Director at Millennium Operations, L.L.C. where he managed technical support, NOC (Network Operations Center), MAC (Moves, Adds and Changes) services, onboarding, and various strategic projects. Paul also held senior IT roles at Goldman Sachs (Asia) L.L.C. and Deutsche Bank AG (Canada). He graduated with a Master's degree in Computer Engineering from the University of Toronto, Canada.

*Mr. Francis Seow ("**Francis**")  
Regional Head, Institutional Sales  
Regional Head, Special Projects, Maybank Kim Eng Group*

Francis joined Maybank Kim Eng Group in August 2012 as CEO for the USA office. He was most recently at Keefe, Bruyette & Woods Inc (KBW) as Senior Vice President of International Asian Equity Sales, where he spent the past two-and-a-half years building the Asia Equities

business in the US from ground-up. Prior to KBW, Francis spent 14 years in senior sales roles at JP Morgan & Co., CLSA Americas, LLC and Deutsche Bank Securities Inc in New York and Singapore. Francis graduated from the University of British Columbia and is a CFA charterholder.

*Mr. Henry Koh*  
*Regional Head, Operations, Maybank Kim Eng Group*

Mr. Henry Koh is the Regional Head of Operations, overseeing Equities Operations for Maybank Kim Eng Group. He has 25 years of securities broking experience and has held various positions in Operations, Compliance, Organisation & Methods and Risk Management. He has vast experience in special projects and was the Project Manager/Director for several IT projects, namely the Back Office System replacement for Maybank IB, Nominees System replacement and new Risk Management System implementation for Mayban Securities Sdn Bhd. He was part of the task force team involved in Maybank's acquisition of Kim Eng Holdings Limited in 2011, as well as the merger between Mayban Securities Sdn Bhd and Phileo Allied Securities Sdn Bhd in 2001. Mr. Henry Koh was also instrumental in setting up the Risk Management department and its framework for Mayban Securities Sdn Bhd in 2007. Mr. Henry Koh holds a Diploma in Management from Malaysian Institute of Management and an MBA from Charles Sturt University of Australia.

*Ms. Dalvin Kaur ("Dalvin")*  
*Regional Head, Legal, Maybank Kim Eng Group*

Dalvin joined Maybank Kim Eng Group as Regional Head of Legal in July 2013. Prior to joining Maybank Kim Eng Group, she was part of the International Islamic Liquidity Management Corporation where she provided consultancy in transaction advisory and management. Before that, she spent 7 years in Crédit Agricole Corporate and Investment Bank (the Corporate and Investment Banking Arm of the Crédit Agricole Group) in London, holding various senior roles in the Legal Department and in the areas of providing transaction management support, business development support, risk management, legal advice, as well as working closely with the sales, origination and structuring desks on providing hedging solutions to counterparties and converting diversified pool of exposure into tradable capital markets debt instruments, across jurisdictions and product areas covering capital markets, structured products, derivatives and Islamic finance. Dalvin graduated with a Master of Laws in Banking and Finance, LLM, from King's College, London before practising in law firms Messrs. Albar & Partners in Malaysia, Allen & Overy LLP in London and Cadwalader, Wickersham & Taft LLP in London.

## **5. General Competitive Conditions in the Industry**

The Group's business is predominantly securities broking, which is cyclical in nature and dependent on the condition of the stock markets in which the Group operates. Factors influencing these markets include both domestic and international economic and political conditions as well as market sentiment. In addition, any reduction in commission rates whether as a result of regulatory action or competitive pressures may affect the Group's businesses. Competition from new entrants, disruptive technologies and new business models also pose challenges for the Group in terms of its business strategies, which includes the mitigation of such new threats and turning threats into opportunities by adopting and adapting such disruptive technologies to its own advantage via the application of these ideas to its product, service and platform offerings.

## **6. Industry Development**

*Singapore*

The Singapore market has evolved over the recent years in light of the tightening of rules and regulations for the purpose of, amongst others, increasing investor protection, raising professionalism and competency amongst market participants, and implementing safeguards for systematic risks. There has also been a structural shift in the relative proportions of retail

and institutional participation in the local market, as seen by the shrinking share of market for retail investors. The population of licensed trading representatives for the whole of Singapore is also on a decline.

Maybank KES has observed however, that over time, there have been greater trading flows into markets outside of Singapore. With market access capability into key markets like Hong Kong, China and the United States, Maybank KES has been able to benefit from investors' increasing interest in foreign markets, fuelled by run ups and volatility of such markets. Maybank KES continues to support and profit from this trend through constant enhancements to research content, education and trading platforms.

In order to increase investor protection, raise professionalism and competency amongst market participants, and implement safeguards for systematic risk, the SGX-ST has introduced, amongst others, the following measures to promote the local market:

1. Enhanced order types, which include price-triggered orders to provide investors with flexibility to buy and sell at specific price levels without having to constantly monitor market movements.
2. The SGX Market Maker and Liquidity Provider Programme with effect from 1 June 2014, which is aimed at incentivising certain groups such as institutional investors and proprietary traders with volume rebates on the cost of clearing fees.
3. A new research and company fundamentals portal called SGX StockFacts, which has features such as fundamental information for all SGX-ST listed companies, customised searches with screening criteria, new proprietary tools including S&P Capital IQ Alpha Factor Composites which ranks stocks based on eight investment style classifications and charts of a company's financials for the last five years.
4. Reduction in the standard board lot size of securities from 1,000 to 100 units from 19 January 2015. A smaller board lot size will make it more affordable for retail investors to invest in a wider range of equities, including expensive blue chips.
5. Introduction of a minimum trading price of S\$0.20 as a continuing listing requirement for issuers listed on the Mainboard of the SGX-ST. The reason for this introduction is because low-price securities are generally associated with high volatility, which makes them more susceptible to speculation and potential market manipulation. A one-time transition period of 12 months from the date of introduction of the minimum trading price requirement will be put in place for affected issuers to undertake corporate actions to meet the new requirement. After the 12 months transition period, those which are unable to meet the requirement will be placed on a watch-list. Issuers which are unable to raise its minimum trading price and exit the watch-list will be delisted after a 36-month cure period. The minimum trading price requirement and adjustment to the existing watch-list requirements were introduced in March 2015 and will take effect from March 2016.

#### *Thailand*

The Thai securities broking industry is very competitive due to the fragmented nature of the market. The steps taken by the Thai authorities to support the orderly growth of the industry include:

1. The introduction of minimum brokerage commission rates was used to help minimise aggressive undercutting following the liberalisation of rates in 2000 and churning, as it created highly speculative market conditions. In January 2010, the SECT and the SET again changed the commission rates, raising industry concerns of a repeat of the 2001-2002 losses. In order to alleviate such concerns, the use of a sliding scale method was adopted in the year 2010: the fees charged were tiered depending on the trading volumes of the customers and only customers trading over a certain threshold amount are entitled to freely negotiable rates on that excess amount. This

fee regime was valid until January 2012. However, since the members of the ASCO mutually agreed to adhere to the sliding scale method, this is still in effect as of today.

2. The introduction of a standardised formula on computing remuneration for investment consultants. To discourage the poaching of investment consultants amongst securities broking companies, the SET requires investment consultants to be classified into two groups, each with a different remuneration scheme - incentive scheme and salary-based scheme. These schemes standardised the formula for computing the remuneration paid to investment consultants for all securities broking firms and is strictly enforced by the SET. These schemes have effectively reduced the instances of poaching of staff by competitor firms. The arrangement, originally set to expire on 13 January 2007, was first extended to 13 January 2010 and then further extended to 2011. SET has authorised the industry association, ASCO, to set a common formula for remuneration computation for investment consultants for the industry with effect from 2012, which is currently in force as of today.
3. The establishment of a cross-border partnership among ASEAN brokers with 62 brokers of the stock exchanges in Southeast Asia. Whilst this “movement” runs throughout ASEAN, the SET is the most proactive among the member signatories adopting multiple approaches. For example, encouraging listed companies to achieve global accreditation, such as on the Dow Jones Sustainability Index (“**DJSI**”). A total of 31 companies were invited into the DJSI in 2014. The gradual lifting of global standing of the listed corporates has also been instrumental to the re-classification of the Country to Advanced Emerging Group in the FTSE Global Equity Index Series of Country Classification. The next target is getting into the Developed Category where currently Singapore is classified.
4. The expansion of product ranges in the equity and derivatives markets to meet the needs of diverse customer segments. The TFEEX launched crude oil futures on 17 October 2011 and embarked upon the extension of trading hours for gold futures and oil futures until 22:30 hours. SET also promotes more single stock futures and commodity-based futures as well as foreign capital market products. For instance, currency futures were launched on 5 June 2012 and it is intended for foreign ETFs and such product innovations to be offered into Thailand as another asset class of choice for investors.
5. The SET and SECT intends to become the capital market hub for the Greater Mekong Subregion. First on the agenda is to encourage Thai corporates with companies in Cambodia, Laos, Myanmar and Vietnam to list in the Thai stock market.
6. The enhancement of information technology capability to facilitate new order types and new investor groups with new trading engine that has a single-digit microsecond matching speed. The trading platform was upgraded to attract high frequency and algorithmic traders as this could boost the securities industry’s efficiency, bring in more business opportunities for securities broking companies while helping to cut overall operational costs. The system debuted on 3 September 2012 for equities and on 6 May 2014 for derivatives.

### *Hong Kong*

Hong Kong has long been an attractive base for international enterprises looking to tap the China market or other parts of Asia. There are two factors particularly attractive to new issuers in the Hong Kong market: (1) its connection to Asia and (2) its position as the top Initial Public Offering (“**IPO**”) centre in the world. Hong Kong is also the world’s largest offshore RMB business hub and the largest centre for conducting offshore RMB financing activities. The RMB clearing platform in Hong Kong supports banks from all over the world in conducting their RMB transactions.

The Hong Kong Stock Exchange also introduced the following changes to reinforce Hong Kong's leading financial position in the world:

1. Shanghai-Hong Kong Stock Connect was launched on 3 November 2014 and the Shenzhen-Hong Kong Stock Connect plan is still on track to be launched in the second-half of 2015. The plan reinforces Hong Kong Stock Exchange's leading position for Mainland (China) investors and the Shanghai and Shenzhen Exchanges for international investors. Hong Kong also extended the daily trading hours from 4 hours to 5.5 hours a day to align with Shanghai's trading hours.
2. The Hong Kong Stock Exchange acquired London Metal Exchange in July 2012. This gave Hong Kong access to an exchange that sets global benchmarks for metal prices.
3. The Brazil, Russia, India, China and South Africa Exchanges Alliance has planned to cross-list benchmark equity index derivatives for each alliance member and to jointly develop innovative products.

The Chinese government also announced the Qualified Domestic Institutional Investor ("**QDII**") scheme in April 2006. Investors with QDII quotas can invest in Hong Kong or foreign securities.

The Hong Kong stock market is the fifth largest in the world and the third largest in Asia in terms of market capitalisation as at the end of April 2015.

Its role as the leading offshore RMB centre is an advantage for Hong Kong which allows it to act as a bridge to China. Issues of "Dim Sum bonds" are already common and Hong Kong has the largest pool of offshore RMB.

Hong Kong has one of the most liquid securities markets in the world. It also has a balanced mix of overseas and local investors. There are no controls over the movement of capital or taxes on capital gains and dividend payouts. Hong Kong has a well-established legal system and regulatory framework. The securities trading platform also maintains its competitive edge regionally by investing in information technology infrastructure.

### *Indonesia*

Indonesia's capital market is a competitive industry. There are 116 securities companies that are members of the IDX. However, based on trading value in 2014, the top 20 securities companies control approximately 66% of the market share. The IDX has taken several initiatives to promote the country's capital market competitiveness in the era of the ASEAN economic community.

The initiatives include:

1. Changing the lot size and price fraction for the equity market which came into effect on 6 January 2014 to enable more investors to gain access to the market and to lower volatility in the market.
2. Identifying and, if necessary, suspending stocks which have irregular transactions and categorising them as having Unusual Market Activity ("**UMA**") to maintain investors' trust and confidence towards the Indonesian capital market. In 2014, IDX specified 91 UMAs over 80 stocks, and suspended 25 stocks from trading.
3. Conducting regular inspections on IDX members which have margin transaction licenses to assess their compliance with requirements such as daily required minimum capital, margin transaction or short selling execution, internal control, and investors' transactions.
4. Implementing a universal reporting system using the eXtensible Business Reporting Language format. The implementation of the system will aid investors, IDX and its stakeholders to monitor and analyse the listed companies.

5. Conducting several capital market socialisation programmes which include, amongst others, Potential Investor Forum, Institutional Investor Day, Investor Club, Investor Summit and Capital Market Expo to introduce the capital market to potential new investors. For example, in 2013, IDX organised the Investor Summit and Capital Market Expo in Surabaya and Jakarta, featuring exhibitions and various talk shows, which presents capital market experts and government representatives as speakers. The event in Jakarta recorded a total participation of approximately 28 listed companies, with a total of approximately 2,530 people attending the event. The event in Surabaya recorded a total participation of approximately 16 listed companies, with a total of approximately 1,200 people attending the event.
6. Moving towards a more systemised operation by developing two new information technology-based systems to lower future risks that could potentially cause disruptions to IDX activities when testing new systems and improving internal efficiencies.
7. Developing Indonesia's growing Syariah-based capital market through routine public education which has been ongoing since 2010. As of 2014, the number of Syariah investors have increased by 190.7% compared to 2012 from 803 members to 2,334 members.

### *Philippines*

The Philippines capital markets recorded a strong performance as the Philippine Stock Exchange's (PSE) blue chip index, PSEI, hit a fresh all-time high of 8127.48 index points in the early part of 2015 due to the surge in domestic liquidity and foreign investors entering the market. Foreign investors' perception of the Philippines differs from other emerging markets as the Philippines is relatively shielded from negative external events due to strong domestic demand that is fuelling high growth and large remittances inflows and revenues from the business process outsourcing industry that sustain the current account surplus.

Recent developments for the Philippines capital market are as follows:

1. Finalising the merger between the Philippine Dealing System Holdings and the PSE.
2. Listing of real estate investment trusts ("**REIT**") - The PSE is of the opinion that an active REIT market generates more tax revenues through increased property development, higher employment and larger transaction volumes.
3. Introduction of derivatives - New derivatives products can now be offered with the completion of a major upgrade to PSE's trading platform – the NASDAQ OMX, a customisation of NASDAQ's X-Stream platform.
4. Fairer book-building process for IPOs through a shift to using single book for IPOs – PSE favours book-building using a price range as it would enable the underwriters to distribute the contingent risk equally and hence intends to shift to a single book process. PSE is currently working on revisions to the Securities Regulation Code of the Philippines to allow single book for IPO, and it is intended for these revisions are to be submitted to the Securities and Exchange Commission ("**SEC**") of the Philippines.
5. Introduction of equity lending for the purpose of short-selling and developing an options market after the PETrade XTS System, which was launched on 22 June 2015.
6. Establishment of the Financial Stability Council in February 2014, which aims to ensure the various financial regulators cooperate to identify and address important risks to financial stability.
7. Amendment to the Code of Corporate Governance published by the SEC in May 2014, which strengthened requirements to disclose information adversely affecting a company and its shareholders.

8. The Insurance Commission, in July 2014, permitted insurers, reinsurers and mutual benefit associations to invest in ETFs, a move that will support the PSE's efforts to encourage the use of ETFs.

#### *Vietnam*

The Vietnam local securities broking industry comprises over 80 companies. However, the top 10 companies account for 65% of the market share (on Hochiminh Stock Exchange, VN-Index).

The regulatory environment continues to get more stringent. The past six months has seen more new regulations implemented than the previous 5 years. These include rules on recapitalising and improving operational standards of all companies, listed companies' corporate governance and transparency, among others.

#### Significant recent developments include:

1. *Relaxation of Foreign ownership limit ("**FOL**"), covered warrants (new product) and stricter regulations on private placement, share buybacks etc. in order to protect shareholders – Decree 60, 26 June 2015, effective from 1 September 2015.*

The Decree 60 issued by the government and subsequently followed by dispatch 4493 (dated 16 July 2015) has 2 main drawbacks. Firstly, the new regulations allows for companies, who do not fall under specific categories (such as the World Trade Organisation and other free trade pact agreements, conditional businesses, State Owned Enterprises Initial Public Offerings, multi-segment operating) of listed companies to decide the desirable FOL by amending the company charters. Secondly, FOL for securities firms can be 100% but if one investor wants to acquire more than 51%, then it must obtain approval from the State Securities Commission of Vietnam. Circular 123, which was issued on 19 August 2015, guides the implementation of Decree 60, and will be effective from 1 October 2015.

2. *For covered warrants, only securities companies with chartered capital of at least VND1,000 billion can participate. Only 7-8 companies currently meet this criteria.*
3. *Intraday trading – market opinion is currently being sought for the revised draft of Decree 74. If approved, market liquidity could increase. Only brokers with chartered capital of at least VND800 billion can participate in intraday trading; among other strict criteria on operations such as profitability, capital adequacy etc.*
4. *Shortened settlement cycle to T+2 (from T+3 currently) – market opinion is currently being sought for this proposal. Together with intraday trading, once approved and implemented, this proposal has the potential to improve investor sentiment.*
5. *Derivatives - Decree 42/2015, effective from 1 July 2015 with a planned phase 1 roll out in 2016 with index futures and government bond futures. Among other criteria, brokering houses are required to have at least VND800 billion chartered capital. This will reduce the number of qualified brokers to around 15-20 companies.*

## **7. Strategy**

Maybank KEH is committed to a long-term growth strategy of continued investment in people and technology to (i) strengthen its core competencies; (ii) geographical and product diversification of its revenue streams; and (iii) the integration of all these efforts into a coherent global franchise.

As Maybank KEH now forms part of the Maybank Group, it aims to broaden its regional securities broking network by actively seeking business opportunities by leveraging on the established brand equity, franchise and operations of the respective Maybank and Kim Eng brands. Previously, the Group started securities operations in Vietnam and India in 2008 after extensive preparatory groundwork. In Vietnam, MKEVS was the first securities house with a foreign founding shareholder. The Group also seeks to reinforce its leading position in its core markets by building on its market share through organic growth or through acquisitions when the right opportunities arise.

As part of the Maybank Group, the Group has identified various opportunities to improve its business performance including leveraging Maybank's balance sheet to expand the investment banking business, cross-selling of products and services through the expanded Maybank and Maybank KEH network, through implementation of best practices and streamlining of operations to increase efficiency, as well as through building and tapping into a regional talent pool.

Maybank has set its strategic vision to be a regional financial services leader. Thus, the inclusion of Maybank KEH into the Maybank Group is in line with this vision as Maybank KEH's securities broking leadership in the region complements the suite of services Maybank has to offer. It is the strategy of the Maybank Group to leverage on Maybank KEH and Maybank IB (being Maybank's investment banking subsidiary) to build an extensive regional investment banking platform comprising investment banking, securities broking, and futures and derivatives solutions.

## 8. Financial review for FY2012, FY2013 and FY2014

Below is a summary of the consolidated income statement, consolidated statement of comprehensive income and consolidated balance sheets of Maybank KEH for FY2012, FY2013 and FY2014:

### CONSOLIDATED INCOME STATEMENT

	2014 S\$'000	2013 (Restated) S\$'000	2012 (Restated) S\$'000
<b>Continuing operations</b>			
Operating income	459,466	479,312	368,962
Other gains – net	22,908	23,312	32,052
<b>Expenses</b>			
Employee compensation	(159,603)	(154,628)	(133,607)
Depreciation and amortisation	(16,445)	(16,116)	(16,472)
Finance expenses	(24,340)	(23,044)	(14,949)
Other operating expenses	(202,900)	(205,150)	(183,255)
<b>Total expenses</b>	<b>(403,288)</b>	<b>(398,938)</b>	<b>(348,283)</b>
<b>Profit from operating activities</b>	<b>79,086</b>	<b>103,686</b>	<b>52,731</b>
Share of profit of associated companies	82	293	681
<b>Profit before tax from continuing operations</b>	<b>79,168</b>	<b>103,979</b>	<b>53,412</b>
Income taxes	(21,685)	(26,478)	(19,019)
<b>Profit from continuing operations, net of tax</b>	<b>57,483</b>	<b>77,501</b>	<b>34,393</b>
<b>Discontinued operation</b>			
Profit/(loss) from discontinued operation, net of tax	10,882	(2,678)	1,935
<b>Profit for the year</b>	<b>68,365</b>	<b>74,823</b>	<b>36,328</b>
<b>Attributable to:</b>			
<b>Equity holder of the Company</b>			
Profit from continuing operations, net of tax	50,492	67,549	28,726
Profit/(loss) from discontinued operation, net of tax	10,882	(2,613)	246
	<b>61,374</b>	<b>64,936</b>	<b>28,972</b>
<b>Non-controlling interests</b>			
Profit from continuing operations, net of tax	6,991	9,952	5,667
Profit/(loss) from discontinued operation, net of tax	–	(65)	1,689
	<b>6,991</b>	<b>9,887</b>	<b>7,356</b>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

	<b>2014</b>	<b>2013</b>	<b>2012</b>
	S\$'000	(Restated) S\$'000	(Restated) S\$'000
Profit for the year	68,365	74,823	36,328
<b>Other comprehensive income</b>			
<b>Items that may be subsequently reclassified to profit or loss</b>			
Financial assets, available-for-sale ("AFS"):			
- Fair value gains	5,797	12,962	3,346
- Transfer to profit or loss upon disposal	(3,354)	(19,861)	(6,506)
- Released to income statement upon disposal of subsidiaries	-	-	55
- Share of associated companies' reserve	-	-	15
Currency translation differences arising on consolidation	17,591	(16,825)	(19,528)
Currency translation differences released to profit or loss upon disposal of subsidiaries	36	2,093	4,343
Share of associated companies' reserve	246	227	(408)
Fair value loss on cash flow hedge	844	(1,458)	-
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Re-measurement of defined benefit obligation	593	(910)	(961)
Actuarial reserve released to profit or loss upon disposal of subsidiaries	-	124	-
<b>Other comprehensive income, net of tax</b>	21,753	(23,648)	(19,644)
<b>Total comprehensive income for the year</b>	90,118	51,175	16,684
<b>Total comprehensive income attributable to:</b>			
Equity holder of the Company	81,567	43,273	12,528
Non-controlling interests	8,551	7,902	4,156
	90,118	51,175	16,684
<b>Attributable to:</b>			
<b>Equity holder of the Company</b>			
Total comprehensive income from continuing operations, net of tax	70,685	45,886	14,051
Total comprehensive income from discontinued operation, net of tax	10,882	(2,613)	(1,523)
Total comprehensive income for the year attributable to equity holders of the Company	81,567	43,273	12,528

## CONSOLIDATED BALANCE SHEETS

	2014 S\$'000	Group 2013 S\$'000 (Restated)	2012 S\$'000 (Restated)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	200,332	248,447	228,059
Outstanding contracts receivable	503,984	394,289	547,737
Trade receivables	1,018,369	862,843	822,662
Financial assets, at fair value through profit or loss	147,849	44,811	95,324
Financial assets, available-for-sale	2,728	2,614	3,953
Financial assets, held-to-maturity	13,036	12,960	1,773
Derivative financial instruments	686	1	1
Amounts due from associated companies (non-trade)	476	–	–
Amounts due from related companies (non-trade)	2,790	69,774	2
Other current assets	75,054	53,833	63,818
Development properties for sale	–	22,747	24,097
	1,965,304	1,712,319	1,787,426
<b>Non-current assets</b>			
Other receivables	42,212	20,788	17,197
Memberships in Exchanges	148	142	209
Financial assets, available-for-sale	14,942	14,739	76,153
Financial assets, held-to-maturity	10,926	10,043	4,361
Investments in associated companies	6,486	5,887	1,770
Property, plant and equipment	190,519	191,394	191,376
Goodwill	33,154	31,853	32,883
Intangible assets	12,438	15,823	19,176
Deferred tax assets	9,004	8,252	11,755
	319,829	298,921	354,880
<b>Total assets</b>	2,285,133	2,011,240	2,142,306

	<b>2014</b> S\$'000	<b>Group</b> <b>2013</b> S\$'000 (Restated)	<b>2012</b> S\$'000 (Restated)
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Outstanding contracts payable	474,856	399,874	547,894
Trade payables	127,440	40,548	80,960
Insurance liabilities	9,068	8,719	6,522
Financial liabilities, at fair value through profit or loss	6	5	–
Derivative financial instruments	2,939	2,289	1,232
Amounts due to related companies (non-trade)	29	149	116
Amounts due to associated companies	3,473	–	–
Other payables	93,480	89,011	92,507
Employee benefit liability	10,444	8,454	9,638
Borrowings	480,821	428,123	377,024
Current income tax liabilities	14,617	14,553	19,155
	<hr/> 1,217,173	<hr/> 991,725	<hr/> 1,135,048
<b>Non-current liabilities</b>			
Borrowings	203,439	182,136	312
Insurance liabilities	1,883	2,403	2,256
Deferred tax liabilities	7,207	11,151	12,634
Other non-current payables	7,339	–	–
	<hr/> 219,868	<hr/> 195,690	<hr/> 15,202
<b>Total liabilities</b>	<hr/> 1,437,041	<hr/> 1,187,415	<hr/> 1,150,250
<b>NET ASSETS</b>	<hr/> 848,092	<hr/> 823,825	<hr/> 992,056
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders of the Company</b>			
Share capital	211,114	211,114	244,451
Treasury shares	–	–	(33,337)
Other reserves	46,779	26,580	48,239
Retained earnings	550,058	543,803	653,632
	<hr/> 807,951	<hr/> 781,497	<hr/> 912,985
Non-controlling interests	40,141	42,328	79,071
<b>Total equity</b>	<hr/> 848,092	<hr/> 823,825	<hr/> 992,056
<b>Trust accounts</b>			
Bank balances	1,092,710	806,892	730,889
Less: Amounts held in trust	(1,092,710)	(806,892)	(730,889)
	<hr/> –	<hr/> –	<hr/> –

(i) **FY2014**

Operating income was down by S\$19.8 million (4.1%) compared to FY2013. This was mainly caused by lower brokerage income as market volumes in Singapore, Thailand, Indonesia and Philippines were lower compared to FY2013. The drop in brokerage income was partly mitigated by higher corporate finance income of S\$72.7 million (FY2013: S\$39.7 million), and research fee income of S\$6.3 million.

Other gains in FY2014 recorded a gain of S\$5.5 million arising from the sale of a property in USA, higher exchange gain and other income, whereas FY2013 recorded a gain on disposal of AFS investments of S\$19.9 million.

Total expenses went up by 1.1% due to higher staff cost, but this was offset by a drop in other expenses. Other expenses were lower due to a drop in commission expense, trade related expenses and impairment loss on AFS Investments.

Discontinued operation comprised of the results of the property development entities, and included a gain of S\$10.1 million arising from the disposal of a subsidiary.

The Group recorded a profit of S\$68.4 million for the year ended 31 December 2014, a decrease of 8.6% compared to FY2013.

Outstanding contracts receivable and payable were higher, representing higher trading activities at end December 2014. Trade receivables increased due to higher margin loan receivables. Higher borrowing at end December 2014 was due to the financing of the Group's operations in Thailand.

(ii) **FY2013**

Operating income increased by 29.9% compared to FY2012. The increase was from brokerage, trading, corporate finance, and interest income. The increase in brokerage and interest income was attributable to higher trading volumes in Singapore and Thailand.

Other gains declined by S\$8.7 million. This was mainly because FY2013 recorded a loss of S\$3.4 million due to the disposal of a subsidiary (FY2012 recorded a gain of S\$3.6 million due to the disposal of an associated company), and lower exchange gains. FY2013 recorded a gain on disposal of financial assets, available for sale of S\$19.9 million (FY2012 – S\$6.5 million). The fair value gains on held-for-trading financial assets in FY2013 were S\$3.6 million compared to S\$17.6 million in FY2012.

Total expenses increased by 14.5%. The increase was mainly from:

- higher fixed staff costs due to an increase in headcount;
- higher finance costs due to an increase in borrowings to finance business activities in Thailand;
- higher commission paid and trade related expenses in line with higher brokerage income; and
- higher claims on insurance contracts due to higher provision for legal policy reserve and hospitalisation claims.

The net profit after tax from continuing operations increased by S\$43.1 million (125.3%) to S\$77.5 million in FY2013. Discontinued operation represents net profit and loss from the asset management business disposed during the year as well as the property development business. Overall, the net profit for the year increased by 106.0% to S\$74.8 million in FY2013.

Outstanding contracts receivable and payable were lower, representing lower trading activities at end December 2013. Financial assets at fair value through profit or loss and financial assets available for sale were lower due to disposal of investments during the year. Amount due from related companies increased mainly due to proceeds from the sale of investments to a related company. Higher borrowing was due to a loan taken up to finance the Group's properties.

(iii) **FY2012**

The decrease in operating income compared to FY2011 was due mainly to lower income from the sale of development properties in Singapore as the project obtained the temporary occupation permit in May 2012. Other gains comprised mainly fair value gains of S\$17.2 million.

Total expenses were lower compared to FY2011 mainly as a result of lower commission expense, lower cost of property development and goodwill written off. The decline was offset by higher:

- staff cost due to the acquisition of Maybank ATR Kim Eng Group ("**MATRKE**") and MKEVS, and also an increase in headcount,
- depreciation & amortisation arising from amortisation of intangibles in MATRKE, and depreciation of new office buildings and other fixed assets,
- finance cost as a result of higher borrowings and interest paid to clients, and
- claims on insurance contracts.

Outstanding contracts receivable and payable were higher representing higher trading activities at end December 2012. Development properties for sale declined due to completion and the procuring of the temporary occupation permit of a development project in Singapore. Financial assets, available for sale was lower due to the disposal of investments during the year. Higher borrowings as at end 2012 were due to the financing of the Group's operations.

## **MAYBANK KIM ENG SECURITIES PTE. LTD.**

### **1. History and ownership structure**

Established in Singapore on 15 September 1972, Maybank KES began trading as a member of the then Stock Exchange of Malaysia and Singapore, and in September 1973, became a member of the then Stock Exchange of Singapore Limited. On 31 January 2002, Maybank KES changed its name to Kim Eng Ong Asia Securities Pte Ltd. Shortly thereafter, it acquired the business and assets of Ong & Company Private Limited, another indirect wholly-owned subsidiary of the Group. On 22 August 2003, Maybank KES changed its name to Kim Eng Securities Pte. Ltd. and assumed its current name on 31 January 2012.

Maybank KES is a wholly-owned subsidiary of Maybank KEH.

### **2. Principal business activities**

Maybank KES is a licensed capital markets services provider under the SFA and a member company of the SGX-ST, the SGX-DT, the SGX-DC and the CDP. It is also an exempt financial adviser under the FAA.

Maybank KES is one of the leading securities broking firms in Singapore in terms of trading volume with a sales force of over 400 trading representatives. It provides a host of financial services to its clients covering securities broking (including online trading), margin financing, underwriting, custodian and nominee services, and a comprehensive range of corporate finance and advisory services. It is involved in the areas of initial public offerings, secondary market fund raising exercises as well as financial advisory services.

Maybank KES has two wholly-owned subsidiaries – Maybank KER and Maybank KESN. Maybank KER provides investment research services to both the institutional and retail clients of the Group whilst Maybank KESN provides nominee services for its brokerage clients.

### **3. General competitive conditions in the industry**

Similar to Maybank KEH, Maybank KES' business is cyclical in nature and is dependent mainly on the condition of the stock market and in particular, the stock market in Singapore. Factors influencing the Singapore market include both domestic and international economic and political conditions as well as local and international market sentiment. In addition, any reduction in commission rates may or may not affect Maybank KES' business depending on whether such reduction would lead to a compensating increase in turnover. There is keen competition among both traditional securities broking firms (for example, OCBC Securities, UOB Kay Hian and DBS Vickers), and newer entrants including many foreign institutions for the business of investors in the Singapore market and, while this has generally been good for market development, the operating environment for such firms is thus extremely challenging.

### **4. Board of Directors**

Details of Datuk Lim Hong Tat have been set out in the section "Maybank Kim Eng Holdings Limited – Board of Directors". Details of Mr. Bedi Harmeet Singh, Mr. Ong Kah Pin Giles, and Mr. Goh Keat Jin have also been set out in the section "Maybank Kim Eng Holdings Limited - Key Executives of the Group".

## 5. Financial review for FY2012, FY2013 and FY2014

Below is a summary of the statement of comprehensive income and balance sheets of Maybank KES FY2012, FY2013 and FY2014:

### STATEMENT OF COMPREHENSIVE INCOME

	<b>2014</b>	<b>2013</b>	<b>2012</b>
	S\$'000	S\$'000	(Restated) S\$'000
Revenue	164,233	153,927	131,136
Other income	2,373	1,137	1,150
Other gains - net	7,458	6,547	12,743
<b>Expenses</b>			
- Commission	(57,679)	(62,439)	(51,393)
- Employee compensation	(42,736)	(41,420)	(43,969)
- Depreciation	(4,386)	(3,753)	(4,178)
- Finance	(2,412)	(2,473)	(1,124)
- Others	(51,023)	(46,383)	(39,395)
Total expenses	(158,236)	(156,468)	(140,059)
<b>Profit before taxation</b>	15,828	5,143	4,970
Income tax expense	(634)	(1,452)	413
<b>Profit after taxation</b>	15,194	3,691	5,383
<b>Total comprehensive income for the year</b>	15,194	3,691	5,383

## BALANCE SHEETS

	2014 S\$'000	2013 S\$'000 (Restated)	2012 S\$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	43,323	73,710	28,954
Outstanding contracts - receivable	211,371	281,285	365,814
Trade and other receivables	301,419	367,631	306,076
Financial assets, at fair value through profit or loss	102,148	17,522	20,833
Derivative financial instruments	35	1	-
Amounts due from:			
- Ultimate holding company (trade)	-	2	2
- Ultimate holding company (non trade)	2,007	-	-
- Subsidiaries of ultimate holding company (non trade)	676	12	-
- Related companies (non-trade)	1,140	1,582	3,871
	662,119	741,745	725,550
<b>Non-current assets</b>			
Investments in subsidiaries	311	311	311
Property, plant and equipment	18,012	17,278	16,401
Deferred income tax asset	-	-	1,203
	18,323	17,589	17,915
<b>Total assets</b>	680,442	759,334	743,465
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Outstanding contracts - payable	194,858	247,432	329,313
Trade and other payables	123,066	47,283	50,977
Financial liabilities, at fair value through profit or loss	6	5	-
Derivative financial instruments	433	-	-
Borrowings	70,000	50,000	10,000
Amounts due to:			
- Ultimate holding company (non-trade)	-	13	36
- Immediate holding company (non-trade)	-	133,881	77,000
- Related companies (non-trade)	4,675	5,276	4,440
Income tax payable	310	167	167
	393,348	484,057	471,933
<b>Non-current liabilities</b>			
Deferred tax liabilities	427	54	-
	427	54	-
<b>Total liabilities</b>	393,775	484,111	471,933
<b>NET ASSETS</b>	286,667	275,223	271,532

	<b>2014</b> S\$'000	<b>2013</b> S\$'000 (Restated)	<b>2012</b> S\$'000
<b>EQUITY</b>			
Share capital	75,000	75,000	75,000
Statutory reserves	31,912	31,912	31,912
Retained earnings	179,755	168,311	164,620
<b>Total equity</b>	<b>286,667</b>	<b>275,223</b>	<b>271,532</b>
<b>Trust accounts</b>			
Bank balances	344,190	291,399	271,892
Deposit placed with clearing institutions	5,988	1,187	–
Less: Amounts held in trust:			
- Subsidiaries of ultimate holding company	(8,699)	(2,745)	(2,991)
- Related companies	(17,944)	(10,008)	(49,841)
- Third parties	(323,535)	(279,833)	(219,060)
	–	–	–

(i) **FY2014**

Operating income for FY2014 increased by S\$10.3 million compared to FY2013. The increase was due to higher placement/underwriting income of S\$9.2 million and corporate finance income of S\$35.1 million which was partially offset by lower brokerage income and trading income.

Total expenses increased by S\$1.8 million in FY2014, mainly due to higher employee compensation and other expenses, although this was partially offset by lower commission expenses.

Employee compensation was higher in FY2014 due to an increase in headcount. In addition, staff compensation in FY2013 also included a write back in relation to over provision for FY2012 bonus. The increase in other expenses was mainly due to higher research fee paid to related companies of S\$1.4 million and software maintenance expenses of S\$1.7 million in FY2014.

The Company achieved net profit after tax of S\$15.2 million for the year ended 31 December 2014.

Outstanding contracts receivable and payable were lower compared to end December 2013 as a result of lower trading volume. The Company also repaid the amount due to its immediate holding company during the year.

(ii) **FY2013**

Operating income increased by S\$22.8 million (17.4%) in FY2013 compared to FY2012. The increase was attributed to higher brokerage and trading income as market trading volume was higher. Other gains dropped by S\$6.2 million as FY2012 recorded higher marked to market gain on trading securities

Total expenses increased by S\$16.4 million (11.7%). Commission expenses contributed to an increase of S\$11.0 million which is line with the increase in brokerage income. Other expenses increased by S\$7.0 million, mainly due to higher rental expense, research fees and provision for doubtful debts.

The tax credit in FY 2012 arose from a write back of prior year tax provision of S\$2.2 million.

Overall, the Company achieved profit after tax of S\$3.7 million for the year ended 31 December 2013.

Outstanding contracts receivable and payable were lower compared to end December 2012 as a result of lower trading volume. Higher borrowings and amounts due to immediate holding company as at end 2013 were due to the financing of the Company's operations.

(iii) **FY2012**

Operating income was higher compared to FY2011. The increase was mainly attributable to higher underwriting and placement fee income as well as higher trading income in FY2012. The Company also recorded marked to market gains of S\$10.7 million (FY2011 loss of S\$14.3 million) on financial assets.

Total expenses declined by S\$1.8 million compared to the preceding year. Commission expense dropped by S\$6.8 million in line with lower brokerage income. Other expenses included write back on allowance for doubtful debts of S\$2.5 million (FY2011 recorded a provision of S\$5.7 million). Employee compensation was higher as a result of an increase in both fixed and variable costs. Depreciation increased mainly due to the addition of computer related equipment as well as renovation to the office premises.

Profit after tax was S\$5.4 million for the year ended 31 December 2012.

Outstanding contracts receivable and payable were higher representing higher trading activities at end December 2012. Higher borrowings and amounts due to immediate holding company as at end 2012 was due to the financing of the Company's operations.

## **PURPOSE OF THE MTN PROGRAMME AND USE OF PROCEEDS**

The proceeds arising from the issue of Notes under the MTN Programme (after deducting issue expenses) will be used for the following purposes:

- (a) refinancing the existing borrowings of the Group;
- (b) financing the working capital requirements of the Group;
- (c) financing or refinancing the acquisitions and/or investments of the Group; or
- (d) such other purposes as may be specified in the relevant Pricing Supplement.

## CLEARING AND SETTLEMENT

### Clearance and Settlement under the Depository System

In respect of Notes which are accepted for clearance by CDP in Singapore, clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities ("**Depository System**") maintained by CDP. Notes that are to be listed on the SGX-ST may be cleared through CDP.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

In respect of Notes which are accepted for clearance by CDP, the entire issue of the Notes is to be held by CDP in the form of a Global Note for persons holding the Notes in securities accounts with CDP ("**Depositors**"). Delivery and transfer of Notes between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors. Although CDP encourages settlement on the third business day following the trade date of debt securities, market participants may mutually agree on a different settlement period if necessary.

Settlement of over-the-counter trades in the Notes through the Depository System may only be effected through certain corporate depositors ("**Depository Agents**") approved by CDP under the Companies Act to maintain securities sub-accounts and to hold the Notes in such securities sub-accounts for themselves and their clients. Accordingly, Notes for which trade settlement is to be effected through the Depository System must be held in securities sub-accounts with Depository Agents. Depositors holding the Notes in direct securities accounts with CDP, and who wish to trade Notes through the Depository System, must transfer the Notes to be traded from such direct securities accounts to a securities sub-account with a Depository Agent for trade settlement.

CDP is not involved in money settlement between Depository Agents (or any other persons) as CDP is not a counterparty in the settlement of trades of debt securities. However, CDP will make payment of interest and repayment of principal on behalf of issuers of debt securities.

Although CDP has established procedures to facilitate transfer of interests in the Notes in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuers, the Guarantor, the Issuing and Paying Agent or any other agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

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

Euroclear and Clearstream, Luxembourg each holds securities for participating organizations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in 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 each other. Euroclear and Clearstream, Luxembourg participants are financial institutions from around 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 Notes held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the relevant Paying Agent, to the cash accounts of the relevant Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

## TAXATION

*The following is a general description of certain tax considerations relating to the Notes and is based on laws and relevant interpretations thereof in effect as at the date of this Information Memorandum, all of which are subject to change, and does not constitute legal or taxation advice. Neither these statements nor any other statements in this Information Memorandum are intended or are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive tax incentive(s)) may be subject to special rules. Prospective holders of the Notes are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of the Notes, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Issuers, the Guarantor, the Arrangers nor any other persons involved in the MTN Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Notes.*

### SINGAPORE TAXATION

*The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines issued by MAS in force as at the date of this Information Memorandum and are subject to any changes in such laws or administrative guidelines, or the interpretation of those laws or guidelines, occurring after such date, which changes could be made on a retroactive basis. These laws and guidelines are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. The following is a summary of the material Singapore tax consequences to a holder of the Notes.*

#### 1. Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the Income Tax Act (Chapter 134 of Singapore) (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 with effect from year of assessment 2010. 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, subject to conditions being met.

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.

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.

In addition, as the MTN Programme is wholly arranged by Standard Chartered Bank, Singapore Branch, (a Financial Sector Incentive (Bond Market) Company (as defined in the ITA)) and Maybank KES (a Financial Sector Incentive (Standard Tier) Company (as defined in the ITA)), any tranche of the Notes issued as debt securities under the MTN Programme during the period from the date of this Information Memorandum to 31 December 2018 (the "**Relevant Notes**") would be "qualifying debt securities" for the purposes of the ITA, to which the following treatments shall apply:

- (i) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Relevant Issuer, or such other person as the Comptroller of Income Tax in Singapore (the "**Comptroller**") may direct, of a return on debt securities for the Relevant Notes within such period as the Comptroller may specify to the MAS and such other particulars in connection with the Relevant Notes as the Comptroller may require, and the inclusion by the Relevant Issuer in all offering documents relating to the Relevant Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Notes is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Notes using funds from that person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the "**Specified Income**") from the Relevant Notes, derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Notes are not obtained from such person's operation through a permanent establishment in Singapore, are exempt from Singapore tax;

- (ii) subject to certain conditions having been fulfilled (including the furnishing by the Relevant Issuer, or such other person as the Comptroller may direct, of a return on debt securities for the Relevant Notes within such period as the Comptroller may specify and such other particulars in connection with the Relevant Notes as the Comptroller may require to the MAS), Specified Income from the Relevant Notes derived by any company or body of persons (as defined in the ITA) in Singapore is subject to income tax at a concessionary rate of 10.0 per cent; and
- (iii) subject to:
  - (aa) the Relevant Issuer including in all offering documents relating to the Relevant Notes a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Specified Income) derived from the Relevant Notes is not exempt from tax shall include such income in a return of income made under the ITA; and
  - (bb) the Relevant Issuer, or such other person as the Comptroller may direct, furnishing to the MAS a return on debt securities for the Relevant Notes within such period as the Comptroller may specify and such other particulars in connection with the Relevant Notes as the Comptroller may require,

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

However, notwithstanding the foregoing:

- (A) if during the primary launch of any tranche of Relevant Notes, the Relevant Notes of such tranche are issued to fewer than four persons and 50.0 per cent or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the Relevant Issuer, such Relevant Notes would not (unless otherwise approved by the Minister of Finance or such person as he may appoint) qualify as “qualifying debt securities”; and
- (B) even though a particular tranche of Relevant Notes are “qualifying debt securities”, if, at any time during the tenure of such tranche of Relevant Notes, 50.0 per cent or more of such Relevant Notes which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Relevant Issuer, Specified Income derived from such Relevant Notes held by:
  - (i) any related party of the Relevant Issuer; or
  - (ii) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Relevant 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.

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

Under the Qualifying Debt Securities Plus Scheme (“**QDS Plus Scheme**”), subject to certain conditions having been fulfilled (including the submission by the Relevant Issuer or such other person as the Comptroller may direct, of a return on debt securities in respect of the qualifying debt securities within such period as the Comptroller may specify to the MAS, and such other particulars in connection with

the qualifying debt securities as the Comptroller may require), income tax exemption is granted on Specified Income derived by any investor from qualifying debt securities (excluding Singapore Government Securities) which:

- (a) are issued during the period from 16 February 2008 to 31 December 2018;
- (b) have an original maturity date 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 Specified Income from qualifying debt securities under the QDS Plus Scheme will not apply to any Specified Income derived from qualifying debt securities issued on or after 28 June 2013 that is derived on or after the date on which the tenure of any portion of those qualifying debt securities 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.

The MAS has also released MAS Circular FSD Cir 02/2013 entitled “Extension and Refinement of Tax Concessions for Promoting the Debt Market” dated 28 June 2013, providing details in respect of the refinement of the QDS Plus Scheme to allow debt securities with certain standard early termination clauses to qualify for the QDS Plus Scheme at the point of issuance. Examples of standard early termination clauses include clauses which provide for early termination due to a taxation event, default event, change of control event, change of shareholding event or change in listing status of an issuer. Subsequently, should the debt securities be redeemed prematurely due to standard early termination clauses (i.e. before the 10<sup>th</sup> year), the income tax exemption granted to income exempt under the QDS Plus Scheme prior to redemption will not be clawed back. Instead, the Qualifying Debt Securities Plus status of the debt securities will be revoked prospectively for outstanding debt securities, if any. The outstanding debt securities may still enjoy tax benefits under the “qualifying debt securities” scheme if the other conditions for “qualifying debt securities” continue to be met. Debt securities 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 bond’s pricing at the onset) which can be exercised within 10 years from the date of issuance will continue to be excluded from the QDS Plus Scheme from the onset. This refinement of the QDS Plus Scheme will take effect for debt securities that are issued on or after 28 June 2013.

In determining an investor’s income that is to be exempted from tax under the QDS Plus Scheme, prescribed conditions apply in relation to how the investor’s losses, expenses and capital allowances which are attributable to exempt income are to be treated.

However, even if a particular tranche of the Relevant Notes are “qualifying debt securities” which qualify under the QDS Plus Scheme, if, at any time during the tenure of such tranche of Relevant Notes, 50% or more of such Relevant Notes which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Relevant Issuer, Specified Income derived by:

- (aa) any related party of the Relevant Issuer; or
- (bb) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Relevant Issuer,

shall not be eligible for the tax exemption under the QDS Plus Scheme as described above.

## 2. Capital Gains

Any gains considered to be in the nature of capital made from the sale of the Notes will not be taxable in Singapore. However, any gains derived by any person from the sale of the Notes which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Notes who are adopting Singapore 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 Notes, irrespective of disposal, in accordance with FRS 39. Please see the section below on "Adoption of FRS 39 treatment for Singapore income tax purposes".

## 3. Adoption of FRS 39 treatment for Singapore income tax purposes

The Inland Revenue Authority of Singapore has issued a circular entitled "Income Tax Implications arising from the adoption of FRS 39 - Financial Instruments: Recognition and Measurement" (the "**FRS 39 Circular**"). Legislative amendments to give effect to the FRS 39 Circular have been enacted in Section 34A of the ITA.

The FRS 39 Circular and Section 34A of the ITA generally apply, subject to certain "opt-out" provisions, to taxpayers who are required to comply with FRS 39 for financial reporting purposes.

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

## 4. Estate Duty

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

## FATCA

While the Notes are in global form and held within an ICSD, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, any paying agent and the Common Depositary, given that each of the entities in the payment chain beginning with the Issuer and ending with the ICSDs is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an intergovernmental agreement will be unlikely to affect the Notes. The documentation expressly contemplates the possibility that the Notes may go into definitive form and therefore that they may be taken out of the ICSDs. If this were to happen, then a non-FATCA compliant holder could be subject to withholding. However, definitive Notes will only be printed in remote circumstances.

## SUBSCRIPTION, PURCHASE AND DISTRIBUTION

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

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Dealers or any affiliate of the Dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by that Dealer or its affiliate on behalf of the Issuer in such jurisdiction.

The Dealers and their affiliates are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. Each of the Dealers may have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Issuer or its subsidiaries, jointly controlled entities or associated companies from time to time. In the ordinary course of their various business activities, the Dealers and their affiliates may make or hold (on their own account, on behalf of clients or in their capacity of investment advisers) a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments and enter into other transactions, including credit derivatives (such as asset swaps, repackaging and credit default swaps) in relation thereto. Such transactions, investments and securities activities may involve securities and instruments of the Issuer or its subsidiaries, jointly controlled entities or associated companies, including Notes issued under the Programme, may be entered into at the same time or proximate to offers and sales of Notes or at other times in the secondary market and be carried out with counterparties that are also purchasers, holders or sellers of Notes. Notes issued under the Programme may be purchased by or be allocated to any Dealer or an affiliate for asset management and/or proprietary purposes and not with a view to distribution.

### **United States**

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

Notes in bearer form 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.

Except as permitted by the Programme Agreement, the Notes will not be offered, or sold or, in the case of Notes in bearer form, delivered (i) as part of each Dealer's distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of an identifiable tranche of which such Notes are a part, as determined and certified to the Issuers and each relevant Dealer by the Issuing and Paying Agent, by such Dealer (or, in the case of an identifiable tranche of Notes sold to or through more than one Dealer, by each of such Dealers with respect to Notes of an identifiable tranche purchased by or through it, in which case the Issuing and Paying Agent shall notify such Dealer when all such Dealers have so certified), within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each Dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting out the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in the preceding sentence have the meanings given to them by Regulation S.

The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S.

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

This Information Memorandum has been prepared by the Issuers for use in connection with the offer and sale of the Notes outside the United States. The Issuers and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Information Memorandum does not constitute an offer to any person in the United States. Distribution of this Information Memorandum by any non-U.S. person outside the United States to any U.S. person or to any other person within the United States, is unauthorised and any disclosure without the prior written consent of the Issuers of any of its contents to any such U.S. person or other person within the United States, is prohibited.

## **Singapore**

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

## **General**

The selling restrictions below may be modified or supplemented from time to time by the agreement of the Issuer and the Relevant Dealer(s). Any such modification or supplement will be set out in a Pricing Supplement or in a supplemental to this Information Memorandum.

No action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Information Memorandum or any other document or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it will comply with all applicable securities laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers Notes or any interest therein or rights in respect thereof or has in its possession or distributes, any other document or any Pricing Supplement. No Dealer will directly or indirectly offer, sell or deliver Notes or any interest therein or rights in respect thereof or distribute or publish any prospectus, circular, advertisement or other offering material (including, without limitation, this Information Memorandum) in any country or jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations, and all offers, sales and deliveries of Notes or any interest therein or rights in respect thereof by it will be made on the foregoing terms. In connection with the offer, sale or delivery by any Dealer of any Notes or any interest therein or rights in respect thereof, the Issuers shall not have responsibility for, and each Dealer will obtain, any consent, approval or permission required in and each Dealer will comply with the laws and regulations in force in, any jurisdiction to which it is subject or from which it may make any such offer or sale.

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

## APPENDIX I

### GENERAL INFORMATION

#### INFORMATION ON DIRECTORS

1. (a) The name and occupation of each of the Directors of Maybank KEH are set out below:

<b>Name</b>	<b>Occupation</b>
Mr. Cheah Teik Seng	Chairman, Maybank Kim Eng Holdings Limited
Datuk Lim Hong Tat	Group Head, Community Financial Services and CEO, Maybank Singapore
Mr. John Chong Eng Chuan	CEO, Maybank Kim Eng Group and Maybank IB
Mr. Amirul Feisal Bin Wan Zahir	Group Head, Global Banking, Maybank

- (b) The name and occupation of each of the Directors of Maybank KES are set out below:

<b>Name</b>	<b>Occupation</b>
Mr. Bedi Harmeet Singh	CEO, Maybank KES
Mr. Ong Kah Pin Giles	Regional Head, Investment Banking and Advisory, Maybank Kim Eng Group
Mr. Goh Keat Jin	Head, International Business, Maybank Kim Eng Group and Regional Head, Business Strategy and Client Management, Maybank Kim Eng Group
Datuk Lim Hong Tat	Group Head, Community Financial Services and CEO, Maybank Singapore

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. No option to subscribe for shares in, or debentures of, any Issuer has been granted to, or was exercised by, any Director during FY2014.

4. Save as disclosed below, no Director is interested, directly or indirectly, in the promotion of any assets acquired or disposed of by or leased to, any Issuer or any of their respective

subsidiaries, within the two years preceding the date of this Information Memorandum, or in any proposal for such acquisition, disposal or lease as aforesaid.

5. The interests of the Directors and the substantial shareholders of each Issuer in the ordinary shares in the capital of each Issuer as at the Latest Practicable Date are as follows:

**Maybank KEH**

<b>Name of Director</b>	<b>Direct Interest</b> Number of ordinary shares	<b>%</b>	<b>Deemed Interest</b> Number of ordinary shares	<b>%</b>
Mr. Cheah Teik Seng	-	-	-	-
Datuk Lim Hong Tat	-	-	-	-
Mr. John Chong Eng Chuan	-	-	-	-
Mr. Amirul Feisal Bin Wan Zahir	-	-	-	-

<b>Substantial Shareholder(s)</b>	<b>Direct Interest</b> Number of ordinary shares	<b>%</b>	<b>Deemed Interest</b> Number of ordinary shares	<b>%</b>
MIBH	577,093,954	100	-	-
Maybank	-	-	577,093,954	100

**Maybank KES**

<b>Name of Director</b>	<b>Direct Interest</b> Number of ordinary shares	<b>%</b>	<b>Deemed Interest</b> Number of ordinary shares	<b>%</b>
Mr. Bedi Harmeet Singh	-	-	-	-
Mr. Ong Kah Pin Giles	-	-	-	-
Mr. Goh Keat Jin	-	-	-	-
Datuk Lim Hong Tat	-	-	-	-

<b>Substantial Shareholder(s)</b>	<b>Direct Interest</b> Number of ordinary shares	<b>%</b>	<b>Deemed Interest</b> Number of ordinary shares	<b>%</b>
Maybank KEH	75,000,000	100	-	-
MIBH	-	-	75,000,000	100
Maybank	-	-	75,000,000	100

**SHARE CAPITAL**

6. As at the date of this Information Memorandum, there is only one class of ordinary shares in each of the Issuers. The rights and privileges attached to the ordinary shares in the capital of each Issuer are stated in the Articles of Association of each Issuer.

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

(a) Maybank KEH

Issued and fully paid-up capital	:	S\$211,114,223.64
Class of shares	:	Ordinary shares
Number of issued shares	:	577,093,954 shares

(b) Maybank KES

Issued and fully paid-up capital	:	S\$75,000,000.00
Class of shares	:	Ordinary shares
Number of issued shares	:	75,000,000 shares

8. No shares in any Issuer have been issued or are proposed to be issued, as fully or partly paid-up, for cash or for a consideration other than cash, within the two years preceding the date of this Information Memorandum.
9. No shares in any Issuer are under option or agreed conditionally or unconditionally to be put under option and no person has been, or is entitled to be, given an option to subscribe for any shares in, or debentures of, such Issuer.

## **BORROWINGS**

10. Save as disclosed in Appendix II to this Information Memorandum, the Group had, as at 31 December 2014, no other borrowings or indebtedness in the nature of borrowings.

## **WORKING CAPITAL**

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

## **CHANGES IN ACCOUNTING POLICIES**

12. The Group and the Issuers adopted the new or revised FRS and Interpretations to FRS ("**INT FRS**") that are effective for annual periods beginning on or after 1 January 2015.

The following are the significant new/revised FRS that are relevant to the Group and the Issuers:

### Amendments to FRS 19 Defined Benefit Plans: Employee Contributions 1 July 2014

#### Improvements to FRSs (January 2014)

- (a) Amendments to FRS 102 Share Based Payment 1 July 2014
- (b) Amendments to FRS 103 Business Combinations 1 July 2014
- (c) Amendments to FRS 108 Operating Segments 1 July 2014
- (d) Amendments to FRS 16 Property, Plant and Equipment and FRS 38 Intangible Assets 1 July 2014
- (e) Amendments to FRS 24 Related Party Disclosures 1 July 2014

#### Improvements to FRSs (February 2014)

- (a) Amendments to FRS 103 Business Combinations 1 July 2014
- (b) Amendments to FRS 113 Fair Value Measurement 1 July 2014
- (c) Amendments to FRS 40 Investment Property 1 July 2014

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application.

Save as disclosed in this paragraph 12, there have been no other significant changes in the accounting policies of each Issuer since its audited financial statements for FY2014.

## **LITIGATION**

13. There are no legal or arbitration proceedings pending or, so far as the Directors are aware, threatened against each Issuer which, in the opinion of the Directors, have had or the outcome of which may have, during the 12 months prior to the date of this Information Memorandum, a material adverse effect on the financial position of the Group.

## **AUDITORS**

14. Ernst and Young LLP, the auditors of the Issuers, has audited and rendered unqualified audit reports each dated 16 February 2015 on (a) the Group's and (b) Maybank KES' financial

statements as at and for the financial year ended 31 December 2014 respectively (which includes 31 December 2013 comparative financial information). Ernst and Young LLP has not audited or reviewed any of (i) the Group's and (ii) Maybank KES' financial statements for any period subsequent to 31 December 2014. Ernst & Young LLP has given and not withdrawn its consent to the issue of this Information Memorandum with the inclusion in it, where relevant, of references to it and its reports in the form and context in which they are included.

## **GENERAL**

15. No commission, discount or brokerage has been paid or other special terms granted by each Issuer within the two years preceding the date of this Information Memorandum or is payable to any Director, promoter, expert, proposed Director or any other person for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions, for any shares in any Issuer.
16. No amount of cash or securities or benefit has been paid or given to any promoter within the two years preceding the date of this Information Memorandum or is proposed or intended to be paid or given to any promoter.
17. Save as disclosed in this Information Memorandum, the financial statements of each Issuer and its subsidiaries for FY2014, the public announcements (if any) made by each Issuer and (with respect to known economic trends and uncertainties) publicly available information, to the best of the knowledge and belief of the Directors, the financial condition and operations of the Group are not likely to be affected by any of the following:
  - (a) known trends, demands, commitments, events or uncertainties that will result in or are reasonably likely to result in the Group's liquidity increasing or decreasing in any way which is materially unusual in the context of the Group's operating history;
  - (b) material commitments for capital expenditures;
  - (c) unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported income from operations;
  - (d) known trends or uncertainties that have had or that the Group reasonably expects to have a material favourable or unfavourable impact on revenues or operating income; and
  - (e) any material information which may be relevant to the financial or trading prospects of each Issuer or the Group including special trading factors or risks, which are not mentioned elsewhere in this Information Memorandum or in any public announcement by each Issuer or (with respect to known economic trends and uncertainties) in the public domain and which are unlikely to be known or anticipated by the general public and which could materially and adversely affect the profits of each Issuer or the Group.

## **DOCUMENTS AVAILABLE FOR INSPECTION**

18. Copies of the following documents may be inspected at the registered office of each Issuer 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 each Issuer;
  - (b) the Trust Deed; and
  - (c) the audited financial statements of each Issuer for each of FY2014 and FY2013.

## **FUNCTIONS, RIGHTS AND OBLIGATIONS OF THE TRUSTEE**

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

**APPENDIX II**

**AUDITED FINANCIAL STATEMENTS OF MAYBANK KIM ENG HOLDINGS LIMITED AND  
ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

Company Registration No. 198900204D

# Maybank Kim Eng Holdings Limited and Its Subsidiaries

Annual Financial Statements  
31 December 2014

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# Maybank Kim Eng Holdings Limited and Its Subsidiaries

## General information

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### Directors

Cheah Teik Seng  
Datuk Lim Hong Tat  
John Chong Eng Chuan

(Appointed on 24 February 2014)

### Company Secretary

Foo Soon Soo

### Assistant Company Secretary

Tan Cheh Imm Teresa

### Registered Office

50 North Canal Road  
#03-01  
Singapore 059304

### Auditor

Ernst & Young LLP

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Consolidated income statement	8
Consolidated statement of comprehensive income	9
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Statements of changes in equity	14
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Directors' report

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The directors are pleased to present their report to the member together with the consolidated audited financial statements of Maybank Kim Eng Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") and the statement of comprehensive income, balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2014.

**Directors**

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

Cheah Teik Seng  
Datuk Lim Hong Tat  
John Chong Eng Chuan

**Arrangements to enable directors to acquire shares and debentures**

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

**Directors' interests in shares, options and debentures**

- (a) According to the register of directors' shareholdings required to be kept under section 164 of the Singapore Companies Act, Chapter 50, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations except as follows:

	Direct interest		Deemed interest	
	At the beginning of financial year or date of appointment	At the end of financial year	At the beginning of financial year or date of appointment	At the end of financial year
<b>Malayan Banking Berhad</b>				
<i>(No. of ordinary shares of RM1.00 each)</i>				
Datuk Lim Hong Tat	–	26	–	–
John Chong Eng Chuan	85,359	174,850	–	–

Directors' report

Directors' interests in shares, options and debentures (cont'd)

- (b) According to the register of directors' shareholdings required to be kept under section 164 of the Singapore Companies Act, Chapter 50, none of the directors holding office at the end of the financial year had options to subscribe for ordinary shares of the Company or its related corporations, except for options which are granted and vested pursuant to the Maybank Group Employees' Share Scheme ("ESS") as set out below:

	Direct interest		Deemed interest	
	At the beginning of financial year or date of appointment	At the end of financial year	At the beginning of financial year or date of appointment	At the end of financial year
<b>Malayan Banking Berhad</b>				
<i>(No. of options over ordinary shares of RM1.00 each)</i>				
Datuk Lim Hong Tat	575,000	825,000	–	–
John Chong Eng Chuan	575,000	825,000	–	–

Directors' contractual benefits

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member or with a company in which the director has a substantial financial interest, except as disclosed in the accompanying financial statements and in this report, and except that certain directors receive remuneration as a result of their employments with related corporations.

During the financial year, the Company and certain related corporations have engaged in transactions in the normal course of business with the directors and companies in which certain directors have substantial financial interests. However, the directors have not received nor will they become entitled to receive any benefits arising out of these transactions other than those which they may be entitled as customers, employees or equity holders of these companies.

Maybank Group Employees' Share Scheme ("ESS")

The Maybank Group Employees' Share Scheme ("ESS") is governed by the by-laws approved by the shareholders of the ultimate parent company, Malayan Banking Berhad ("Maybank") at an Extraordinary General Meeting held on 13 June 2011. The ESS was implemented on 23 June 2011 and is in force for a maximum period of seven (7) years from the effective date for eligible employees and executive directors within Maybank Group. It is administered by the ESS Committee.

The ESS consists of two (2) types of performance-based awards in the form of Employee Share Option Scheme ("ESOS") and Restricted Share Unit ("RSU"). The RSU will be vested and awarded upon fulfilment of predetermined vesting conditions including service period, performance targets and performance period.

The ESS Committee may, from time to time during the ESS period, make further RSU grants designated as Supplemental RSU Grant ("SRSU grant") to a selected group of eligible employees to participate in the RSU award. This selected group may consist of senior management, selected key retentions and selected senior external recruits, and such SRSU grants may contain terms and conditions which may vary from earlier RSU grants made available to selected senior management.

Directors' report

Directors' contractual benefits (cont'd)

**Maybank Group Employees' Share Scheme ("ESS") (cont'd)**

Dividend Reinvestment Plan ("DRP") allows shareholders to reinvest their dividend into new ordinary share(s) of RM1.00 each in Maybank.

Details of the share options and restricted share units granted to directors of the Company are as follows:

Malayan Banking Berhad	Number of share options over ordinary shares of RM1.00 each					
	Exercise Price (RM)	Granted on	Vested as at 1.1.2014 or date of appointment	Vested	Exercised	Vested as at 31.12.2014
Datuk Lim Hong Tat	8.82 <sup>^</sup>	23.06.2011-1,000,000 <sup>^^</sup>	575,000	250,000	–	825,000
John Chong Eng Chuan	8.82 <sup>^</sup>	23.06.2011-1,000,000 <sup>^^</sup>	575,000	250,000	–	825,000

<sup>^</sup> Revised to RM8.75 on 29 October 2012 based on the revision to ESOS First Grant's exercise price.

<sup>^^</sup> The number of share options granted is based on the assumption that the eligible employees met average performance targets.

Malayan Banking Berhad	Number of Restricted Share Units ("RSU") of ordinary shares of RM1.00 each					
	Grant Date	Granted as at 1.1.2014 or date of appointment	Adjustment Pursuant to DRP	Granted	Vested	Outstanding as at 31.12.2014
Datuk Lim Hong Tat	23.06.2011	75,000*	5,798	–	80,798	–
	30.04.2012	75,000*	–	–	–	75,000
	30.04.2013	75,000*	–	–	–	75,000
	30.04.2014	–	–	75,000*	–	75,000
John Chong Eng Chuan	23.06.2011	75,000*	5,798	–	80,798	–
	30.04.2012	75,000*	–	–	–	75,000
	30.04.2013	75,000*	–	–	–	75,000
	30.04.2014	–	–	75,000*	–	75,000

\* The number of RSU granted is based on the assumption that the eligible employees met average performance targets.

The maximum number of ordinary shares of RM1.00 each in Malayan Banking Berhad available under the ESS should not exceed 10% of the total number of issued and paid-up capital of Malayan Banking Berhad at any point of time during the duration of the scheme.

Directors' report

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**Options**

During the financial year, there was:

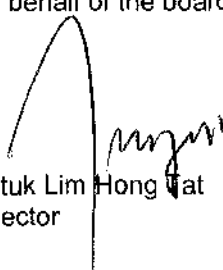
- (a) no option granted by the Company to any person to take up unissued shares in the Company; and
- (b) no share issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there was no unissued share of the Company under option.

**Auditor**

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the board of directors:



Datuk Lim Hong Tat  
Director



John Chong Eng Chuan  
Director

16 February 2015

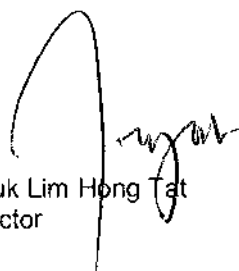
**Statement by directors**

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We, Lim Hong Tat and John Chong Eng Chuan, being two of the directors of Maybank Kim Eng Holdings Limited, do hereby state that, in the opinion of the directors:

- (i) the accompanying balance sheets, consolidated income statement, consolidated statement of comprehensive income, statements of changes in equity and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and the results of the business, changes in equity of the Group and of the Company and cash flows of the Group for the financial year ended on that date; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the board of directors:



Datuk Lim Hong Tat  
Director



John Chong Eng Chuan  
Director

16 February 2015

**Report on the financial statements**

We have audited the accompanying financial statements of Maybank Kim Eng Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 8 to 134, which comprise the balance sheets of the Group and the Company as at 31 December 2014, the statements of changes in equity of the Group and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

***Management's responsibility for the financial statements***

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

***Auditor's responsibility***

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

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

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

**Maybank Kim Eng Holdings Limited and Its Subsidiaries**

**Independent auditor's report  
For the financial year ended 31 December 2014**

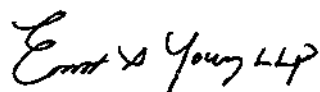
**Independent auditor's report to the member of Maybank Kim Eng Holdings Limited**

***Opinion***

In our opinion, the consolidated financial statements of the Group and the balance sheet 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 the Company as at 31 December 2014 and the results, changes in equity and cash flows of the Group and the 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 auditor have been properly kept in accordance with the provisions of the Act.



Ernst & Young LLP  
Public Accountants and  
Chartered Accountants  
Singapore  
16 February 2015

**Maybank Kim Eng Holdings Limited and Its Subsidiaries**

**Consolidated income statement  
For the financial year ended 31 December 2014**

	Note	2014 S\$'000	2013 S\$'000
<b>Continuing operations</b>			
Operating income	4	459,466	479,312
Other gains - net	5	22,908	23,312
<b>Expenses</b>			
Employee compensation	6	(159,603)	(154,628)
Depreciation and amortisation	7(a)	(16,445)	(16,116)
Finance expenses	7(b)	(24,340)	(23,044)
Other operating expenses	7(c)	(202,900)	(205,150)
<b>Total expenses</b>		<b>(403,288)</b>	<b>(398,938)</b>
<b>Profit from operating activities</b>		<b>79,086</b>	<b>103,686</b>
Share of profit of associated companies	25	82	293
<b>Profit before tax from continuing operations</b>		<b>79,168</b>	<b>103,979</b>
Income taxes	8(a)	(21,685)	(26,478)
<b>Profit from continuing operations, net of tax</b>		<b>57,483</b>	<b>77,501</b>
<b>Discontinued operation</b>			
Profit/(loss) from discontinued operation, net of tax	9	10,882	(2,678)
<b>Profit for the year</b>		<b>68,365</b>	<b>74,823</b>
<b>Attributable to:</b>			
<b>Equity holder of the Company</b>			
Profit from continuing operations, net of tax		50,492	67,549
Profit/(loss) from discontinued operation, net of tax		10,882	(2,613)
		<b>61,374</b>	<b>64,936</b>
<b>Non-controlling interests</b>			
Profit from continuing operations, net of tax		6,991	9,952
Profit/(loss) from discontinued operation, net of tax		-	(65)
		<b>6,991</b>	<b>9,887</b>

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

**Maybank Kim Eng Holdings Limited and Its Subsidiaries**

**Consolidated statement of comprehensive Income  
For the financial year ended 31 December 2014**

	Note	2014 S\$'000	2013 S\$'000
Profit for the year		68,365	74,823
<b>Other comprehensive income</b>			
<b>Items that may be subsequently reclassified to profit or loss</b>			
Financial assets, available-for-sale ("AFS"):			
- Fair value gains	37(b)(v)	5,797	12,962
- Transfer to profit or loss upon disposal	37(b)(v)	(3,354)	(19,861)
Currency translation differences arising on consolidation	37(b)(iv)	17,591	(16,825)
Currency translation differences released to profit or loss upon disposal of subsidiaries	37(b)(iv)	36	2,093
Share of associated companies' reserve	37(b)(iv)	246	227
Fair value loss on cash flow hedge	37(b)(vii)	844	(1,458)
<b>Items that will not be reclassified subsequently to profit or loss</b>			
Re-measurement of defined benefit obligation	37(b)(vi)	593	(910)
Actuarial reserve released to profit or loss upon disposal of subsidiaries	37(b)(vi)	-	124
<b>Other comprehensive income, net of tax</b>		<b>21,753</b>	<b>(23,648)</b>
<b>Total comprehensive income for the year</b>		<b>90,118</b>	<b>51,175</b>
<b>Total comprehensive income attributable to:</b>			
Equity holder of the Company		81,567	43,273
Non-controlling interests		8,551	7,902
		<b>90,118</b>	<b>51,175</b>
<b>Attributable to:</b>			
<b>Equity holder of the Company</b>			
Total comprehensive income from continuing operations, net of tax		70,685	45,886
Total comprehensive income from discontinued operation, net of tax		10,882	(2,613)
Total comprehensive income for the year attributable to equity holders of the Company		<b>81,567</b>	<b>43,273</b>

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

Maybank Kim Eng Holdings Limited and Its Subsidiaries

Balance sheets  
As at 31 December 2014

	Note	2014 S\$'000	Group 2013 S\$'000 (Restated)	1.1.2013 S\$'000 (Restated)
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	10	200,332	248,447	228,059
Outstanding contracts receivable	11(a)	503,984	394,289	547,737
Trade receivables	12	1,018,369	862,843	822,662
Financial assets, at fair value through profit or loss	13(a)	147,849	44,811	95,324
Financial assets, available-for-sale	22	2,728	2,614	3,953
Financial assets, held-to-maturity	23	13,036	12,960	1,773
Derivative financial instruments	14	686	1	1
Amounts due from associated companies (non-trade)	16	476	–	–
Amounts due from related companies (non-trade)	17	2,790	69,774	2
Other current assets	18	75,054	53,833	63,818
Development properties for sale	19	–	22,747	24,097
		1,965,304	1,712,319	1,787,426
<b>Non-current assets</b>				
Other receivables	20	42,212	20,788	17,197
Memberships in Exchanges	21	148	142	209
Financial assets, available-for-sale	22	14,942	14,739	76,153
Financial assets, held-to-maturity	23	10,926	10,043	4,361
Investments in associated companies	25	6,486	5,887	1,770
Property, plant and equipment	26	190,519	191,394	191,376
Goodwill	27	33,154	31,853	32,883
Intangible assets	28	12,438	15,823	19,176
Deferred tax assets	34(b)	9,004	8,252	11,755
		319,829	298,921	354,880
<b>Total assets</b>		2,285,133	2,011,240	2,142,306

Maybank Kim Eng Holdings Limited and Its Subsidiaries

Balance sheets  
As at 31 December 2014

	Note	2014 S\$'000	Group 2013 S\$'000 (Restated)	1.1.2013 S\$'000 (Restated)
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Outstanding contracts payable	11(b)	474,856	399,874	547,894
Trade payables	29	127,440	40,548	80,960
Insurance liabilities	30	9,068	8,719	6,522
Financial liabilities, at fair value through profit or loss	13(b)	6	5	–
Derivative financial instruments	14	2,939	2,289	1,232
Amounts due to related companies (non-trade)	17	29	149	116
Amounts due to associated companies	16	3,473	–	–
Other payables	31	93,480	89,011	92,507
Employee benefit liability	32	10,444	8,454	9,638
Borrowings	33	480,821	428,123	377,024
Current income tax liabilities	8(b)	14,617	14,553	19,155
		1,217,173	991,725	1,135,048
<b>Non-current liabilities</b>				
Borrowings	33	203,439	182,136	312
Insurance liabilities	30	1,883	2,403	2,256
Deferred tax liabilities	34(a)	7,207	11,151	12,634
Other non-current payables	35	7,339	–	–
		219,868	195,690	15,202
<b>Total liabilities</b>		1,437,041	1,187,415	1,150,250
<b>NET ASSETS</b>		848,092	823,825	992,056
<b>EQUITY</b>				
<b>Capital and reserves attributable to equity holders of the Company</b>				
Share capital	36	211,114	211,114	244,451
Treasury shares		–	–	(33,337)
Other reserves	37	46,779	26,580	48,239
Retained earnings	38	550,058	543,803	653,632
		807,951	781,497	912,985
Non-controlling interests		40,141	42,328	79,071
<b>Total equity</b>		848,092	823,825	992,056
<b>Trust accounts</b>				
Bank balances		1,092,710	806,892	730,889
Less: Amounts held in trust		(1,092,710)	(806,892)	(730,889)
		–	–	–

**Maybank Kim Eng Holdings Limited and Its Subsidiaries**

**Balance sheets  
As at 31 December 2014**

		Company	
	Note	2014 S\$'000	2013 S\$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	10	987	8,090
Amounts due from subsidiaries (non-trade)	15	194,128	302,173
Other current assets	18	22	4
		195,137	310,267
<b>Non-current assets</b>			
Investments in subsidiaries	24	387,860	355,013
		387,860	355,013
<b>Total assets</b>		582,997	665,280
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Derivative financial instruments	14	875	234
Amounts due to subsidiaries (non-trade)	15	74,381	84,489
Other payables	31	780	1,556
Borrowings	33	44,000	150,000
Current income tax liabilities	8(b)	1,098	1,842
		121,134	238,121
<b>Non-current liabilities</b>			
Borrowings	33	–	35,000
		–	35,000
<b>Total liabilities</b>		121,134	273,121
<b>NET ASSETS</b>		461,863	392,159

**Maybank Kim Eng Holdings Limited and Its Subsidiaries**

**Balance sheets  
As at 31 December 2014**

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		<b>Company</b>	
	<b>Note</b>	<b>2014</b> S\$'000	<b>2013</b> S\$'000
<b>EQUITY</b>			
<b>Capital and reserves attributable to equity holders</b>			
Share capital	36	211,114	211,114
Other reserves	37(a)	50,254	50,254
Retained earnings	38(b)	200,495	130,791
<b>Total equity</b>		<b>461,863</b>	<b>392,159</b>
<b>Trust accounts</b>			
Bank balances		1,205	1,393
Less: Amounts held in trust		(1,205)	(1,393)
		<b>-</b>	<b>-</b>

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

Maybank Kim Eng Holdings Limited and Its Subsidiaries

Statements of changes in equity  
For the financial year ended 31 December 2014

2014	Attributable to equity holders of the Company					Non-controlling interests S\$'000	Total equity S\$'000
	Share capital S\$'000	Treasury shares S\$'000	Other reserves S\$'000	Retained earnings S\$'000	Total S\$'000		
Beginning of year, as previously reported	211,114	–	26,580	543,803	781,497	42,328	823,825
Effect of adopting FRS19	–	–	–	–	–	–	–
Beginning of year, as restated	211,114	–	26,580	543,803	781,497	42,328	823,825
Profit for the year	–	–	–	61,374	61,374	6,991	68,365
<u>Other comprehensive income</u>							
Net gain on fair value changes of available for sale financial assets	–	–	2,443	–	2,443	–	2,443
Foreign currency translation	–	–	16,256	–	16,256	1,617	17,873
Fair value loss on cash flow hedge	–	–	844	–	844	–	844
Re-measurement of defined benefit obligation, net of tax	–	–	650	–	650	(57)	593
Other comprehensive income for the year, net of tax	–	–	20,193	–	20,193	1,560	21,753
<b>Total comprehensive income for the year</b>	–	–	20,193	61,374	81,567	8,551	90,118
<u>Contributions by and distribution to owners</u>							
Dividends paid	–	–	–	(55,113)	(55,113)	(10,557)	(65,670)
Cancellation of treasury shares	–	–	–	–	–	–	–
Total contributions by and distributions to owners	–	–	–	(55,113)	(55,113)	(10,557)	(65,670)
<u>Changes in ownership interests in subsidiaries</u>							
Acquisition of non controlling interests without a change in control	–	–	–	–	–	–	–
Disposal of investments in subsidiaries	–	–	–	–	–	(181)	(181)
Total changes in ownership interests in subsidiaries	–	–	–	–	–	(181)	(181)
<b>Total transactions with owners in their capacity as owners</b>	–	–	–	(55,113)	(55,113)	(10,738)	(65,851)
<u>Others</u>							
Transfer to reserve fund	–	–	6	(6)	–	–	–
<b>End of year</b>	<b>211,114</b>	<b>–</b>	<b>46,779</b>	<b>550,058</b>	<b>807,951</b>	<b>40,141</b>	<b>848,092</b>

Maybank Kim Eng Holdings Limited and Its Subsidiaries

Statements of changes in equity  
For the financial year ended 31 December 2014

2013	Attributable to equity holders of the Company					Non-controlling interests S\$'000	Total equity S\$'000
	Share capital S\$'000	Treasury shares S\$'000	Other reserves S\$'000	Retained earnings S\$'000	Total S\$'000		
<b>Beginning of year, as previously reported</b>	244,451	(33,337)	49,792	654,429	915,335	79,485	994,820
<b>Effect of adopting FRS19</b>	-	-	(1,553)	(797)	(2,350)	(414)	(2,764)
<b>Beginning of year, as restated</b>	244,451	(33,337)	48,239	653,632	912,985	79,071	992,056
Profit for the year	-	-	-	64,936	64,936	9,887	74,823
<u>Other comprehensive income</u>							
Net gain on fair value changes of available for sale financial assets	-	-	(6,769)	-	(6,769)	(130)	(6,899)
Foreign currency translation	-	-	(12,587)	-	(12,587)	(1,918)	(14,505)
Fair value loss on cash flow hedge	-	-	(1,458)	-	(1,458)	-	(1,458)
Re-measurement of defined benefit obligation, net of tax	-	-	(849)	-	(849)	63	(786)
Other comprehensive income for the year, net of tax	-	-	(21,663)	-	(21,663)	(1,985)	(23,648)
<b>Total comprehensive income for the year</b>	-	-	(21,663)	64,936	43,273	7,902	51,175
<u>Contributions by and distribution to owners</u>							
Dividends paid	-	-	-	(174,859)	(174,859)	(5,374)	(180,233)
Cancellation of treasury shares	(33,337)	33,337	-	-	-	-	-
<b>Total contributions by and distributions to owners</b>	(33,337)	33,337	-	(174,859)	(174,859)	(5,374)	(180,233)
<u>Changes in ownership interests in subsidiaries</u>							
Acquisition of non controlling interests without a change in control	-	-	-	98	98	(1,235)	(1,137)
Disposal of investments in subsidiaries	-	-	-	-	-	(38,036)	(38,036)
<b>Total changes in ownership interests in subsidiaries</b>	-	-	-	98	98	(39,271)	(39,173)
<b>Total transactions with owners in their capacity as owners</b>	(33,337)	33,337	-	(174,761)	(174,761)	(44,645)	(219,406)
<u>Others</u>							
Transfer to reserve fund	-	-	4	(4)	-	-	-
<b>End of year</b>	211,114	-	26,580	543,803	781,497	42,328	823,825

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

Maybank Kim Eng Holdings Limited and Its Subsidiaries

Consolidated cash flow statement  
For the financial year ended 31 December 2014

	Note	Group	
		2014 S\$'000	2013 S\$'000
<b>Cash flows from operating activities</b>			
Profit before tax from continuing operations		79,168	103,979
Profit/(loss) before tax from discontinued operations		11,352	(2,813)
Profit before tax, total		90,520	101,166
Adjustments for:			
Depreciation and amortisation	26, 28	16,458	16,210
Goodwill written-down	7(c)	–	565
Share of profit of associated companies	25	(82)	(293)
Net gain on disposal of property, plant and equipment		(5,592)	(165)
Property, plant and equipment written-off		411	2
(Gain)/loss on disposal of subsidiaries		(10,080)	6,045
Net gain on sale of financial assets, available-for-sale	5	(3,354)	(19,861)
Impairment losses on financial assets, available-for-sale	7(c)	2,196	5,300
Allowance for/(write-back of) impairment trade receivables	7(c)	2,689	(659)
Allowance for impairment of other receivables	7(c)	489	853
Dividend income	4	(155)	(223)
Interest income		(67,698)	(69,152)
Finance expenses		24,346	23,321
Currency exchange differences		(9,542)	(1,357)
<b>Operating cash flows before changes in working capital</b>		40,606	61,752
Changes in working capital:			
(Increase)/decrease in financial assets, at fair value through profit or loss		(101,947)	20,666
(Increase)/decrease in trade and other receivables		(284,293)	91,795
Increase in amounts due from associated companies (non-trade)		(476)	–
Decrease in development properties for sale		–	1,351
Increase/(decrease) in trade and other payables		170,242	(181,335)
<b>Cash flows used in operations</b>		(175,868)	(5,771)
Interest received		67,797	69,770
Dividends received		155	223
Income tax paid	8(b)	(21,349)	(27,728)
<b>Net cash flows (used in)/generated from operating activities</b>		(129,265)	36,494

**Maybank Kim Eng Holdings Limited and Its Subsidiaries**

**Consolidated cash flow statement  
For the financial year ended 31 December 2014**

	Note	2014 S\$'000	Group 2013 S\$'000
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	26	(14,140)	(13,688)
Proceeds from disposal of property, plant and equipment		7,807	390
Proceeds from disposal of financial assets, available-for-sale		4,361	99,522
Proceeds from disposal of financial assets, held-to-maturity		24,832	3,224
Purchase of financial assets, held-to-maturity		(24,797)	(20,368)
Purchases of financial assets, available-for-sale	22	(834)	(27,119)
Purchase of intangible asset	28	(9)	(40)
Investments in associated companies	25	–	(3,729)
Additional investments in subsidiaries		–	(1,135)
Proceeds from disposal of subsidiaries, net of cash	10(c)	24,595	(10,025)
<b>Net cash flows generated from investing activities</b>		21,815	27,032
<b>Cash flows from financing activities</b>			
Dividends paid to equity holders of the Company	39	(55,113)	(174,859)
Dividends paid to non-controlling interests		(10,557)	(5,374)
Proceeds from bank loans		224,606	232,923
Issuance/(redemption) of multi-currency medium term notes		(150,000)	–
Advances/(repayment) to related companies		66,864	(69,739)
Amount due to associate companies		3,473	–
Interest paid		(24,354)	(22,011)
<b>Net cash flows generated from/(used in) financing activities</b>		54,919	(39,060)
<b>Net (decrease)/increase in cash and cash equivalents</b>		(52,531)	24,466
Cash and cash equivalents at 1 January		248,447	228,059
Effects of currency translation on cash and cash equivalents		4,416	(4,078)
<b>Cash and cash equivalents at 31 December</b>	10	200,332	248,447

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

**1. General information**

Maybank Kim Eng Holdings Limited (the "Company") is incorporated and domiciled in Singapore. The address of its registered office is 50 North Canal Road, #03-01, Singapore 059304.

The principal activity of the Company is that of investment holding. The principal activities of the Group consist of stockbroking, futures broking, investment advisory, provision of corporate finance services, margin financing, money lending, provision of nominee services, investment holding, property investment, real estate development and insurance.

**2. Summary of significant accounting policies**

**2.1 Basis of preparation**

These financial statements of the Group and the statement of comprehensive income, balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements of the Group have been prepared on a historical cost basis except as disclosed in the accounting policies below.

The preparation of financial statements of the Group are presented in Singapore Dollar ("SGD" or "S\$") and all values in the tables are rounded to the nearest thousand ("S\$'000") as indicated.

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Group's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3 to the financial statements.

**2. Summary of significant accounting policies (cont'd)**

**2.2 Changes in accounting policies**

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards and Interpretations of FRS ("INT FRS") that are effective for annual periods beginning on or after 1 January 2014. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Company and the Group except as follow:

*Amendments to FRS 32 Offsetting of Financial Assets and Financial Liabilities*

The amendments to FRS 32 clarify that rights of set-off must not only be legally enforceable in the normal course of business, but must also not contingent on a future event and must be enforceable in the event of bankruptcy or insolvency of all the counterparties to the contract. The amendments further clarify situations where settlement on a gross basis that does not occur simultaneously (e.g. settlement through central counterparties or clearing houses) may satisfy the offsetting criteria.

The Group currently offset certain outstanding contract balances with the same clearing house as the Group has legal rights to set off the amounts and intends to settle on a net basis. Certain outstanding contract balances do not meet the offsetting criteria as the settlements of outstanding contracts with the clearing house do not occur simultaneously.

The changes in accounting policies applied retrospectively. The effects of adoption on the financial statements are as follows:

<b>Decrease in</b>	<b>2013</b> S\$'000 (Restated)	<b>1 January</b> <b>2013</b> S\$'000 (Restated)
<b><i>Consolidated balance sheet</i></b>		
Outstanding contracts receivable	1,185	8,889
Outstanding contracts payable	1,185	8,889

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective

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

Descriptions	Effective for annual periods beginning on or after
Amendments to FRS 19 <i>Defined Benefit Plans: Employee Contributions</i>	1 July 2014
Improvements to FRSs (January 2014)	
(a) Amendments to FRS 102 <i>Share Based Payment</i>	1 July 2014
(b) Amendments to FRS 103 <i>Business Combinations</i>	1 July 2014
(c) Amendments to FRS 108 <i>Operating Segments</i>	1 July 2014
(d) Amendments to FRS 16 <i>Property, Plant and Equipment</i> and FRS 38 <i>Intangible Assets</i>	1 July 2014
(e) Amendments to FRS 24 <i>Related Party Disclosures</i>	1 July 2014
Improvements to FRSs (February 2014)	
(a) Amendments to FRS 103 <i>Business Combinations</i>	1 July 2014
(b) Amendments to FRS 113 <i>Fair Value Measurement</i>	1 July 2014
(c) Amendments to FRS 40 <i>Investment Property</i>	1 July 2014
Amendments to FRS 16 and FRS 41 <i>Agriculture - Bearer Plants</i>	1 January 2016
Amendments to FRS 27 <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to FRS 16 and FRS 38 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Improvements to FRSs (November 2014)	
(a) Amendments to FRS 105 <i>Non-current Assets Held for Sale and Discontinued Operations</i>	1 January 2016
(b) Amendments to FRS 107 <i>Financial Instruments: Disclosures</i>	1 January 2016
(c) Amendments to FRS 19 <i>Employee Benefits</i>	1 January 2016
Amendments to FRS 110 and FRS 28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	1 January 2016
Amendments to FRS 1 <i>Disclosure Initiative</i>	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28 <i>Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
FRS 115 <i>Revenue from Contracts with Customers</i>	1 January 2017
FRS 109 <i>Financial Instruments</i>	1 January 2018

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application except for FRS 115 and FRS 109 that are under review.

**2. Summary of significant accounting policies (cont'd)**

**2.4 Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Group's activities. Revenue is presented net of goods and services tax, rebates and discounts, and after eliminating revenue within the Group.

The Group recognises revenue when the amount of revenue and related cost can be reliably measured, when it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Group's activities are met as follows:

(a) *Brokerage and trading income*

Brokerage income is recognised when the underlying transaction is contracted. Trading income is recognised as earned upon the execution of contracts.

(b) *Corporate finance income*

Corporate finance income includes:

- (i) Underwriting commission and placement fee which are recognised when securities are distributed;
- (ii) Advisory fee income which is recognised over the period in which the services are rendered, using the percentage of completion method based on the actual services provided as a proportion of the total services to be performed; and
- (iii) Arranger's fees which are recognised when the right to receive payment is established.

(c) *Fee income*

Fund management, performance fees and fee income from other securities broking related services and fiduciary services are recognised over the period in which the services are rendered.

(d) *Dividend income*

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

(e) *Interest income*

Interest income is recognised using the effective interest method.

(f) *Sale of development properties*

Details on the recognition of revenue from the sale of properties are described in Note 2.8.

**2. Summary of significant accounting policies (cont'd)**

**2.4 Revenue recognition (cont'd)**

(g) *Multi-element arrangement*

The Group operates a customer loyalty programme. A customer who trades with one of the subsidiaries will be given award credits entitling him to redeem for free magazine subscriptions and other gifts. A portion of the revenue from the trade attributable to the award credit, estimated based on expected redemption of these award credits, is deferred until they are redeemed. These are included as deferred revenue under "Other payables" on the balance sheet. Any remaining unutilised award credits are recognised as revenue upon expiry.

(h) *Insurance premiums*

Premiums from life insurance contracts are recognised as revenue when payable by the policyholder. Premiums are shown before deduction of commission.

(i) *Rental income*

Rental income from operating leases (net any of any incentive given to the leases) is recognised on a straight-line basis over the lease term.

**2.5 Basis of consolidation and business combinations**

(a) *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

**2. Summary of significant accounting policies (cont'd)**

**2.5 Basis of consolidation and business combinations (cont'd)**

**(a) Basis of consolidation (cont'd)**

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts as at the date when controls is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss; and
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

**(b) Business combinations and goodwill**

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

The Group elects for each individual business combination, whether non controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.9(a). In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

**2. Summary of significant accounting policies (cont'd)**

**2.5 Basis of consolidation and business combinations (cont'd)**

(b) *Business combinations and goodwill (cont'd)*

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquire are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

(c) *Subsidiaries*

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Thus, the Group controls an investee if and only if the Group has all of the following:

- power over the investee;
- exposure, or rights or variable returns from its involvement with the investee;
- and
- the ability to use its power over the investee to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

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

(d) *Transactions with non controlling interests*

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

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

**2. Summary of significant accounting policies (cont'd)**

**2.5 Basis of consolidation and business combinations (cont'd)**

(e) *Joint ventures and associates*

An associate is an entity over which the Group has the power to participate in the financial and operating policy decisions of the investee but does not have control or joint control of those policies.

The Group account for its investments in associates and joint ventures using the equity method from the date on which it becomes an associate or joint venture.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

Under the equity method, the investment in associates or joint ventures are carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates or joint ventures. The profit or loss reflects the share of results of operations of the associates or joint ventures. Distributions received from joint ventures or associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates or joint ventures, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associates or joint ventures.

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

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate or joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate or joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognises the amount in profit or loss.

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

Upon loss of significant influence or joint control over the associate or joint venture, the Group measures the retained interest at fair value. Any difference between the fair value of the aggregate of the retained interest and proceeds from disposal and the carrying amount of the investment at the date the equity method was discontinued is recognised in profit or loss.

**2. Summary of significant accounting policies (cont'd)**

**2.5 Basis of consolidation and business combinations (cont'd)**

(e) *Joint ventures and associates (cont'd)*

The Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would have been required if that associate or joint venture had directly disposed of the related assets or liabilities.

When an investment in an associate becomes an investment in a joint venture or an investment in joint venture becomes an investment in an associate, the Group continues to apply the equity method and does not remeasure the retained interest.

If the Group's ownership interest in an associate or a joint venture is reduced, but the Group continues to apply the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

**2.6 Property, plant and equipment**

(a) *Land and buildings*

Land and buildings are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses except for freehold land which has an unlimited useful life and therefore is not depreciated.

(b) *Other property, plant and equipment*

All other items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

**2. Summary of significant accounting policies (cont'd)**

**2.6 Property, plant and equipment (cont'd)**

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

	<u>Useful lives</u>
Buildings and improvements, and leasehold building and properties	3 - 50 years
Leasehold land	29 - 99 years
Furniture and fittings	3 - 10 years
Office equipment	3 - 10 years
Computer and related equipment	3 - 6 years
Motor vehicles	5 years

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year the asset is de-recognised.

**2.7 Investment properties**

Investment properties comprise significant portions of properties that are held for long-term rental yields and/or for capital appreciation.

Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated using a straight line method to allocate depreciable amounts over the estimated useful life of 40 years. The residual values, useful life and depreciation method are reviewed, and adjusted as appropriate, at the end of each reporting period. The effects of any revision are included in profit or loss when the changes arise.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

**2. Summary of significant accounting policies (cont'd)**

**2.8 *Development properties for sale***

Development properties are those properties which are held with the intention of development and sale in the ordinary course of business.

Development properties that are unsold are carried at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less cost to complete the development and selling expenses.

Sale of development properties under construction in respect of sale and purchase agreements entered into prior to completion of construction are recognised when the properties are delivered to the buyers, except for in cases where the control and risk and rewards of the property are transferred to the buyers as construction progresses.

Sale of development properties of the Group that are within the scope as described in paragraph 2 of the Accompanying Note to FRS 115 - Agreements for the Construction of Real Estate, the Company recognises revenue for sales of such development properties by reference to the stage of completion of the properties.

The stage of completion is measured by reference to the physical surveys of construction work completed. When it is probable that the total development costs will exceed the total revenue, the expected loss is recognised as expense immediately.

**2.9 *Intangible assets***

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

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

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

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

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

**2. Summary of significant accounting policies (cont'd)**

**2.9 Intangible assets (cont'd)**

(a) *Goodwill on acquisitions*

(i) Acquisitions pre - 1 January 2001

Goodwill on acquisitions was adjusted against equity in the year of acquisition.

The Group also had acquisitions where the costs of acquisitions were less than fair value of the net identifiable assets acquired. Such differences ("negative goodwill") were adjusted against equity in the financial year of acquisition.

On disposal of the subsidiaries or associated companies, such goodwill and negative goodwill previously adjusted against equity are not recognised in profit or loss on disposal.

(ii) Acquisitions post - 1 January 2002

Goodwill on subsidiaries is recognised separately as intangible assets and carried at cost less accumulated impairment losses.

Goodwill on associated companies is included in the carrying amount of the investments.

Gains and losses on the disposal of the subsidiaries and associated companies include the carrying amount of goodwill relating to the entity sold.

(b) *Other intangible assets*

Other intangible assets consist of customer-relationships acquired, initially recognised at cost and are subsequently carried at cost less accumulated amortisation and accumulated impairment losses. These costs are amortised to profit or loss using the straight-line method over 7 years, which is the estimated useful life.

**2.10 Borrowing costs**

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

**2. Summary of significant accounting policies (cont'd)**

**2.11 *Investments in subsidiaries and associated companies***

Investments in subsidiaries and associated companies are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of investments in subsidiaries and associated companies, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

**2.12 *Impairment of non-financial assets***

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

**2.13 *Memberships in Exchanges***

Memberships in Exchanges are stated at cost less accumulated impairment losses.

Where an indication of impairment exists, the carrying amount is assessed and written-down immediately to its recoverable amount.

**2. Summary of significant accounting policies (cont'd)**

**2.14 Financial assets**

(a) *Classification*

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, held-to-maturity, and available-for-sale. The classification depends on the nature of the asset and the purpose for which the assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) Financial assets, at fair value through profit or loss

This has two sub-categories: financial assets held-for-trading, and those designated at fair value through profit or loss at inception. A financial asset is classified as held-for-trading if it is acquired principally for the purpose of selling in the short-term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performances are evaluated on a fair value basis, in accordance with a documented Group investment strategy. Derivatives are also categorised as held-for-trading unless they are designated as hedges. Assets in this category are presented as current assets if they are either held-for-trading or are expected to be realised within 12 months after the end of reporting period.

(ii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the end of the reporting period which are presented as non-current assets. Loans and receivables are presented as "trade and other receivables", "outstanding contracts receivable", "cash and cash equivalents", "amounts due from related companies" and "amounts due from associated companies" on the balance sheets.

(iii) Financial assets, held-to-maturity

Financial assets, held-to-maturity are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity. If the Group were to sell other than an insignificant amount of held-to-maturity financial assets, the whole category would be tainted and reclassified as available-for-sale. They are presented as non-current assets, except for those maturing within 12 months after the end of the reporting period which are presented as current assets.

(iv) Financial assets, available-for-sale

Financial assets, available-for-sale are non-derivatives that are either designated in this category or not classified in any of the other categories. They are presented as non-current assets unless management intends to dispose of the assets within 12 months after the end of the reporting period.

**2. Summary of significant accounting policies (cont'd)**

**2.14 Financial assets (cont'd)**

(b) *Recognition and de-recognition*

Regular way purchases and sales of financial assets are recognised on trade-date - the date on which the Group commits to purchase or sell the asset.

Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. On disposal of a financial asset, the difference between the carrying amount and the sale proceeds is recognised in profit or loss. Any amount in the fair value reserve relating to that asset is transferred to profit or loss.

(c) *Initial measurement*

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, which are recognised at fair value. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

(d) *Subsequent measurement*

Financial assets, both available-for-sale and at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and financial assets, held-to-maturity are subsequently carried at amortised cost using the effective interest method.

Changes in the fair values of financial assets at fair value through profit or loss including the effects of currency translation, are recognised in profit or loss when the changes arise.

Interest and dividend income on financial assets, available-for-sale are recognised separately in income. Changes in the fair values of available-for-sale debt securities (i.e. monetary items) denominated in foreign currencies are analysed into currency translation differences on the amortised cost of the securities and other changes; the currency translation differences are recognised in profit or loss and the other changes are recognised in the fair value reserve. Changes in fair values of available-for-sale equity securities (i.e., non-monetary items) are recognised in the fair value reserve, together with the related currency translation differences.

2. Summary of significant accounting policies (cont'd)

2.14 *Financial assets (cont'd)*

(e) *Impairment*

The Group assesses at end of the reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognises an allowance for impairment when such evidence exists.

(i) Loans and receivables/financial assets, held-to-maturity

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy, and default or significant delay in payments are objective evidence that these financial assets are impaired.

The carrying amount of these assets is reduced through the use of an impairment allowance account which is calculated as the difference between the carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When the asset becomes uncollectible, it is written-off against the allowance account. Subsequent recoveries of amounts previously written-off are recognised against the same line item in profit or loss.

The allowance for impairment loss account is reduced through profit or loss in a subsequent period when the amount of impairment loss decreases and the related decrease can be objectively measured. The carrying amount of the asset previously impaired is increased to the extent that the new carrying amount does not exceed the amortised cost had no impairment been recognised in prior periods.

(ii) Financial assets, available-for-sale

In addition to the objective evidence of impairment described in Note 2.14(e)(i), a significant or prolonged decline in the fair value of an equity security below its cost is considered as an indicator that the available-for-sale financial asset is impaired.

If any evidence of impairment exists, the cumulative loss that was recognised in the fair value reserve is reclassified to profit or loss. The cumulative loss is measured as the difference between the acquisition cost (net of any principal repayments and amortisation) and the current fair value, less any impairment loss previously recognised as an expense. The impairment losses recognised as an expense on equity securities are not reversed through profit or loss.

**2. Summary of significant accounting policies (cont'd)**

**2.15 Financial liabilities**

*Initial recognition and measurement*

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

*Subsequent measurement*

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

*De-recognition*

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

**2.16 Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set-off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

**2.17 Financial guarantees**

The Company has issued corporate guarantees to banks for borrowings of its subsidiaries. These guarantees are financial guarantees as they require the Company to reimburse the banks if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantees are initially recognised at their fair values plus transaction costs in the Company's balance sheet.

Financial guarantees are subsequently amortised to profit or loss over the period of the subsidiaries' borrowings, unless it is probable that the Company will reimburse the bank for an amount higher than the unamortised amount. In this case, the financial guarantees shall be carried at the expected amount payable to the bank in the Company's balance sheet.

Intra-group transactions are eliminated on consolidation.

**2. Summary of significant accounting policies (cont'd)**

**2.18 Borrowings**

Borrowings are presented as current liabilities unless the Group has an unconditional right to defer settlement for at least 12 months after the end of the reporting period.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

**2.19 Outstanding contracts payable, trade and other payables**

Outstanding contracts payable, trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

**2.20 Securities borrowing and lending**

Securities borrowed and lent are accounted for as collateralised borrowings. The amounts of any cash collateral advanced for securities borrowed and cash collateral received for securities lent are recorded in the balance sheets under "Other current assets - collateral placed with lenders of securities" and "Amounts held in trust", respectively.

Market value of securities borrowed and lent is determined by reference to quoted prices of the respective stock exchanges at close of business at the end of the reporting period.

**2.21 Derivative financial instruments**

Derivative financial instruments arise from forwards and swaps transactions undertaken by the Group in the foreign exchange and interest rate markets. Other derivative financial instruments held by the Group include equity option, equity swap and derivative warrants.

A derivative financial instrument is initially recognised at its fair value on the date the contract is entered into and is subsequently carried at its fair value. The fair value of a trading derivative is presented as a current asset or liability. Fair value changes on these derivatives are recognised in profit or loss when the changes arise, except for those that qualify as hedge accounting, which is recognised in the hedging reserve.

The Group applies hedge accounting on its interest rate swaps.

**2. Summary of significant accounting policies (cont'd)**

**2.22 Hedge accounting**

At the inception of a hedging relationship, the Group formally designates and documents the hedging relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

For the purposes of hedge accounting, cash flow hedges refer to hedges against exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

In relation to cash flow hedges which meet the conditions for hedge accounting, the effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in profit or loss.

Hedge accounting is discontinued when the hedging instruments expire or are sold, terminated or exercised, or no longer qualifies for hedge accounting. At that point in time, any cumulative gains or losses on the hedging instruments recognised in equity is kept in other comprehensive income until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, cumulative gains or losses recognised in equity are transferred to profit or loss for the financial period.

**2.23 Insurance contracts**

The Group issues contracts that transfer insurance risk or financial risk or both. Insurance contracts are those contracts that transfer significant insurance risk. Such risk includes the probability of having to pay benefits on the occurrence of an insured event such as death, accident or disability. The Group may also transfer insurance contracts through its reinsurance arrangements to hedge a greater possibility of claims occurring than expected. Such contracts may also transfer financial risk. As a general guideline, the Group defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that are at least 10% more than the benefits payable if the insured event did not occur. Investment contracts are those contracts that transfer financial risk with no significant insurance risk.

Insurance contracts may contain a premium and capital fund rider that entitles the policyholder to receive additional benefits based on the investment performance of the life insurance business. These contracts are recorded as financial liabilities under premium deposit fund. Local statutory regulation sets out the bases and limits for the amounts on which the additional benefits are based and the accumulation of fund deposits and contributions.

**2. Summary of significant accounting policies (cont'd)**

**2.23 Insurance contracts (cont'd)**

(a) *Recognition and measurement*

Premiums arising from insurance contracts are recognised as income when due on the issue date which coincides with the effective date of the insurance policies for the first year premiums. For in-force renewal business, due premiums are recognised as income when based on actuarial methods and assumptions. Premiums are shown before deduction of commissions.

Insurance benefits and claims are recorded when incurred. These are recorded when notices of claims have been received and dividends have been incurred or when policies reach maturity. For unpaid benefits, a provision is made for the estimated cost of all claims incurred but not settled as of reporting date less reinsurance recoveries. Provision is also made for the cost of claims incurred but not reported until after the reporting date based on the Group's experience and historical data. Differences between the provision for outstanding claims at the reporting date and subsequent revisions and settlements are included in the consolidated income statement in later years. Unpaid benefits to life policies form part of policy and contract claims payable included in insurance contract liabilities in the consolidated balance sheets.

Aggregate reserve for life insurance policies represents the accumulated total liability for policies in force at the reporting date. Such reserves are established at amounts adequate to meet the estimated future obligations of all life insurance policies in force. The reserves are calculated using actuarial methods and assumptions as approved by the Insurance Commission ("IC"), subject to the liability adequacy test.

A number of life insurance contracts contains discretionary participating feature. This feature entitles policyholders to policy dividends whose amounts and timing of payments are contractually under the discretion of the Group. The policy dividends of the Group are declared annually, the amounts of which are computed using actuarial methods and assumptions, and are included under "Insurance premium income" in the consolidated income statement while policyholders' dividends are included under the "Insurance liabilities" account in the consolidated balance sheets.

Commissions and other expenses for the acquisition of insurance contracts are expensed as incurred.

(b) *Liability adequacy test*

At each reporting date, a liability adequacy test is performed for the insurance contract liabilities. In performing these tests, current best estimates of future cash flows and claims handling and administration expenses, as well as investment income from the asset backing such liabilities, are used. Any deficiency is immediately charged against current operations.

Long-term insurance contracts are measured based on assumptions set out at the inception of the contract. When the liability adequacy test requires the adoption of new best estimate assumptions, such assumptions (without margins for adverse deviation) are used for the subsequent measurement of these liabilities.

**2. Summary of significant accounting policies (cont'd)**

**2.23 Insurance contracts (cont'd)**

(c) *Reinsurance contracts held*

Contracts entered into by the Group with reinsurers which compensate the Group for losses on one or more contracts insured by the Group and that meet the classification requirements for insurance contracts are classified as reinsurance contracts held. Insurance contracts entered into by the Group under which the contract holder is another insurer (inward reinsurance) are classified as insurance contracts. Contracts that do not meet these classification requirements are classified as financial assets.

The benefits recoverable to which the Group is entitled under its reinsurance contracts held are recognised as reinsurance assets. These assets consist of amounts due from reinsurers classified within loans and receivables. Premiums payable for reinsurance contracts are recognised as an expense upon recognition of related premiums. Amounts recoverable from or due to reinsurers insurance are measured consistently with the amounts associated with the reinsured contracts and in accordance with terms of each reinsurance contract.

The Group assesses its reinsurance assets for impairment at least annually. If there is objective evidence that the reinsurance asset is impaired, the Group reduces the carrying amount of the reinsurance assets to its recoverable amount and recognised that impairment loss in the consolidated income statement. The Group gathers the objective evidence that a reinsurance asset is impaired using the same process for financial assets held at amortised cost. The impairment loss is also calculated following the same method used for financial assets.

(d) *Receivables and payables related to insurance contracts*

Receivables and payables are recognised when due. Premiums due and uncollected are measured on initial recognition at the fair value of the consideration. The carrying value of premiums due and uncollected is reviewed, for impairment whenever events or circumstances indicate the carrying amount may not be recoverable, with the impairment loss recorded in profit or loss. Premiums due and uncollected are de-recognised following the de-recognition criteria for financial instruments.

(e) *Benefits and claims*

Benefits and claims consist of benefits and claims paid to policyholders as well as changes in the valuation of insurance contract liabilities and reserve for policyholders' dividends. Death claims and surrenders are recorded on the basis of notifications received. Maturities and annuity payments are recorded when due.

**2. Summary of significant accounting policies (cont'd)**

**2.23 Insurance contracts (cont'd)**

(f) *Direct costs and expenses*

Commissions and other expenses for the acquisition of insurance contracts are expensed as incurred.

(g) *Interest expense*

Interest expense on premium deposit fund is recognised in the consolidated income statement as it accrues and is calculated by using the effective interest method. Accrued interest is credited to the liability account every policy anniversary date.

**2.24 Operating leases**

*When the Group is the lessee*

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

**2.25 Income taxes**

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

2. Summary of significant accounting policies (cont'd)

2.25 *Income taxes (cont'd)*

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

**2. Summary of significant accounting policies (cont'd)**

**2.25 Income taxes (cont'd)**

**(b) Deferred tax (cont'd)**

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

**2.26 Provisions**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, where it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

**2.27 Employee compensation**

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

**(a) Defined contribution plans**

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund ("CPF") on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

**(b) Termination benefits**

Termination benefits are those benefits which are payable when employment is terminated before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either: terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal; or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

**2. Summary of significant accounting policies (cont'd)**

**2.28 Defined benefit plan**

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation (derived using a discount rate based on high quality corporate bonds) at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost;
- Net interest on the net defined benefit liability or asset; and
- Remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as expense in profit or loss. Past service costs are recognised when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognised as expense or income in profit or loss.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognised immediately in other comprehensive income in the period in which they arise. Remeasurements are recognised in retained earnings within equity and are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognised as a separate asset at fair value when and only when reimbursement is virtually certain.

**2. Summary of significant accounting policies (cont'd)**

**2.29 Currency translation**

(a) *Functional and presentation currency*

Items included in the financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in S\$, which is the functional currency of the Company.

(b) *Transactions and balances*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(c) *Translation of Group entities' financial statements*

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

**2. Summary of significant accounting policies (cont'd)**

**2.30 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

**2.31 Cash and cash equivalents**

For the purpose of presentation in the consolidated cash flow statement, cash and cash equivalents include cash on hand, deposits with financial institutions which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts, if any, are presented as current borrowings on the balance sheets.

**2.32 Share capital and treasury shares**

Ordinary shares are classified as equity.

When any entity within the Group purchases the Company's ordinary shares ("treasury shares"), the consideration paid including any directly attributable incremental cost is presented as a component within equity attributable to the Company's equity holders, until they are cancelled, sold or reissued.

When treasury shares are subsequently cancelled, the cost of treasury shares are deducted against the share capital account if the shares are purchased out of capital of the Company, or against the retained earnings of the Company if the shares are purchased out of earnings of the Company.

When treasury shares are subsequently sold or reissued pursuant to the employee share option scheme, the cost of the treasury shares is reversed from the treasury share account and the realised gain or loss on sale or reissue, net of any directly attributable incremental transaction costs and related income tax, is recognised in the capital reserve.

**2.33 Dividends to Company's shareholders**

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

**2.34 Government grants**

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Company will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are recognised as sundry income in profit or loss.

Government grants relating to assets are deducted against the carrying amount of the assets.

**2. Summary of significant accounting policies (cont'd)**

**2.35 Related parties**

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Group and Company if that person:
  - (i) Has control or joint control over the Company;
  - (ii) Has significant influence over the Company; or
  - (iii) Is a member of the key management personnel of the Group or the Company or of a parent of the Company.
  
- (b) An entity is related to the Group and the Company if any of the following conditions applies:
  - (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
  - (iii) Both entities are joint ventures of the same third party;
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
  - (vi) The entity is controlled or jointly controlled by a person identified in (a);
  - (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

**3. Critical accounting estimates, assumptions and judgements**

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

(a) ***Estimated impairment of non-financial assets***

Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired. Other intangible assets, property, plant and equipment, investments in subsidiaries and associates, and memberships in exchanges are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired. The recoverable amounts of these assets and where applicable, cash generating units, have been determined based on value-in-use calculations. These calculations require the use of estimates. The carrying amount of the Group's goodwill at the end of the reporting period is disclosed in Note 27 to the financial statements.

(b) ***Income Tax***

Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the income tax payable as at 31 December 2014 is S\$14,617,000 (2013: S\$14,553,000). In addition, the carrying amounts of deferred tax assets and liabilities are S\$9,004,000 (2013: 8,252,000) and S\$7,207,000 (2013: 11,151,000), respectively.

(c) ***Impairment of loans and receivables***

Management reviews its loans and receivables for objective evidence of impairment regularly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this, management makes judgements as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor, or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates.

Where there is objective evidence of impairment, management makes judgements as to whether an impairment loss should be recorded as an expense. In determining this, management uses estimates based on historical loss. For loans and margin receivables, management assesses adequacy of the collaterals and credit history of the clients. The methodology and assumptions used for estimating the amount are reviewed regularly to reduce any differences between the estimated loss and actual loss experience. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 12 to the financial statements.

3. Critical accounting estimates, assumptions and judgements (cont'd)

(d) *Impairment of financial assets, available-for-sale*

Management reviews its financial assets for objective evidence of impairment regularly. Significant or prolonged declines in the fair value of the security below its cost and the disappearance of an active trading market for the security are considered objective evidence that a financial asset is impaired. In determining this, management evaluates, among other factors, the duration and extent to which the fair value of a financial asset is less than its cost, the financial health of and the near-term business outlook of the issuer of the instrument, including factors such as industry and sector performance, changes in technology and operational and financing cash flow. The carrying amount of the Group's financial assets, available-for-sale at the end of the reporting period is disclosed in Note 22 to the financial statements.

If the assumptions made in relation to the duration and extent to which the fair value is less than its cost do not hold, the Group will suffer an additional S\$469,000 (2013: S\$668,000) loss in its financial statements, being the transfer of the fair value loss included in the fair value reserve to profit or loss.

(e) *Insurance contracts*

Insurance contracts of the Group arise from its subsidiary, AsianLife and General Assurance Corporation ("ALGA").

(i) *The ultimate liability arising from claims made under insurance contracts*

There are several sources of uncertainty that need to be considered in the estimation of the liability that the Group will ultimately pay for such claims. The primary sources of uncertainties are the frequency of claims due to contingencies covered and the timing of benefit payments.

Estimation of claims takes into account several factors such as industry average mortality experience with adjustments to reflect Group's historical experience.

(ii) *Estimate of future benefit payments and premiums arising from long-term insurance contracts*

Estimates of future benefit payments depend on the expectations of future benefit payments for contingencies covered, the major ones being death and endowment benefit. The Group bases these estimates on mortality and other contingency tables approved by the Insurance Commission as well as future investment earnings rate of the assets backing up these liabilities, subject to the maximum rate provided under the Insurance Code of the Philippines (Insurance Code). These are also subject to liability adequacy test.

3. Critical accounting estimates, assumptions and judgements (cont'd)

(e) *Insurance contracts (cont'd)*

(iii) *Insurance contracts liabilities*

Process used to decide on assumptions

The Group determines its legal policy reserves in accordance with the requirements of the Insurance Code. Estimates are made in two stages. At inception of the contract, the Group determines assumptions in relation to mortality, morbidity, persistency, investment returns, and administration expenses. Assumptions are also set in relation to inflation rates, tax, dividend scale and sales commission plus other incentives. Certain profit targets are also set at this stage. These assumptions are used in calculating liabilities during the life of the contracts. A margin for risk and uncertainty is added to these assumptions. In order to minimise risk, the Group ensures that the assumptions used are best estimates, taking into account current experience at each reporting date to determine whether liabilities are adequate in the light of the latest current estimates and taking into consideration the provision of FRS104, Insurance Contracts.

Legal policy reserves for Group policies are computed as net unearned premium as of the valuation date.

The following presents the comparison between assumptions made by the Group in accordance with regulatory requirements and the assumptions that would have been used in FRS as of the end of the reporting period:

- (a) Investment Yield - This would range from 5.0% to 5.5% (2013: 5.0% to 5.5%) per annum, which is within the statutory maximum of 6.0% (2013: 6.0%). The Group's actual experience is approximately 5.03% (2013: 10.5%), respectively for peso-denominated assets.
- (b) Mortality - This is based on 100% of the 1971 Philippine Intercompany Mortality Table and the 1958/1980 Commissioner Standard Ordinary Mortality Table. Actual experience is 40.29% (2013: 13.22%) while for group business were 33.36% (2013: 22.93%) of the pricing mortality respectively. The average actual experience for individual insurance business and group business were 46.72% and 27.66% (2013: 52.00% and 52.54%), respectively, for the 5-year period 2010-2014.

3. Critical accounting estimates, assumptions and judgements (cont'd)

(e) *Insurance contracts (cont'd)*

(iii) *Insurance contracts liabilities (cont'd)*

Process used to decide on assumptions (cont'd)

- (c) Lapsation - There is no lapsation assumption in statutory valuation. The Group's experience in 2014 and 2013 (based on figures of December 2014 and 2013) are as follows:

	2014 %	2013 %
First year persistency	65.15	88.08
Second year persistency	72.24	62.43
Third year persistency	78.99	55.29

However, despite the foregoing differences in assumptions, the legal policy reserves recognised by the Group as of 31 December 2014 and 2013 are deemed adequate.

The assumptions used for long-term insurance contracts are as follows:

(a) Mortality

An appropriate base table of recognised standard mortality table is chosen depending on the type of contract and subject to the approval of the Insurance Commission ("IC") in Philippines.

(b) Persistency

In accordance with requirements of the Insurance Code, a 100% persistency rate has been assumed for all policies which are in-force and under no forfeiture option as of valuation date.

(c) Investment Returns

The interest rate ranges from 5.0% to 5.5% (2013: 5.0% to 5.5%) per annum and does not exceed the 6% (2013: 6%) maximum specified by the Insurance Code.

(iv) *Liability adequacy test, changes in assumptions and sensitivity analysis*

Legal policy reserves are conservatively calculated in accordance with the requirements of the Insurance Code. The liability adequacy test was performed using the current best estimates on interest, mortality, lapsation and expenses. The net present value of future cash flows as at the end of the reporting period computed under the requirements of FRS 104, amounted to S\$11.0 million (2013: S\$11.6 million). As such, the recorded statutory reserves as of the end of the reporting period of S\$8.3 million (2013: S\$8.3 million), respectively are adequate using best estimate assumptions. Testing under different interest rate scenarios and their impact on gross and net liabilities, equity and (loss)/profit before taxation are disclosed in Note 42(e) to the financial statements.

3. **Critical accounting estimates, assumptions and judgements (cont'd)**

(e) **Insurance contracts (cont'd)**

(v) *Source of uncertainty in the estimation of future claim payment*

Although the Group has taken necessary steps to mitigate the uncertainty in the estimation of future benefit payments and premium receipts, it is still subject to the unpredictability of changes in mortality levels. The Group adopts the standard mortality table in assessing future benefit payments and premium receipts as approved by the IC.

The liability under the insurance contracts includes provisions for incurred but not reported ("IBNR") claims and provisions for claims in course of settlement as of reporting dates. The IBNR provision is based on historical experience and is subject to a high degree of uncertainty.

Reinsurance - Assumptions and Methods

The Group limits its exposure to loss within insurance operations through participation in reinsurance arrangements. Amounts receivable from reinsurers are estimated in a manner consistent with the assumptions used for ascertaining the underlying policy benefits and are presented under loans and receivables. Even though the Group may have reinsurance arrangements, it is not relieved of its direct obligations to its policyholders and thus, a credit exposure exists with respect to reinsurance ceded, to the extent that any reinsurer is unable to meet its obligations assumed under such reinsurance agreements. The Group is neither dependent on a single reinsurer nor are the operations of the Group substantially dependent on any reinsurance contract.

The carrying amounts of legal policy reserves, shown as part of the insurance contract liabilities in the consolidated balance sheets, amounted to S\$11.0 million (2013: S\$11.1 million) as at the end of the reporting period (see Note 30).

(f) **Defined benefit plan**

The cost of defined benefit pension plans and other post employment medical benefits as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. These include the determination of the discount rates, expected rates of return of assets, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. The net benefit liability as at 31 December 2014 is S\$10,444,000 (2013: S\$8,454,000). Further details are provided in Note 32.

3. Critical accounting estimates, assumptions and judgements (cont'd)

(f) *Defined benefit plan (cont'd)*

In determining the appropriate discount rate, management considers the interest rates of high quality corporate bonds in the respective currencies with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds.

The mortality rate is based on publicly available mortality tables for the specific country and is modified accordingly with estimates of mortality improvements. Future salary increases and pension increases are based on expected future inflation rates for the specific country.

Further details about the assumptions used are provided in Note 32.

4. Operating income

	Group	
	2014	2013
	S\$'000	S\$'000
Brokerage and trading income	241,970	310,545
Corporate finance income	72,714	39,701
Fees from other securities broking related services	23,716	13,430
Dividend income from:		
- Financial assets, held-for-trading	155	223
Interest income from:		
- Short-term bank deposits	14,967	14,813
- Financial assets, available-for-sale	97	1,368
- Financial assets, held-for-trading	652	4
- Financial assets, held-to-maturity	607	567
- Clients	50,619	49,476
- Others	291	1,589
Rental income	491	266
Insurance premium income	53,187	47,330
	459,466	479,312

Notes to the financial statements  
For the financial year ended 31 December 2014

5. Other gains - net

	Group	
	2014 S\$'000	2013 S\$'000
Financial assets, available-for-sale:		
- Transfer from equity on disposal (Note 37(b)(v))	3,354	19,861
Loss on disposal of subsidiaries (Note 10)	(36)	(3,371)
Net gain on disposal of property, plant and equipment	5,619	158
Net fair value gain from:		
- Financial assets held-for-trading	4,502	3,575
- Derivatives held-for-trading	1,303	223
Foreign currency exchange gain - net	4,766	1,390
Bad debt recovered	532	161
Government grants	723	199
Sundry income	2,145	1,116
	22,908	23,312
	22,908	23,312

6. Employee compensation

	Group	
	2014 S\$'000	2013 S\$'000
Wages and salaries	141,064	138,090
Employer's contribution to defined contribution plans including CPF	6,799	6,192
Termination benefits	295	565
Post-employment benefits	3,379	2,478
Other staff costs	8,066	7,303
	159,603	154,628
	159,603	154,628

Notes to the financial statements  
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7. Other expenses

(a) *Depreciation and amortisation*

	Group	
	2014 S\$'000	2013 S\$'000
Depreciation (Notes 26)	13,050	12,722
Amortisation (Note 28)	3,395	3,394
	16,445	16,116

(b) *Finance expenses*

	Group	
	2014 S\$'000	2013 S\$'000
Bank borrowings	9,175	8,955
Multi-currency medium term notes	341	2,856
Debt securities issued	4,522	1,754
Others	10,302	9,479
	24,340	23,044

(c) *Other operating expenses*

Other operating expenses include the following:

	Group	
	2014 S\$'000	2013 S\$'000
Financial assets, available-for-sale:		
- Impairment losses (Note 22)	2,196	5,300
Allowance for/(write-back of) impairment of trade receivables	2,689	(659)
Allowance for impairment of other receivables	489	853
Goodwill written-down	-	565
Advertisement and business promotion	5,069	5,483
Commission/fee expense	60,124	70,301
Insurance benefits and claims	42,623	37,843
Communication	15,565	15,493
Contract processing	16,246	18,123
Legal and professional fees	4,354	3,645
Premise and equipment	16,188	14,064
Rental on operating leases	12,211	12,249

8. Income taxes

(a) *Taxation*

	Group	
	2014 S\$'000	2013 S\$'000
<b>Consolidated income statement:</b>		
Current income tax - continuing operations:		
- Singapore	7,357	4,895
- Foreign	15,509	21,853
	22,866	26,748
Deferred income tax - continuing operations	1,040	2,244
	23,906	28,992
Overprovision in respect of prior years	(2,221)	(2,514)
	21,685	26,478
Income tax attributable to continuing operations	21,685	26,478
Income tax attributable to discontinued operation	470	(135)
	22,155	26,343
Income tax expense recognised in profit or loss	22,155	26,343
<b>Statement of comprehensive income:</b>		
Deferred tax expense relating to other comprehensive income:		
- Fair value loss on cash flow hedge	173	(299)
- Remeasurement of defined benefit obligation	112	(565)
	285	(864)
	285	(864)

Notes to the financial statements

For the financial year ended 31 December 2014

8. Income taxes (cont'd)

(a) Taxation (cont'd)

The tax expense on profit before taxation differs from the theoretical amount that would arise using the Singapore standard rate of income tax were as follows:

	Group	
	2014 S\$'000	2013 S\$'000
Profit before tax from continuing operations	79,168	103,979
Profit/(loss) before tax from discontinued operation	11,352	(2,813)
Accounting profit before tax	90,520	101,166
Tax calculated at standard tax rate of 17% (2013: 17%)	15,388	17,198
Adjustments:		
Effect of partial tax exemption and tax relief	(63)	(80)
Non-taxable income	(1,209)	(78)
Non-deductible expenses	3,232	6,485
Losses of subsidiaries	3,043	194
Tax benefit on temporary differences not recognised previously	(1,096)	(1,578)
Different tax rates in other countries	3,876	6,449
Overprovision in respect of prior years	(2,221)	(2,514)
Others	1,205	267
Tax charge	22,155	26,343

(b) Movement in current income tax liabilities

	Group		Company	
	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000
Beginning of year	14,553	19,155	1,842	1,129
Income tax paid	(21,349)	(27,728)	(6,143)	(2,677)
Tax expense	22,889	26,997	6,360	3,398
Overprovision in respect of prior years	(2,221)	(2,514)	(961)	(8)
Currency translation differences	748	(1,342)	-	-
Disposal of subsidiaries	(3)	(15)	-	-
End of year	14,617	14,553	1,098	1,842

Notes to the financial statements  
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9. Discontinued operation

Following the sale of the Group's real estate development subsidiary during the year and asset management subsidiaries in 2013, its result is presented separately on the income statement as "Discontinued operations". An analysis of the results of discontinued operations, and the result recognised on the remeasurement of the disposal group is as follows:

	Group	
	2014 S\$'000	2013 S\$'000
Operating income	4,202	8,891
Other losses - net Expenses	(28) (2,938)	(1,327) (7,703)
Profit/(loss) from operations	1,236	(139)
Gain/(loss) on sale of operation	10,116	(2,674)
Profit/(loss) before tax from discontinued operation	11,352	(2,813)
Taxation related to ordinary activities of the discontinued operation	(470)	135
Profit/(loss) from discontinued operation, net of tax	10,882	(2,678)

The impact of the discontinued operations on the cash flows of the Group is as follows:

	Group	
	2014 S\$'000	2013 S\$'000
Operating	9,400	4,418
Investing	4	(394)
Financing	(11,987)	(19,089)
Net cash outflow	(2,583)	(15,065)

10. Cash and cash equivalents

	Group		Company	
	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000
Cash and bank balances	130,972	185,957	987	1,023
Short-term bank deposits	69,360	62,490	-	7,067
	200,332	248,447	987	8,090

Notes to the financial statements  
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10. Cash and cash equivalents (cont'd)

Cash and cash equivalents are held with:

	Group		Company	
	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000
Ultimate holding company	3,690	53,293	–	–
Related companies	16,916	20,701	–	–
Other banks	179,726	174,453	987	8,090
	<u>200,332</u>	<u>248,447</u>	<u>987</u>	<u>8,090</u>

Cash and bank balances are non-interest bearing. Short-term bank deposits at the end of the reporting period are interest-bearing at an effective interest rate of 2.25% (2013: 2.30%).

(a) **Change in ownership interests in a subsidiary without change of control**

On 2 August 2013, the Company acquired 100% of the ordinary shares in Maybank ATR Kim Eng Capital Partners Inc ("MATRKECP") from the Company's subsidiary, Maybank ATR Kim Eng Financial Corporation ("MATRKEFC"). The Company owns 89.75% interest in MATRKEFC. As a result of this acquisition, the Group's effective interest in MATRKECP increased from 89.75% to 100%.

The following summarises the effect of the change in the Group's ownership interest in MATRKECP on the equity attributable to owners of the Company:

	Group	
	2014 S\$'000	2013 S\$'000
Purchase consideration for the acquisition of 10.25% ownership interest	–	4,913
Carrying value of interest acquired	–	(5,242)
Increase in equity attributable to parent	–	(329)
Represented by increase in:		
Revaluation reserve	–	116
Other reserves	–	(63)
Retained earnings	–	276
Increase in equity attributable to parent entity	–	<u>329</u>

(b) **Business combinations**

No acquisition was made by the Group during the current financial year.

Notes to the financial statements  
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10. Cash and cash equivalents (cont'd)

(c) *Disposal of subsidiaries*

The aggregate effects of disposal of subsidiaries on the cash flows of the Group were:

	Group	
	2014 S\$'000	2013 S\$'000
<i>Carrying amounts of assets and liabilities disposed</i>		
Cash and cash equivalents	4,107	140,947
Trade and other receivables	6,245	5,429
Financial assets, at fair value through profit or loss	–	29,845
Development property for sale	21,970	–
Property, plant and equipment (Note 26)	–	374
Financial assets, available-for-sale (Note 22)	–	5
Investment in exchange	–	62
Deferred tax assets (Note 34)	–	555
Total assets	32,322	177,217
Trade and other payables	(6,345)	(4,987)
Borrowings	(604)	–
Current income tax liabilities (Note 8)	(3)	(15)
Deferred tax liabilities (Note 34)	(6,585)	–
	(13,537)	(5,002)
Net assets de-recognised	18,785	172,215
Less: Non-controlling interest	(181)	(38,036)
Net assets disposed	18,604	134,179
Gain/(loss) on disposal of subsidiaries	10,080	(6,045)
Goodwill written-off	–	116
Transfer from shareholders' equity-currency translation differences	18	2,672
	10,098	(3,257)
Cash consideration received	28,702	130,922
Less: Cash and cash equivalents in subsidiaries disposed	(4,107)	(140,947)
<b>Net cash flows generated from/(used in) disposal</b>	24,595	(10,025)

10. Cash and cash equivalents (cont'd)

(c) *Disposal of subsidiaries (cont'd)*

In 2014, the Group disposed-off the following subsidiaries for a total consideration of S\$28,702,000 (2013: S\$130,922,000):

ATR Kim Eng Land, Inc  
Kim Eng Consultant Limited (China)  
Kim Eng Research Sdn. Bhd.

On 28 October 2014, a subsidiary KE India Securities Private Limited was merged with another subsidiary Kim Eng Securities India Private Limited. Both subsidiaries are 75% owned by the Group. The merger did not have any material impact on the Group. KE India Securities Private Limited ceased to exist after completion of the merger.

In 2013, the Group disposed-off the following subsidiaries as well as deconsolidated an entity, Bluewaterz Emerging Markets Fund, which it previously has control:

Maybank Asset Management Singapore Pte. Ltd.  
Kim Eng Asset Management (Thailand) Co., Ltd  
ATR Kim Eng AMG Holdings, Inc.  
ATR Kim Eng Asset Management, Inc.,  
Maybank ATR Kim Eng Financial Corporation

The loss on disposal attributable to measuring the retained interest amounted to \$36,000 (2013: \$3,371,000) was included in other gains-net in profit or loss.

11. Outstanding contracts

(a) Outstanding contracts receivable include the following:

	Group	
	2014	2013
	S\$'000	S\$'000
Due from related companies	13,999	7,639
Due from non-related parties	489,985	386,650
	<u>503,984</u>	<u>394,289</u>

Notes to the financial statements  
For the financial year ended 31 December 2014

11. Outstanding contracts (cont'd)

(b) Outstanding contracts payable include the following:

	Group	
	2014 S\$'000	2013 S\$'000
Due to related companies	19,223	5,428
Due to non-related parties	455,633	394,446
	474,856	399,874

Outstanding contracts are non-interest bearing, unsecured and normally settled based on settlement date determined by the various clearing houses where the contracts are traded.

(c) Outstanding contracts subject to offsetting arrangement

The Group regularly enters into buy and sell contracts with various clearing houses, which the Company has legally enforceable arrangements with to settle the net amount due to or from each other in the normal course of business, not contingent on a future event, and enforceable in the event of bankruptcy or insolvency of all the counterparties to the contracts. The Group's outstanding contracts that are off-set are as follows:

	Gross carrying amounts S\$'000	Gross Amounts offset in the balance sheet S\$'000	Net amounts in the balance sheet S\$'000
<b>2014</b>			
Outstanding contracts receivable	663,006	456,497	206,509
Outstanding contracts payable	(459,555)	(456,497)	(3,058)
<b>2013</b>			
Outstanding contracts receivable	509,252	472,209	37,043
Outstanding contracts payable	(498,161)	(472,209)	(25,952)

Notes to the financial statements  
For the financial year ended 31 December 2014

12. Trade receivables

	Group	
	2014 S\$'000	2013 S\$'000
Trade receivables:		
- Related companies	185	120
- Non-related parties	1,037,399	879,370
Less: Allowance for impairment of trade receivables		
- Non-related parties	(19,215)	(16,647)
Trade receivables - net	1,018,369	862,843

13. Financial assets/liabilities, at fair value through profit or loss

(a) Financial assets, at fair value through profit or loss comprise the following:

	Group	
	2014 S\$'000	2013 S\$'000
Held-for-trading:		
Quoted equity securities	119,666	16,975
Quoted unit trusts	845	24
Quoted bonds	2,236	2,481
Quoted mutual funds	16,057	5,632
Other quoted instruments	9,045	19,699
	147,849	44,811

(b) Financial liabilities, at fair value through profit or loss comprise the following:

	Group	
	2014 S\$'000	2013 S\$'000
Quoted equity securities	6	5

Notes to the financial statements

For the financial year ended 31 December 2014

**14. Derivative financial instruments**

2014	Contract notional amount S\$'000	Group		Contract notional amount S\$'000	Company	
		Asset S\$'000	Liability S\$'000		Asset S\$'000	Liability S\$'000
Non-hedging instruments:						
- Currency forwards	94,096	2	878	92,371	-	875
- Equity option	3,884	651	-	-	-	-
- Derivative warrants	-	-	888	-	-	-
- Equity swap	16,008	33	433	-	-	-
- Interest rate swap	146,860	-	740	-	-	-
<b>Total current portion</b>	<b>260,848</b>	<b>686</b>	<b>2,939</b>	<b>92,371</b>	<b>-</b>	<b>875</b>
<b>2013</b>						
Non-hedging instruments:						
- Currency forwards	46,845	1	234	43,785	-	234
- Equity option	-	-	-	-	-	-
- Derivative warrants	-	-	298	-	-	-
- Equity swap	-	-	-	-	-	-
- Interest rate swap	146,860	-	1,757	-	-	-
<b>Total current portion</b>	<b>193,705</b>	<b>1</b>	<b>2,289</b>	<b>43,785</b>	<b>-</b>	<b>234</b>

**15. Amounts due from/(to) subsidiaries (non-trade)**

Amounts due from subsidiaries represent unsecured advances which are repayable on demand and are interest-free except for advances to subsidiaries of S\$47,417,000 (2013: S\$138,186,000) which bear interest at a weighted average effective interest rate of 4.47% (2013: 1.40%) per annum.

The carrying value of the current portion approximates its fair value as the effect of discounting is not considered material.

**16. Amounts due from/(to) associated companies**

Amounts due from associated companies represent unsecured advances which are repayable on demand and interest-free. Amounts due to associated companies are unsecured, interest-free and are repayable on demand.

Notes to the financial statements  
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17. Amounts due from/(to) related companies (non-trade)

The Company's ultimate holding company is Malayan Banking Berhad, incorporated in Malaysia.

Related companies of the ultimate holding company are its fellow subsidiaries.

The non-trade amounts due from related companies are unsecured, interest-free and repayable on demand.

The carrying amounts approximate its fair value as the effect of discounting is not considered material.

18. Other current assets

	Group		Company	
	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000
Staff loans	2,260	2,328	–	–
Less: Allowance for impairment losses	(187)	(178)	–	–
	2,073	2,150	–	–
Other receivables	15,393	15,400	19	–
Less: Allowance for impairment losses	(4,519)	(3,912)	–	–
	10,874	11,488	–	–
Deposits	41,705	34,978	–	–
Less: Allowance for impairment losses	–	(47)	–	–
	41,705	34,931	–	–
Short term loan receivables	10,522	–	–	–
Prepayments	8,745	4,752	3	4
Cash collateral deposited with lenders of securities	1,135	512	–	–
	75,054	53,833	22	4

Other receivables mainly consist of interest receivables, goods and services tax receivables, and receivables from other brokers.

Short term loan receivables have an effective interest rate of 3.05% (2013: Nil%) per annum.

18. Other current assets (cont'd)

**Securities borrowing and lending contracts**

	2014 S\$'000	Group 2013 S\$'000
<i>Securities borrowed</i>		
Securities borrowed from lenders, at market value:		
- Utilised for delivery against the Group's trading securities-short position/in the custody of the Group	1,041	1,381
- Lent to clients	6,791	4,670
	7,832	6,051
Collaterals placed with lenders:		
- Cash	1,135	512
<i>Securities lent</i>		
Securities lent to clients, at market value:		
- Borrowed from lenders	6,791	4,670
Collaterals received from clients:		
- Cash in trust	740	227
- Securities at market value	-	-
	740	227

19. Development properties for sale

	Group	
	2014 S\$'000	2013 S\$'000
Costs of land	–	22,747
Development costs	–	–
Property taxes, interests and overheads capitalised	–	–
Attributable profit	–	–
	–	22,747
Completion of development	–	–
	–	22,747

The Group did not capitalise any borrowing costs during the financial year and in 2013. Development properties for sale have not been pledged as security for bank borrowings.

Details of development properties were as follows:

Properties	Tenure of land	Expected completion date	Site area/gross floor area sq. metres	Group's effective interest in the properties %
Tribeca Private Residences Comprising of 15 towers	Freehold	2028	97,504/150,000	100*

\* Effective interest is 20% based on voting rights.

Notes to the financial statements  
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20. Other receivables

	Group	
	2014 S\$'000	2013 S\$'000
Staff loans	11,323	10,137
Deposits	2,595	5,789
Loan receivables - trade	3,790	4,358
Loan receivables - non trade	20,357	-
Others	4,147	504
	42,212	20,788

The fair values of non-current receivables are computed based on cash flows discounted at market borrowing rates. The fair values and the market borrowing rates used were as follows:

	2014 S\$'000	2013 S\$'000	2014 %	2013 %
Staff loans	6,901	7,855	6.22-6.75	6.70-6.83
Deposits	2,519	5,338	3.00	8.44
Loan receivables - trade	4,459	5,130	9.66	9.91
Loan receivables - non trade	17,272	-	5.00	-
Others	4,045	475	2.55	6.08
	35,196	18,798		

(a) **Staff loans**

Staff loans are made under an approved staff loan scheme. Staff loans have an effective interest rate of 4.10% (2013: 3.13%) per annum.

The maturity profile of staff loans were as follows:

	Group	
	2014 S\$'000	2013 S\$'000
Not later than one year (Note 18)	2,260	2,328
Later than one year but within five years	5,616	5,073
Later than five years	5,707	5,064
	13,583	12,465

20. Other receivables (cont'd)

(b) *Loan receivables*

Loan receivables-trade have an effective interest rate of 17.39% (2013: 11.58%) per annum whereas loan receivables-non trade have an effective interest rate of 4.73% (2013: Nil).

The maturity profile of loan receivables were as follows:

	Group	
	2014	2013
	S\$'000	S\$'000
Later than one year but within five years	24,150	4,358

21. Memberships in Exchanges

The carrying amount comprises Memberships in Exchanges in Thailand and Indonesia.

22. Financial assets, available-for-sale ("AFS")

	Group	
	2014	2013
	S\$'000	S\$'000
Beginning of year	17,353	80,106
Currency translation differences	243	1,993
Additions of available-for-sale	834	27,119
Disposals of available-for-sale	(1,007)	(99,522)
Disposal of subsidiaries	-	(5)
Fair value gains recognised in equity	2,443	12,962
Fair value reserve transferred to profit or loss upon impairment	(2,196)	(5,300)
End of year	17,670	17,353
Less: Current portion	(2,728)	(2,614)
Non-current portion	14,942	14,739

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For the financial year ended 31 December 2014

22. Financial assets, available-for-sale ("AFS") (cont'd)

AFS financial assets were analysed as follows:

	Group	
	2014 S\$'000	2013 S\$'000
<i>Current portion</i>		
Quoted equity securities	40	164
Quoted mutual funds	2,307	2,002
Other quoted instruments	4	18
Other unquoted instruments	15	15
Unquoted equity securities	362	415
	2,728	2,614
<i>Non-current portion</i>		
Quoted mutual funds	10,628	10,500
Quoted bonds	1,547	1,535
Other quoted instruments	2,307	2,279
Unquoted equity securities	460	425
	14,942	14,739

The fair values of quoted open ended mutual funds that are not actively traded were based on quoted redemption prices from the issuer.

***Movement in impairment losses***

	Group	
	2014 S\$'000	2013 S\$'000
Beginning of year	13,986	15,338
Impairment losses recognised in profit or loss (Note 7(c))	2,196	5,300
Amounts utilised on disposal	(473)	(6,592)
Currency translation differences	24	(60)
End of year	15,733	13,986

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23. Financial assets, held-to-maturity

	Group	
	2014 S\$'000	2013 S\$'000
Quoted bonds	8,154	14,071
Quoted treasury notes	15,808	8,932
	23,962	23,003
Less: Current portion	(13,036)	(12,960)
	10,926	10,043

The fair value of the financial assets, held-to-maturity at the end of the reporting period is S\$23,957,000 (2013: S\$23,255,000).

24. Investments in subsidiaries

	Company	
	2014 S\$'000	2013 S\$'000
<i>Equity investments, at cost</i>		
Beginning of year	380,074	427,667
Increase in capital in subsidiaries	35,627	–
Acquisitions	–	47,936
Disposals	(168)	(95,529)
	415,533	380,074
Less: Allowance for impairment	(27,673)	(25,061)
	387,860	355,013

(a) *Movement in impairment losses*

	Company	
	2014 S\$'000	2013 S\$'000
Beginning of year	25,061	20,341
Impairment losses recognised in profit or loss	2,769	4,720
Disposal of subsidiaries	(157)	–
	27,673	25,061

Details of significant subsidiaries are included in Note 48 to the financial statements.

24. Investments in subsidiaries (cont'd)

(b) *Impairment testing of investment in subsidiaries*

During the financial year, Management performed an impairment test for the investment in subsidiaries which had been persistently making losses. An impairment loss of S\$2,769,000 (2013: S\$4,720,000) was recognised in profit or loss for the year ended 31 December 2014 to write down the subsidiary to its recoverable amount. The recoverable amount of the investment in subsidiaries has been determined based on a value in use calculation using cash flow projections from financial budgets approved by Management covering a five-year period. The pre-tax discount rate applied to the cash flow projection and the forecasted growth rate used to extrapolate cash flow projections beyond the five year period ranged from 1.0% to 6.2%(2013: 2.5% to 5%).

25. Investments in associated companies

	Group	
	2014 S\$'000	2013 S\$'000
Beginning of year	5,887	1,770
Currency translation differences	246	95
Share of profit	82	293
Share of movement in actuarial reserve (Note 37(b)(vi))	271	—
Investments during the year	—	3,729
End of year	6,486	5,887

Details of significant associated companies were included in Note 48 to the financial statements.

Aggregate information about the Group's investments in associates that are not individually materials are as follows:

	2014 S\$'000	2013 S\$'000
Profit after tax from continuing operations	82	293
Other comprehensive income	517	227
Total comprehensive income	599	520

Goodwill included in the carrying amount of investments in associated companies as at the end of the reporting period was S\$Nil (2013: S\$Nil).

Details of significant associated companies were included in Note 48 to the financial statements.

Notes to the financial statements  
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25. Investments in associated companies (cont'd)

The summarised financial information in respect of Tullet Prebon Philippines, Inc. and ATRAM Investment Management Partners Corporation, based on its FRS financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

	Tullet Prebon Philippines, Inc.		ATRAM Investment Management Partners Corporation	
	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000
Current assets	4,664	4,098	12,695	12,088
Non-current assets	339	265	842	465
<b>Total assets</b>	<b>5,003</b>	<b>4,363</b>	<b>13,537</b>	<b>12,553</b>
Current liabilities	659	778	2,738	2,285
Non-current liabilities	–	–	764	642
<b>Total liabilities</b>	<b>659</b>	<b>778</b>	<b>3,502</b>	<b>2,927</b>
<b>Net assets</b>	<b>4,344</b>	<b>3,585</b>	<b>10,035</b>	<b>9,626</b>
Proportion of the Group ownership	49%	49%	35%	35%
Group share of net assets	2,129	1,757	3,512	3,369
Other adjustment	–	–	472	429
<b>Carrying amounts of investments</b>	<b>2,129</b>	<b>1,757</b>	<b>3,984</b>	<b>3,798</b>

*Summarised of statement of comprehensive income*

	Tullet Prebon Philippines, Inc.		ATRAM Investment Management Partners Corporation	
	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000
Revenue	3,625	4,636	7,052	444
Profit after tax from continuing operation	186	415	1,107	196
Other comprehensive income	–	–	40	42
<b>Total comprehensive income</b>	<b>186</b>	<b>415</b>	<b>1,147</b>	<b>238</b>

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26. Property, plant and equipment

Group	Freehold land S\$'000	Buildings and improvements S\$'000	Leasehold land S\$'000	Leasehold buildings and properties S\$'000	Office equipment S\$'000	Computer and related equipment S\$'000	Furniture and fittings S\$'000	Motor vehicles S\$'000	Total S\$'000
<b>2014</b>									
<b>Cost</b>									
At 1 January 2013	1,524	27,309	54,832	123,836	7,516	45,274	18,386	5,815	284,492
Additions	-	1,660	-	-	303	9,491	1,383	851	13,688
Disposals	-	(775)	-	-	(487)	(1,371)	(382)	(1,338)	(4,353)
Transfers	-	-	-	-	(168)	152	16	-	-
Attributable to discontinued operation	-	(676)	-	-	(314)	(701)	(331)	(96)	(2,118)
Currency translation differences	24	(335)	-	-	(246)	(865)	(286)	(162)	(1,870)
At 31 December 2013 and 1 January 2014	1,548	27,183	54,832	123,836	6,604	51,980	18,786	5,070	289,839
Additions	-	1,819	-	(164)	154	10,950	1,160	421	14,140
Disposals	(1,189)	(4,913)	-	-	(274)	(4,402)	(2,928)	(871)	(14,577)
Transfers	-	(3,588)	-	-	3,582	(60)	64	2	-
Attributable to discontinued operation	-	-	-	-	-	-	-	-	-
Currency translation differences	39	695	-	-	138	1,023	281	132	2,308
At 31 December 2014	398	20,996	54,832	123,672	10,204	59,491	17,363	4,754	291,710
<b>Accumulated depreciation</b>									
At 1 January 2013	-	15,366	3,029	19,461	6,102	33,645	11,600	3,923	93,116
Depreciation charge - continuing operations	-	2,467	551	2,601	345	4,729	1,243	786	12,722
Depreciation charge - discontinued operation	-	6	-	-	2	81	4	1	94
Disposals	-	(753)	-	-	(470)	(1,349)	(356)	(1,195)	(4,123)
Transfers	-	-	-	-	(42)	42	-	-	-
Attributable to discontinued operation	-	(465)	-	-	(260)	(698)	(231)	(90)	(1,744)
Currency translation differences	-	(214)	-	-	(241)	(768)	(269)	(128)	(1,620)
At 31 December 2013 and 1 January 2014	-	16,397	3,580	22,062	5,436	35,682	11,991	3,297	98,445
Depreciation charge - continuing operations	-	2,382	551	2,601	(601)	6,093	1,307	717	13,050
Depreciation charge - discontinued operation	-	-	-	-	-	13	-	-	13
Disposals	-	(3,669)	-	-	(243)	(4,399)	(2,858)	(782)	(11,951)
Transfers	-	(2,707)	-	-	3,053	(793)	477	(30)	-
Attributable to discontinued operation	-	-	-	-	-	-	-	-	-
Currency translation differences	-	431	-	-	162	742	212	87	1,634
At 31 December 2014	-	12,834	4,131	24,663	7,807	37,338	11,129	3,289	101,191
<b>Net book value</b>									
At 31 December 2013	1,548	10,786	51,252	101,774	1,168	16,298	6,795	1,773	191,394
At 31 December 2014	398	8,162	50,701	99,009	2,397	22,153	6,234	1,465	190,519

26. Property, plant and equipment (cont'd)

(a) The freehold land comprise:

Location	Area
406 East 50 <sup>th</sup> Street, New York, United States of America	167 sq. metres
Precha Village, Srinakarin Road, Bangkeaw, Bangpee District, Samutprakan Province, Thailand	1,984 sq. metres
188/5 Tunghotel Road, Watgate, Amphoe Muang, Chiangmai, Thailand	48 sq. metres

(b) The buildings and improvements comprise:

Location	Description	Area
406 East 50 <sup>th</sup> Street New York United States of America	Office building on freehold land (Note 26(a))	446 sq. metres
17 <sup>th</sup> Floor Tower One & Exchange Plaza, Ayala Avenue, Makati City Philippines	Office units	1,106.8 sq. metres
17 <sup>th</sup> Floor Tower One & Exchange Plaza, Ayala Avenue, Makati City Philippines	Office units	443.2 sq metres
17 <sup>th</sup> Floor Tower One & Exchange Plaza, Ayala Avenue, Makati City Philippines	Office units	305.45 sq metres

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26. Property, plant and equipment (cont'd)

(c) The leasehold properties comprise:

Location	Description	Area	Tenure
9 Temasek Boulevard, Suntec Tower Two, Singapore	9 office units	3,563 sq. metres	99 years commencing 1 March 1989
50 North Canal Road, Singapore	Office building	5,363 sq. metres	50 years commencing 2011
48 North Canal Road, Singapore	Office building	1,370 sq. metres	50 years commencing November 2012

(d) The leasehold land comprises:

Location	Description	Area	Tenure
50 North Canal Road, Singapore	-	1,283.3 sq. metres	99 years commencing May 2007
48 North Canal Road, Singapore	-	164 sq. metres	99 years commencing April 2012
48 North Canal Road, Singapore	-	162.2 sq. metres	99 years commencing April 2012
Airspace between 50 and 48 North Canal Road	-	31.2 sq. metres	30 years commencing May 2012

(e) Motor vehicles with a carrying value of S\$Nil (2013: S\$2) are registered in the names of certain employees. These assets are held in trust for certain subsidiaries of the Company. Motor vehicles of S\$19,000 (2013: S\$54,000) are pledged as security for bank borrowings (Note 33(a)(i)).

(f) Leasehold land and property at 48 and 50 North Canal Road, and leasehold properties at Suntec Tower Two have been pledged as security for bank borrowings (Note 33(a)(ii)) amounting to S\$146,860,000 (2013: S\$146,860,000).

27. Goodwill

	Group	
	2014 S\$'000	2013 S\$'000
Beginning of year	31,853	32,883
Goodwill written-down	-	(565)
Disposal of subsidiaries (Note 10)	-	(116)
Currency translation differences	1,301	(349)
End of year	33,154	31,853

27. Goodwill (cont'd)

(a) *Impairment testing of goodwill*

Goodwill acquired through business combinations have been allocated to the reportable operating segments expected to benefit from the synergies of business combination. The Goodwill arising from acquisition of subsidiaries is allocated to the Group's cash-generating units or groups of cash-generating units as follows:

	Group	
	2014	2013
	S\$'000	S\$'000
Maybank Kim Eng Securities (Thailand) Public Company Limited	631	604
Maybank Kim Eng Vietnam Joint Stock Company	17,182	16,573
Maybank ATR Kim Eng Capital Partners Inc	4,254	4,085
Maybank ATR Kim Eng Securities Inc	8,844	8,492
ATR Kim Eng Land, Inc	–	12
AsianLife & General Assurance Corporation	1,858	1,784
Others	385	303

The recoverable amount of the operating segments is based on their value in use, computed by discounting the expected future cash flows of the segments. The key assumptions in computing the value in use include the discount rates and growth rates applied. Discount rates are estimated based on current market assessments of time value of money and risks specific to the Group as a whole and to individual countries such as Philippine and Vietnam. Growth rates are determined based on published industry research and do not exceed the long-term average growth rate for the industries relevant to the CGUs. Cash flow projections are based on most recent five-year financial budget approved by management, with projected cash flows discounted at rates of Philippines and Vietnam of 6.5% (2013: 9.0%) and 12.0% (2013:12.0%), respectively. Those beyond the five-year period extrapolated using growth rates of Philippines and Vietnam of 6.2% (2013: 6.9%) and 4.0% (2013: 4.0%), respectively. Impairment is recognised in the consolidated income statement when the carrying amount of an operating segment exceeds its recoverable amount. Management believes that any reasonably possible change in the key assumptions would not cause the carrying amount of the operating segments to exceed their recoverable amount.

(b) *Impairment loss recognised*

During the financial year, an impairment loss was recognised to write-down the carrying amount of goodwill which arises mainly from the CGU which is in process of voluntary liquidation. The impairment loss of S\$Nil (2013: S\$565,000) has been recognised in profit or loss.

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28. Intangible assets

	Group	
	2014 S\$'000	2013 S\$'000
Beginning of year	22,703	22,662
Acquisition	9	40
Currency translation differences	1	1
	22,713	22,703
End of year	(10,275)	(6,880)
Less: Amortisation		
	12,438	15,823

29. Trade payables

	Group	
	2014 S\$'000	2013 S\$'000
Trade payables:		
- Related parties	2,669	-
- Non-related parties	124,771	40,548
	127,440	40,548

30. Insurance liabilities

	Group	
	2014 S\$'000	2013 S\$'000
Beginning of year	11,122	8,778
Currency translation differences	660	(418)
(Decrease)/increase in unexpired risk reserve during the year, gross	(831)	2,721
Movement in reinsurer's share of unexpired risk reserve during the year	-	41
	10,951	11,122
Unexpired risk reserve, gross	10,954	11,152
Reinsurer's share of unexpired risk reserve	(3)	(30)
	10,951	11,122
Current portion	9,068	8,719
Non-current portion	1,883	2,403
	10,951	11,122

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31. Other payables

	Group		Company	
	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000
Accrued operating expenses	77,442	76,521	531	1,307
Other payables	16,038	12,490	249	249
	93,480	89,011	780	1,556

32. Employee benefit liability

The Group operates various defined benefit pension plans which require contributions to be made to separately administered funds. The benefit plans become vested after respective years of service and require contributions to be made to separately administered funds.

The Group is also required by the labour laws in certain countries to make severance payments to employees upon retirement. These benefits are unfunded.

The amount included in the consolidated balance sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:

	Funded pension plan		Unfunded post employment benefits	
	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000
Present value of defined benefit obligation	8,413	7,443	9,103	6,564
Fair value of plan assets	(7,206)	(5,553)	-	-
	1,207	1,890	9,103	6,564
Restriction on assets recognised	-	-	-	-
Net liability arising from defined benefit obligation	1,207	1,890	9,103	6,564
Defined benefit asset	134	-	-	-
Defined benefit liabilities	1,341	1,890	9,103	6,564

Notes to the financial statements

For the financial year ended 31 December 2014

32. Employee benefit liability (cont'd)

	Funded pension plan		Unfunded post employment benefits	
	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000
Beginning of year	1,890	2,704	6,564	6,934
Current service cost	639	733	1,344	1,002
Past service cost	–	–	313	–
Interest cost	129	118	442	168
Curtailment loss	–	–	(965)	–
Termination cost	–	–	858	–
Excess payment	–	–	256	–
Remeasurement gains/(losses)	–	–	–	–
Actuarial gains/(loss) arising from:				
- Demographic assumptions	–	–	–	–
- Financial assumptions	(206)	1,306	606	(546)
- Effect of asset ceiling	91	–	–	–
- Experience adjustment	(44)	(74)	(87)	546
Return on planned assets	(589)	83	–	–
Contribution by employers	(802)	(1,598)	–	–
Benefits paid	(4)	–	(496)	(666)
Disposal of subsidiaries	–	(703)	–	–
Others	–	(535)	–	–
Currency translation differences	103	(144)	268	(874)
End of year	1,207	1,890	9,103	6,564

The fair value of planned assets by each classes as at the end of the reporting period are as follows:

	Funded pension plan	
	2014 S\$'000	2013 S\$'000
Cash and cash equivalents	1,287	3,461
Equity securities - Investment holding	2,938	568
Debt securities - Government bonds	2,199	2,555
Others	782	(1,031)
Fair value of plan assets	7,206	5,553

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32. Employee benefit liability (cont'd)

The cost of defined benefit pension plans and other post employment medical benefits as well as the present value of the pension obligation are determined using actuarial valuations. The actuarial valuation involves making various assumptions. The principal assumptions used in determining pension and post-employment medical benefit obligations for the defined benefit plans are shown below:

	Group	
	2014	2013
	%	%
Discount rates:		
- Philippines	4.70-5.30	4.12-5.80
- Thailand	4.25	4.00
- Indonesia	8.00	9.00
Future salary growth:		
- Philippines	7.00	8.00
- Thailand	5.00	4.00
- Indonesia	8.00	8.00
Healthcare cost increase rate	-	-
Future pension growth	-	-
Post retirement mortality for individuals retiring at age of:		
- Philippines	50	50
- Thailand	60	60
- Indonesia	55	55

Years	Philippines		Thailand		Indonesia	
	2014	2013	2014	2013	2014	2013
Male	10.00	10.00	9.00	9.00	22.70	22.70
Female	10.00	10.00	9.45	9.45	26.70	26.70

The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as of the end of the reporting period, assuming if all other assumptions were held constant:

	Group			
	2014		2013	
	Increase S\$'000	Decrease S\$'000	Increase S\$'000	Decrease S\$'000
Discount rate (1% movement)	(1,070)	1,240	(910)	1,040
Future salary growth (1% movement)	1,436	(1,255)	1,721	(1,155)
Healthcare cost increase rate (1% movement)	-	-	-	-
Future pension growth (1% movement)	-	-	-	-
Future mortality (1% movement)	(51)	52	(57)	57

**32. Employee benefit liability (cont'd)**

(a) **Thailand**

Maybank Kim Eng Securities (Thailand) Public Company Limited ("MKEST") has obligations in respect of the severance payments they must make to employees upon retirement under labor law. The company treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial assumptions using Projected Unit Credit Method. Such determination is made based on the present value of expected cash flows of benefits to be paid in the future taken into account the actuarial assumptions, including salaries, turnover rate, mortality rate, years of service and other factors.

The defined benefit plans expose MKEST to actuarial risks, such as longevity risk, interest rate risk and market (investment) risk. There was not any plan amendments, curtailments and settlements. MKEST does not have any plan asset.

MKEST evaluate and make provision for post-employment benefits using actuarial techniques. The benefit is fully funded by the company and the payment will be made to employees upon retirement under labour law. Employees are not required to contribute to the plans.

(b) **Indonesia**

The defined benefit provided in the PT Maybank Kim Eng Securities ("PTMKES") is in accordance with Indonesian Labor Law 13/2003 and Company Regulation; multiple of final wages, paid as you go. The benefit will be given for retirement, death, disability and voluntary resignation.

PTMKES does not have any planned assets and the plan is unfunded. There were no plan amendments, curtailments or settlements in 2013.

(c) **Philippines**

There are 2 defined benefit plans in the Philippines.

(i) **Plan A**

The Plan provides for lump sum benefit payments to the plan member in the event of his retirement, disability or resignation, or to the member's beneficiaries in the event of his death, the amount of which is equal to 125% of the employee's previous year's average monthly basic salary for every year of continuous service with the company. The Plan is funded through periodic company contributions to a trust fund which is managed by an in-house Board of Trustees. Such contributions are periodically determined by the actuary, based on updated employee data, financial statements of the retirement fund, and reasonable actuarial assumptions.

32. Employee benefit liability (cont'd)

(c) *Philippines (cont'd)*

(i) *Plan A (cont'd)*

Under the existing regulatory framework, Philippine Republic Act 7641 requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan. The Group also provides additional post employment healthcare benefits to certain senior employees in the Philippines.

The Board of Trustees is responsible for the administration of the plan assets and for the definition of the investment strategy. The Board of Trustees has the power and duty to do all things necessary to effect the intent and purpose of the Plan. The Board of Trustees designated a fund manager to manage the funds.

The defined benefit plans expose the company to actuarial risk, such as longevity risk, interest rate risk and market (investment) risk.

Each year, the Board of Trustees reviews the level of funding in the retirement plan. Such review includes the asset liability matching strategy and investment risk management policy. The Board of Trustees decides its contribution based on the results of its annual review. Generally, it aims to have a strategic asset mix comprising of:

60% - 90% government securities  
0% - 30% corporate bonds  
10% - 40% equity securities

The plan is funded through periodic company contributions through a trust fund. Funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan. Such contributions are determined by an actuary, based on updated employee data, financial statements of the retirement fund and reasonable actuarial assumptions. Employees are not required to contribute to the plans.

(ii) *Plan B*

This is a funded, non-contributory defined benefit plan (the Plan) providing death, disability and retirement benefits for all of its employees. Under the Plan, the normal retirement age is sixty (60) and the employee should have completed at least ten (10) years of service. Normal retirement benefit consists of a lump-sum benefit equivalent to 100% of the employee's final monthly pay for every year of service.

The defined benefit plans expose the company to actuarial risk, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

32. Employee benefit liability (cont'd)

(c) *Philippines (cont'd)*

(ii) *Plan B (cont'd)*

Each year, an Asset-Liability Matching Study (ALM) is performed with the result being analysed in terms of risk-and-return profiles. The principal technique of the ALM is to ensure the expected return on assets to be sufficient to support the desired level of funding arising from the defined benefit plans.

The funding requirements are based on the pension fund's actuarial measurement framework set out in the funding policies of the plan. The funding of the plan is based on a separate actuarial valuation for funding purpose for which the assumptions may differ from the assumptions above. Employees are not required to contribute to the plans.

33. Borrowings

	Group		Company	
	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000
<b>Current</b>				
Bank borrowings	322,291	164,761	44,000	50,000
Multi-currency medium term notes	–	150,000	–	100,000
Debt securities issued	158,530	113,362	–	–
	480,821	428,123	44,000	150,000
<b>Non-current</b>				
Bank borrowings	147,033	182,136	–	35,000
Debt securities issued	56,406	–	–	–
	203,439	182,136	–	35,000
Total borrowings	684,260	610,259	44,000	185,000
<b>Bank borrowings granted by:</b>				
Ultimate holding company	59,360	4,784	–	–
Related companies	31	40	–	–
Others	624,869	605,435	44,000	185,000
Total borrowings	684,260	610,259	44,000	185,000

33. Borrowings (cont'd)

(a) **Security granted**

Total borrowings include secured liabilities of S\$147,146,385 (2013: S\$147,135,552) for the Group. Bank borrowings of the Group were secured over:

- (i) certain motor vehicles (Note 26).
- (ii) land together with the buildings erected thereon and properties (Note 26) at the following locations:
  - 48 and 50 North Canal Road
  - 9 Temasek Boulevard #12-01 to 03, Suntec Tower Two
  - 9 Temasek Boulevard #13-01 to 03, Suntec Tower Two
  - 9 Temasek Boulevard #39-01 to 03, Suntec Tower Two

Borrowings of the Group and the Company are subjected to contractual re-pricing within 1 month to 6 months from the end of the reporting period.

(b) **Multi-currency medium term notes**

In November 2006, the Company and a subsidiary jointly established a S\$300,000,000 Multi-currency Medium Term Notes ("MTN") Programme. The maximum aggregate principal amount of notes that may be issued under the programme was increased to S\$800,000,000 with effect from 18 June 2010. Under this MTN programme, the Company and the subsidiary may from time-to-time issue notes in series or tranches, which may be denominated in S\$ or any other currency deemed appropriate at the time. Each series or tranche of notes may be issued in various amounts and tenors, and may bear fixed, floating, variable or hybrid rates of interest or may not bear interest. The Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Company or the subsidiary, and rank pari passu, without any preference or priority among themselves, and pari passu with all other present and future unsecured obligations of the Company or the subsidiary.

The key covenants of the MTN and a bank borrowings are:

- Consolidated Tangible Net Worth shall not be less than; S\$700 million
- Ratio of Consolidated Total Debt to Consolidated Tangible Net Worth shall not be more than; 2.5 : 1
- Ratio of Consolidated Total Liabilities to Consolidated Tangible Net Worth shall not be more than; and 4 : 1
- Interest Coverage ratio shall be at least. 2 : 1

The restrictions of the MTN Programme relating to the creation of any mortgage, charge, pledge or other security over any part of assets, properties or undertakings must be observed.

There were no outstanding medium term notes as at end of the reporting period. The multi-currency medium term notes in 2013 matured within 6 months from the end of the reporting period. The multi-currency medium term notes are unsecured.

The current bank loans will mature within 12 months (2013: 12 months) from the end of the reporting period.

The non-current bank loans will mature within 5 years (2013: 5 years) from the end of the reporting period.

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33. Borrowings (cont'd)

(c) Fair value of non-current borrowings

	Group	
	2014 S\$'000	2013 S\$'000
Singapore dollars	151,282	183,999
Philippine peso	227	265
Thai baht	49,012	–
	200,521	184,264

The fair values above are determined from the cash flow analyses, discounted at market borrowing rates of an equivalent instrument at the end of the reporting period which the directors expect to be available to the Group as follows:

	Group					
	% per annum PHP	2014 % per annum SGD	% per annum THB	% per annum PHP	2013 % per annum SGD	% per annum THB
Bank borrowings	0.35740	0.6790	2.5500	6.0830	1.7173	–

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34. **Deferred taxes**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set-off current income tax assets against current income tax liabilities and when the deferred taxes relate to the same fiscal authority.

The above deferred tax liabilities did not include any withholding and other taxes that will be payable on the earnings of associated companies when remitted to the holding company.

The movement in the deferred tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

(a) **Deferred tax liabilities**

2014	Group			Total S\$'000
	Accelerated tax depreciation S\$'000	Undistributed profits of associated companies S\$'000	Others S\$'000	
Beginning of year	–	–	(11,151)	(11,151)
Currency translation differences	–	–	(559)	(559)
Credit to profit or loss	(2,109)	–	18	(2,091)
Credit to other comprehensive income	–	–	(61)	(61)
Disposal of subsidiaries	–	–	6,655	6,655
End of year	(2,109)	–	(5,098)	(7,207)
<b>2013</b>				
Beginning of year	–	–	(12,634)	(12,634)
Currency translation differences	–	–	252	252
Credit to profit or loss	–	–	1,231	1,231
Credit to other comprehensive income	–	–	–	–
Disposal of subsidiaries	–	–	–	–
End of year	–	–	(11,151)	(11,151)

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34. Deferred taxes (cont'd)

(b) *Deferred tax assets*

2014	Provisions S\$'000	Group Others S\$'000	Total S\$'000
Beginning of year	1,796	6,456	8,252
Currency translation differences	(14)	317	303
Disposal of subsidiaries	70	–	70
Charge/(credit) to profit or loss	613	(10)	603
Charge/(credit) to other comprehensive income	–	(224)	(224)
Transfer	(841)	841	–
End of year	1,624	7,380	9,004
<b>2013</b>			
Beginning of year	4,419	6,163	10,582
Effects of adopting Revised FRS 19	–	1,173	1,173
Beginning of year, restated	4,419	7,336	11,755
Currency translation differences	(406)	(314)	(720)
Disposal of subsidiaries	(238)	(317)	(555)
Charge/(credit) to profit or loss	(1,979)	(1,113)	(3,092)
Charge/(credit) to other comprehensive income	–	864	864
Transfer	–	–	–
End of year	1,796	6,456	8,252

Deferred tax assets are recognised for tax losses and capital allowances carried forward to the extent that realisation of the related tax benefits through future taxable profits are probable. The Group has unrecognised tax losses of S\$28,391,000 (2013: S\$24,317,000) and capital allowances of S\$10,962,000 (2013: S\$12,898,000) at the end of the reporting period which can be carried forward and used to offset against future taxable income subject to meeting certain statutory requirements by those companies with unrecognised tax losses and capital allowances in their respective countries of incorporation. The tax losses have no expiry date except for an amount of S\$15,445,000 (2013: S\$15,121,000) which will expire from 2014 to 2034.

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35. Other non-current payable

The loans payable represent unsecured loans from third parties and are repayable within 5 years (2013: S\$Nil) from the end of the reporting period.

*Fair value of loans payable*

	Group	
	2014 S\$'000	2013 S\$'000
Philippine peso	7,467	-

The fair values above are determined from the cash flow analyses, discounted at market borrowing rates of an equivalent instrument at the end of the reporting period which the directors expect to be available to the Group as follows:

	Group	
	2014 % per annum PHP	2013 % per annum PHP
Loans payable	0.3574%	-

36. Share capital and treasury shares

Company	Number of ordinary shares		Amount	
	Issued share capital S\$'000	Treasury shares S\$'000	Share capital S\$'000	Treasury shares S\$'000
<b>2014</b>				
Beginning of year	577,094	-	211,114	-
Cancellation of treasury shares	-	-	-	-
End of year	577,094	-	211,114	-
<b>2013</b>				
Beginning of year	600,083	(22,989)	244,451	(33,337)
Cancellation of treasury shares	(22,989)	22,989	(33,337)	33,337
End of year	577,094	-	211,114	-

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. All issued ordinary shares are fully paid. There is no par value for these ordinary shares.

37. Other reserves

(a) *Composition*

	Group		Company	
	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000
Capital reserve	48,380	48,380	50,254	50,254
Statutory reserve	31,318	31,312	–	–
Reserve on consolidation	6,608	6,608	–	–
Currency translation reserve	(41,375)	(57,631)	–	–
Fair value reserve	4,282	1,839	–	–
Actuarial reserve	(1,820)	(2,470)	–	–
Hedging reserve	(614)	(1,458)	–	–
	46,779	26,580	50,254	50,254

Capital reserve arose from gain on disposal of quoted/unquoted equity investments previously recognised in profit or loss and transferred to equity prior to 1 January 2003 and an adjustment in the reserve of a subsidiary on capitalisation of the subsidiary's statutory reserve in prior financial years.

The statutory reserve is set up in compliance with the rules of various Exchanges.

Reserve on consolidation arose from goodwill and negative goodwill on acquisitions that occurred prior to 1 January 2001 which was taken in full to shareholders' equity.

None of the reserves are available-for-distribution as dividends.

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37. Other reserves (cont'd)

(b) *Movements*

(i) *Capital reserve*

	Group		Company	
	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000
Beginning and end of year	48,380	48,380	50,254	50,254

(ii) *Statutory reserve*

	Group		Company	
	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000
Beginning of year	31,312	31,308	-	-
Transfer from retained earnings	6	4	-	-
End of year	31,318	31,312	-	-

(iii) *Reserve on consolidation*

	Group		Company	
	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000
Beginning and end of year	6,608	6,608	-	-

37. Other reserves (cont'd)

(b) *Movements (cont'd)*

(iv) *Currency translation reserve*

	Group		Company	
	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000
Beginning of year	(57,631)	(45,045)	-	-
Effects of adopting Revised FRS 19	-	1	-	-
Beginning of year, restated	(57,631)	(45,044)	-	-
Release on disposal of interests in subsidiaries and associated companies	36	2,093	-	-
Net currency translation differences of financial statements of foreign subsidiaries and associated companies	17,591	(16,825)	-	-
Share of associated companies' currency translation reserve	246	227	-	-
Non-controlling interests share of reserve	(1,617)	1,918	-	-
End of year	(41,375)	(57,631)	-	-

Notes to the financial statements  
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37. Other reserves (cont'd)

(b) *Movements (cont'd)*

(v) *Fair value reserve*

	Group		Company	
	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000
Beginning and end of year	1,839	8,608	-	-
Financial assets, available-for sale:				
- Fair value gains	5,797	12,962	-	-
- Transfer to profit or loss on disposal	(3,354)	(19,861)	-	-
Non-controlling interests' share of reserve	-	130	-	-
End of year	4,282	1,839	-	-

(vi) *Actuarial reserve*

	Group		Company	
	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000
Beginning of year	(2,470)	-	-	-
Effects of adopting Revised FRS 19	-	(1,620)	-	-
Beginning of year, restated	(2,470)	(1,620)	-	-
Remeasurement of defined benefit obligation	228	(1,315)	-	-
Deferred tax impact	(112)	565	-	-
Non-controlling interests' share of reserve	57	(64)	-	-
Disposal of subsidiaries	-	124	-	-
Share of associates' reserve	271	-	-	-
Translation	206	(160)	-	-
End of year	(1,820)	(2,470)	-	-

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37. Other reserves (cont'd)

(b) *Movements (cont'd)*

(vii) *Hedging reserve*

	Group		Company	
	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000
Beginning of year	(1,458)	--	--	--
Fair value gain/(loss) on cash flow hedge	1,017	(1,757)	--	--
Deferred tax impact	(173)	299	--	--
End of year	(614)	(1,458)	--	--

38. Retained earnings

(a) Retained earnings of the Group and the Company are distributable, except for retained earnings of associated companies amounting to S\$101,000 (2013: S\$844,000).

(b) Movement in retained earnings for the Company were as follows:

	Company	
	2014 S\$'000	2013 S\$'000
Beginning of year	130,791	252,353
Net profit	124,817	53,297
Dividends paid (Note 39)	(55,113)	(174,859)
End of year	200,495	130,791

39. Dividends

	<b>Group and Company</b>	
	<b>2014</b>	<b>2013</b>
	S\$'000	S\$'000
<b>Declared and paid during the year:</b>		
<i>Dividends on ordinary shares:</i>		
- Interim exempt (one-tier) dividends paid in respect of the current financial year of Nil cents (2013: 28.1 cents) per share	-	162,163
- Final exempt (one-tier) dividends paid in respect of the preceding financial year of 9.55 cents (2013: 2.2 cents) per share	55,113	12,696
	55,113	174,859
<b>Proposed but not recognised as a liability as at 31 December:</b>		
<i>Dividends on ordinary shares, subject to shareholders' approval at the AGM:</i>		
- Final exempt (one-tier) dividends paid in respect of the current financial year of 8.6641 cents (2013: 9.55 cents) per share	50,000	55,113

40. Contingent liabilities

At the end of the reporting period, there were contingent liabilities of S\$2,000,000 (2013: S\$2,000,000) in respect of the obligations of a subsidiary to The Central Depository (Pte) Limited ("CDP") by virtue of the subsidiary being a clearing member of Singapore Exchange Securities Trading Limited. These contingent liabilities are secured against deposits placed by the subsidiary with CDP to the extent of S\$2,607,905 (2013: S\$2,607,905).

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41. Commitments

(a) *Operating lease commitments - where the Group is a lessee*

The Group leases office premises from non-related parties under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future minimum lease payables under non-cancellable operating leases contracted for at the end of the reporting period but not recognised as liabilities were as follows:

	Group and Company	
	2014	2013
	S\$'000	S\$'000
Not later than one year	4,101	4,283
Between one year and five years	7,474	11,843
Over five years	–	–
	11,575	16,126

The Group has a sublease agreement with its ultimate holding company, for which the future aggregate minimum sublease payments expected to be paid under cancellable subleases at the end of the reporting period is S\$265,000 (2013: Nil). The subleases agreement expires in year 2019.

(b) *Other commitments*

Capital expenditures contracted for at the end of the reporting period, but not recognised in the financial statements, excluding those relating to investments in associated companies were as follows:

	Group and Company	
	2014	2013
	S\$'000	S\$'000
Investments	1,664	1,632
Property, plant and equipment	4,096	5,715
Underwriting	32,787	–
	38,547	7,347

(i) The Company has given guarantees amounting to S\$584,486,000 (2013: S\$481,437,000) to banks to support banking facilities extended to certain subsidiaries of which S\$194,622,000 (2013: S\$146,860,000) was utilised as at the end of the reporting period;

(ii) The Company has given guarantees in favour of certain financial institutions and institutional clients for the combined obligations of its subsidiaries subject to a maximum of approximately S\$96,425,000 (2013: S\$91,920,000); and

(iii) The Company and a subsidiary jointly established S\$800,000,000 (2013: S\$800,000,000) Multi-currency Medium Term Notes Programme in which the Company acts as a guarantor. There was no note issued under the programme as at the end of the reporting period.

42. Financial risk management

**Financial risk factors**

The Group's activities expose it to market risk (including currency risk, price risk and interest rate risk), credit risk and liquidity risk. The Group's overall risk management strategy seeks to minimise any adverse effects from the unpredictability of financial market on the Group's financial performance. The Group uses financial instruments such as currency forwards and foreign currency borrowings to hedge certain financial risk exposures. Such financial instruments are used as pure economic hedges to minimise its financial risk exposures and are not designated as hedging instruments.

Financial risk management of the Group is carried out by the credit committee and finance department of the Company and the finance credit departments of the respective subsidiaries under management supervision.

(a) *Market risk*

(i) Currency risk

The Group operates mainly in Asia and United States of America with dominant operations in Singapore, Hong Kong, Thailand, Indonesia and the Philippines. Entities in the Group regularly transact in currencies other than their respective functional currencies (the "foreign currencies").

Currency risk arises in the Group when transactions are denominated in foreign currencies such as United States Dollar ("USD"), Thai Baht ("THB"), Hong Kong Dollar ("HKD"), Indonesia rupiah ("IDR") and the Philippines peso ("PHP"). To manage the currency risk, the Group uses external forward currency contracts and external currency borrowings. They are normally of short duration of less than six months.

The Company and certain subsidiaries have foreign currency assets, which are long-term in nature that was not hedged. These include investments in foreign subsidiaries and associated companies whose net assets are subject to currency translation risk.

Notes to the financial statements  
For the financial year ended 31 December 2014

42. Financial risk management (cont'd)

*Financial risk factors (cont'd)*

(a) *Market risk (cont'd)*

(i) Currency risk (cont'd)

The Group's currency exposure based on the information provided to key management is as follows:

2014	USD S\$'000	THB S\$'000	HKD S\$'000	IDR S\$'000	PHP S\$'000	Others S\$'000	Total S\$'000
<b>Financial assets</b>							
Cash and cash equivalents and financial assets, at fair value through profit or loss	86,065	30,474	19,910	28,990	74,558	68,592	308,589
Financial assets, available-for-sale	11,929	460	205	–	5,061	–	17,655
Outstanding contracts receivable, trade and other receivables	52,689	818,497	271,530	46,382	77,730	65,665	1,332,493
Other financial assets	–	–	–	–	24,438	–	24,438
	150,683	849,431	291,645	75,372	181,787	134,257	1,683,175
<b>Financial liabilities</b>							
Borrowings	–	349,263	55,062	–	9,247	9,829	423,401
Other financial liabilities	68,729	258,129	131,431	52,726	83,644	40,585	635,244
	68,729	607,392	186,493	52,726	92,891	50,414	1,058,645
<b>Net financial assets</b>	81,954	242,039	105,152	22,646	88,896	83,843	624,530
Add/(less): Currency forwards	(20,458)	(39,637)	(34,200)	11	–	883	(93,401)
<b>Currency exposure of net financial assets</b>	61,496	202,402	70,952	22,657	88,896	84,726	531,129

Notes to the financial statements  
For the financial year ended 31 December 2014

42. Financial risk management (cont'd)

*Financial risk factors (cont'd)*

(a) *Market risk (cont'd)*

(i) Currency risk (cont'd)

2013	USD S\$'000	THB S\$'000	HKD S\$'000	IDR S\$'000	PHP S\$'000	Others S\$'000	Total S\$'000
<b>Financial assets</b>							
Cash and cash equivalents and financial assets, at fair value through profit or loss	17,214	35,091	13,266	25,251	78,256	33,346	202,424
Financial assets, available-for-sale	10,500	425	194	–	6,126	–	17,245
Outstanding contracts receivable, trade and other receivables	103,236	520,191	113,373	67,611	38,066	54,927	897,404
Other financial assets	–	11,584	–	–	11,419	–	23,003
	130,950	567,291	126,833	92,862	133,867	88,273	1,140,076
<b>Financial liabilities</b>							
Borrowings	–	212,922	–	–	10,078	5,399	228,399
Other financial liabilities	14,564	165,903	30,202	45,326	79,578	41,839	377,412
	14,564	378,825	30,202	45,326	89,656	47,238	605,811
<b>Net financial assets</b>	116,386	188,466	96,631	47,536	44,211	41,035	534,265
Add/(less): Currency forwards	(13,031)	(113)	(32,590)	65	–	(826)	(46,495)
<b>Currency exposure of net financial assets</b>	103,355	188,353	64,041	47,601	44,211	40,209	487,770

Notes to the financial statements  
For the financial year ended 31 December 2014

42. Financial risk management (cont'd)

*Financial risk factors (cont'd)*

(a) *Market risk (cont'd)*

(i) Currency risk (cont'd)

The Company's currency exposure based on the information provided to key management is as follows:

2014	USD S\$'000	HKD S\$'000	PHP S\$'000	Others S\$'000	Total S\$'000
<b>Financial assets</b>					
Cash and cash equivalents	658	26	–	–	684
Amounts due from related companies	7,369	34,200	37,482	40,290	119,341
Other financial assets	–	–	–	–	–
	8,027	34,226	37,482	40,290	120,025
<b>Net financial assets</b>	8,027	34,226	37,482	40,290	120,025
Less: Currency forwards	(19,880)	(34,200)	–	(40,290)	(94,370)
<b>Currency exposure of net financial (liabilities)/assets</b>	(11,853)	26	37,482	–	25,655
<b>2013</b>					
<b>Financial assets</b>					
Cash and cash equivalents	7,558	25	–	–	7,583
Amounts due from related companies	24,959	32,560	35,994	–	93,513
Other financial assets	–	–	–	–	–
	32,517	32,585	35,994	–	101,096
<b>Net financial assets</b>	32,517	32,585	35,994	–	101,096
Less: Currency forwards	(11,360)	(32,560)	–	–	(43,920)
<b>Currency exposure of net financial (liabilities)/assets</b>	21,157	25	35,994	–	57,176

42. Financial risk management (cont'd)

*Financial risk factors (cont'd)*

(a) *Market risk (cont'd)*

(i) Currency risk (cont'd)

If the USD, HKD, IDR, THB and PHP change against the SGD by 1% (2013: 3%), 1% (2013: 3%), 4% (2013: 6%), 1% (2013: 2%) and 2% (2013: 1%), respectively with all other variables including tax rate being held constant, the effects arising from the net financial assets/liabilities position will be as follows:

Group	Increase/(decrease) profit after taxation		Increase/(decrease) equity	
	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000
USD against SGD:				
- Strengthened	581	2,637	119	315
- Weakened	(581)	(2,637)	(119)	(315)
HKD against SGD:				
- Strengthened	871	2,401	2	6
- Weakened	(871)	(2,401)	(2)	(6)
IDR against SGD:				
- Strengthened	752	2,367	-	-
- Weakened	(752)	(2,367)	-	-
THB against SGD:				
- Strengthened	2,005	3,121	5	8
- Weakened	(2,005)	(3,121)	(5)	(8)
PHP against SGD:				
- Strengthened	1,392	316	101	61
- Weakened	(1,392)	(316)	(101)	(61)
<b>Company</b>				
USD against SGD:				
- Strengthened	67	188	-	-
- Weakened	(67)	(188)	-	-
HKD against SGD:				
- Strengthened	284	1	-	-
- Weakened	(284)	(1)	-	-
PHP against SGD:				
- Strengthened	622	598	-	-
- Weakened	(622)	(598)	-	-

The sensitivities analysis takes into consideration the average currency movement of the various currencies over a preceding 7 years period.

42. Financial risk management (cont'd)

**Financial risk factors (cont'd)**

(a) *Market risk (cont'd)*

(ii) Price risk

The Group is exposed to equity securities price risk arising from the investments held by the Group which are classified on the consolidated balance sheets either as AFS or at fair value through profit or loss. These securities are mainly listed in Singapore, Hong Kong, Malaysia, Thailand and Indonesia. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

If prices for equity securities listed in Singapore, Hong Kong, Malaysia, Thailand and Indonesia change by 5% (2013: 10%), 5% (2013: 10%), 10% (2013: 10%), 15% (2013: 16%) and 20% (2013: 20%), respectively with all other variables including tax rate being held constant, the profit after taxation and other comprehensive income will be:

Group	2014		2013	
	Profit after taxation S\$'000	Other comprehensive income S\$'000	Profit after taxation S\$'000	Other comprehensive income S\$'000
Listed in Singapore:				
- Increased by	696	770	1,248	11
- Decreased by	(696)	(770)	(1,248)	(11)
Listed in Hong Kong:				
- Increased by	722	—	23	—
- Decreased by	(722)	—	(23)	—
Listed in Malaysia:				
- Increased by	18	—	206	—
- Decreased by	(18)	—	(206)	—
Listed in Thailand:				
- Increased by	1,918	—	127	—
- Decreased by	(1,918)	—	(127)	—
Listed in Indonesia:				
- Increased by	245	—	64	—
- Decreased by	(245)	—	(64)	—
Listed in United States:				
- Increased by	5,165	—	—	—
- Decreased by	(5,165)	—	—	—
Listed in Philippines:				
- Increased by	3,107	990	2,753	942
- Decreased by	(3,107)	(990)	(2,753)	(942)

42. Financial risk management (cont'd)

*Financial risk factors (cont'd)*

(a) *Market risk (cont'd)*

(ii) Price risk (cont'd)

If prices for financial instruments that are quoted but not listed, including quoted mutual funds and other quoted investments change by 10% (2013: 6%) and Nil (2013: 6%), respectively with all other variables including tax rate being held constant, the profit after taxation and other comprehensive income will be:

Group	Increase/(decrease)			
	2014		2013	
	Profit after taxation	Other comprehensive income	Profit after taxation	Other comprehensive income
	S\$'000	S\$'000	S\$'000	S\$'000
Quoted mutual funds:				
- Increased by	–	1,034	–	585
- Decreased by	–	(1,034)	–	(585)
Other quoted investments:				
- Increased by	–	–	42	–
- Decreased by	–	–	(42)	–

The sensitivity analysis takes into consideration the average price movement of the various market over a preceding 7 years period.

(iii) Cash flow and fair value interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. The Group is exposed to various risks associated with fluctuations in market interest rates. The financial assets and liabilities that potentially subject the Group to interest rate risk consist mainly of short-term bank deposits, margin debts, overdue trade debts and borrowings from financial institutions. Changes in market interest rates are closely monitored to ensure that the Group's interest rates are in line with the market.

The Group's and the Company's borrowings at variable rates on which effective hedges have not been entered into are mainly short-term in nature. There is no material impact on the profit before taxation if the interest rates change.

42. Financial risk management (cont'd)

*Financial risk factors (cont'd)*

(b) *Credit risk*

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has policies in place to ensure that it trades with clients with appropriate credit history. The credit department sets trading limits and collateral levels for clients and trading representatives. The Group's funds are placed with reputable financial institutions.

The Group's major classes of financial assets are cash and cash equivalents, outstanding contracts receivable, trade receivables, financial assets, held-to-maturity, amounts due from related companies - non-trade and other assets. The Company's major classes of financial assets are cash and bank deposits.

(i) Exposure to credit risk

*Analysis of maximum exposure to credit risk and collateral and other credit enhancements*

The following table shows the maximum exposure to credit risk by class of financial assets and the portion subject to potential credit mitigation arrangements:

2014	Maximum exposure to credit risk S\$'000	Fully subject to collateral or credit enhancement %	Partially subject to collateral or credit enhancement %	Unsecured and not subject to any additional credit enhancement %
<b>On-balance sheet items</b>				
Cash and cash equivalents	200,332	-	-	100
Outstanding contracts receivable	503,984	-	-	100
Trade receivables	1,018,369	94	-	6
Financial assets, held-to-maturity	23,962	-	-	100
Derivative financial instruments	686	-	-	100
Amounts due from associated companies - non-trade	476	-	-	100
Amounts due from related companies - non-trade	2,790	-	-	100
Other assets	117,266	11	-	89

Notes to the financial statements  
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42. Financial risk management (cont'd)

*Financial risk factors (cont'd)*

(b) *Credit risk (cont'd)*

(i) Exposure to credit risk (cont'd)

2013	Maximum exposure to credit risk S\$'000	Fully subject to collateral or credit enhancement %	Partially subject to collateral or credit enhancement %	Unsecured and not subject to any additional credit enhancement %
<b>On-balance sheet items</b>				
Cash and cash equivalents	248,447	–	–	100
Outstanding contracts receivable	394,289	–	–	100
Trade receivables	862,843	91	–	9
Financial assets, held-to-maturity	23,003	–	–	100
Derivative financial instruments	1	–	–	100
Amounts due from associated companies - non-trade	–	–	–	–
Amounts due from related companies - non-trade	69,774	–	–	100
Other assets	74,621	17	–	83

(ii) Credit risk concentration profile

The classification of customer types for outstanding contracts-receivables and trade receivables were as follows:

	Group	
	2014 S\$'000	2013 S\$'000
<i>By types of customers</i>		
Clearing house	198,981	37,310
Brokers	20,960	27,955
Institutions and corporate	203,390	157,930
Individuals	1,099,022	1,033,937
	<u>1,522,353</u>	<u>1,257,132</u>

42. Financial risk management (cont'd)

*Financial risk factors (cont'd)*

(b) *Credit risk (cont'd)*

(ii) Credit risk concentration profile (cont'd)

The Company monitors the concentration of credit risk by geographic location. The table below analyses the Company's concentration of credit risk by geography:

	Group	
	2014	2013
	S\$'000	S\$'000
Singapore	354,060	520,957
Hong Kong	273,915	136,040
Indonesia	88,166	88,209
Philippines	157,430	95,054
Thailand	821,520	586,953
Others	169,508	175,991
	1,864,599	1,603,204

(iii) Financial assets that are neither past due nor impaired

Cash and cash equivalents that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies, including the Group's ultimate holding Company. Trade receivables, outstanding contract receivable and other receivables that are neither past due nor impaired are substantially companies and individuals with a good collection track record with the Group. Financial assets, held-to-maturity are sovereign-grade bonds and treasury bills.

(iv) Financial assets that are past due and/or impaired

Besides trade receivables, other receivables on the balance sheets are also past due and/or impaired. The age analysis of trade receivables and other receivables past due but not impaired is as follows:

	Group	
	2014	2013
	S\$'000	S\$'000
<u>Trade receivables</u>		
Past due < 3 months	11,204	27,326
Past due 3 to 6 months	136	519
Past due over 6 months	377	1,634
	11,717	29,479
<u>Other receivables</u>		
Past due < 3 months	-	20
Past due 3 to 6 months	-	13
Past due over 6 months	-	698
	-	731

Notes to the financial statements  
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42. Financial risk management (cont'd)

*Financial risk factors (cont'd)*

(b) *Credit risk (cont'd)*

(iv) Financial assets that are past due and/or impaired (cont'd)

	Group	
	2014	2013
	S\$'000	S\$'000
<u>Trade receivables</u>		
Past due < 3 months	14	1,947
Past due 3 to 6 months	311	85
Past due over 6 months	33,814	29,531
	<u>34,139</u>	<u>31,563</u>
Less: Allowance for impairment	(19,215)	(16,647)
	<u>14,924</u>	<u>14,916</u>
	16,647	17,740
Beginning of year	510	(387)
Currency translation differences	2,689	(659)
Allowance for impairment made	(631)	(47)
Allowance for impairment utilised	<u>19,215</u>	<u>16,647</u>
End of year		
<u>Other receivables</u>		
Past due < 3 months	–	–
Past due 3 to 6 months	2,494	–
Past due over 6 months	3,525	5,837
	<u>6,019</u>	<u>5,837</u>
Less: Allowance for impairment	(4,706)	(4,137)
	<u>1,313</u>	<u>1,700</u>
	4,137	3,614
Beginning of year	81	(69)
Currency translation differences	489	853
Allowance for impairment made	(1)	(261)
Allowance for impairment utilised	<u>4,706</u>	<u>4,137</u>
End of year		

42. Financial risk management (cont'd)

*Financial risk factors (cont'd)*

(c) *Liquidity risk*

The Group and the Company adopt prudent liquidity risk management by maintaining sufficient cash and marketable securities to enable them to meet their normal operating commitments, having an adequate amount of committed credit facilities and the ability to close market positions at a short notice. Due to the dynamic nature of the underlying businesses, the Group aims at maintaining flexibility in funding by keeping committed credit facilities available.

The table below analyses the Group's and the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period from the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant:

Group	Less than 1 month S\$'000	Between 1 month to 3 months S\$'000	Between 3 to 6 months S\$'000	Between 6 to 12 months S\$'000	More than 1 year S\$'000
<b>2014</b>					
Trade and other payables	(656,074)	(42,239)	(6,481)	(11,936)	(9,270)
Borrowings	(360,285)	(64,106)	(57,271)	(5,608)	(208,187)
Other financial liabilities	(6)	-	-	-	-
<b>2013</b>					
Trade and other payables	(468,458)	(47,662)	(11,550)	(11,255)	(7,629)
Borrowings	(280,196)	(38,727)	(140,519)	(10,077)	(153,435)
Other financial liabilities	(5)	-	-	-	-
<b>Company</b>					
<b>2014</b>					
Borrowings	(9,002)	-	(35,376)	-	-
Other payables	(780)	-	-	-	-
Derivative financial instrument	(875)	-	-	-	-
Amount due to subsidiaries (non-trade)	-	-	-	(74,381)	-
Financial guarantee contracts	-	-	-	-	(146,860)
<b>2013</b>					
Borrowings	(100,681)	(159)	(85,533)	-	-
Other payables	(1,556)	-	-	-	-
Derivative financial instrument	(234)	-	-	-	-
Amounts due to subsidiaries (non-trade)	-	-	-	(84,489)	-
Financial guarantee contracts	-	-	-	-	(146,860)

42. Financial risk management (cont'd)

*Financial risk factors (cont'd)*

(c) *Liquidity risk (cont'd)*

The table below analyses the derivative financial instruments of the Group and the Company for which contractual maturities are essential for an understanding of the timing of the cash flows into relevant maturity groupings based on the remaining period from the end of the reporting period to the contractual maturity date. The amounts disclosed in the table were the contractual undiscounted cash flows:

Group	Less than 1 month S\$'000	Between 1 month to 3 months S\$'000	Between 9 month to 12 months S\$'000
<b>2014</b>			
Gross-settled currency forwards:			
- Receipts	55,515	-	38,582
- Payments	(55,805)	-	(40,290)
<hr/>			
<b>2013</b>			
Gross-settled currency forwards:			
- Receipts	35,418	11,426	-
- Payments	(35,609)	(11,360)	-
<hr/>			
<b>Company</b>			
<b>2014</b>			
Gross-settled currency forwards:			
- Receipts	53,789	-	38,582
- Payments	(54,080)	-	(40,290)
<hr/>			
<b>2013</b>			
Gross-settled currency forwards:			
- Receipts	32,539	11,426	-
- Payments	(32,560)	(11,360)	-
<hr/>			

42. Financial risk management (cont'd)

*Financial risk factors (cont'd)*

(d) *Capital management risk*

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Group may adjust the amount of dividend payment, return capital to shareholders, issue new shares, obtain new borrowings or sell assets to reduce borrowings.

Certain subsidiaries in the Group are required to maintain minimum capital requirements as imposed by the regulatory bodies. If not properly monitored and adjusted, the regulatory capital levels could fall below the required minimum amounts set by the regulators, which could expose the respective companies to various sanctions ranging from fines and censure to imposing partial or complete restrictions on their ability to conduct business. To mitigate the risk, the Group continuously evaluates the levels of regulatory capital requirements. These may increase or decrease as required by regulatory capital to accommodate periods of unusual or unforeseen market vitality, and the Group monitors regulatory developments regarding capital requirements and prepare for increases in the required minimum levels of regulatory capital that may occur from time-to-time in the future.

The Group and the Company are in compliance with all externally imposed capital requirements for the financial years ended 31 December 2014 and 2013.

(e) *Insurance risk*

Insurance risk from the Group arises from its subsidiary, AsianLife & General Assurance Corporation ("ALGA").

(i) Sensitivities

The analysis below is performed for a reasonable possible movement in key assumptions, related to mortality, morbidity and discount rate, with all other assumptions held constant, on the income statement, statement of comprehensive income and statement of changes in equity. The correlation of assumptions will have a significant effect in determining the ultimate claims liabilities, but to demonstrate the impact due to changes in assumptions, assumption changes had to be done on an individual basis.

42. Financial risk management (cont'd)

*Financial risk factors (cont'd)*

(e) *Insurance risk (cont'd)*

(i) Sensitivities (cont'd)

The assumptions that have the greatest effect on the separate balance sheet, income statement, statement of comprehensive income and statement of changes in equity were listed below:

2014	Change in assumptions %	Increase/ (decrease) in net liabilities S\$'000	Increase/ (decrease) in profit/(loss) before taxation S\$'000	Increase/ (decrease) in equity S\$'000
Mortality morbidity	+ 10	6	(6)	(4)
	- 10	(7)	7	5
Discount rate	- 1	163	(163)	(114)
<hr/>				
2013				
Mortality morbidity	+ 10	44	(44)	(31)
	- 10	(46)	46	33
Discount rate	- 1	280	(280)	(196)

(ii) Nature of risk

Insurance risk is unique to the Group's insurance business. The principal risk the Insurance Group ("IG") faces under insurance contracts is that the actual claims and benefit payments or the timing thereof, differ from expectations. This is influenced by the frequency of claims, severity of claims, actual benefits paid and subsequent developments of long-term claims. Therefore, the objective of the IG is to ensure that sufficient reserves are available to cover these liabilities.

Insurance risk includes premium/benefits risk, actuarial reserve risk and reinsurance risk. Premium/benefits are the risk of having to pay, from a premium that may be fixed for a specific term, benefits that can be affected by uncontrollable event when they become due. Adequacy of the actuarial reserves is monitored by an in-house actuary on a regular basis in accordance with local regulations. Reinsurance risk arises from underwriting direct business or reinsurance business in relation to reinsurers and brokers.

42. Financial risk management (cont'd)

*Financial risk factors (cont'd)*

(e) *Insurance risk (cont'd)*

(iii) Monitoring and controlling

The IG regularly assesses the reserving methodology in accordance with local regulations. Underwriting guidelines and limits for insurance and reinsurance contracts have been well established to clearly regulate responsibility and accountability.

The main underwriting strategy of the IG in managing insurance risk is the use of reinsurance. The IG maintains surplus-type reinsurance treaties for both individual and group life business. The retention limit of the IG for its individual business is S\$59,000 for the basic life and for riders or supplementary covers. For Group business, the retention limit is S\$59,000 per life. In addition, the IG may arrange facultative cessions for risks beyond the scope of its automatic treaties.

(iv) Frequency and severity of claims

The frequency and severity of claims is dependent on the type of contracts as follows:

- (a) For contracts where death is the insured risk, the most significant factor would be epidemics that results in earlier or more claims than expected;
- (b) For contracts with fixed and guaranteed benefits and fixed future premiums, there are no mitigating terms and conditions that reduce the insurance risk accepted;
- (c) For contracts with discretionary participating feature, the participating nature of these insurance contracts results in a portion of the insurance risk being shared with the insured party; and
- (d) For medical insurance contracts where illness incurred by the insured is the considered risk, the most significant factor would be epidemics and communicable diseases, that may result in earlier or more claims than expected.

The IG manages these risks through its underwriting strategy and reinsurance program. However, the risk is also dependent on the policyholders' right to pay reduced or no future premiums, or to terminate the contract completely.

42. Financial risk management (cont'd)

*Financial risk factors (cont'd)*

(e) *Insurance risk (cont'd)*

(iv) Frequency and severity of claims (cont'd)

The following represents the Company's concentration of insurance risk as of 31 December 2014 and 2013:

	2014		2013	
	Exposure, net of reinsurance S\$'000	Concentration %	Exposure, net of reinsurance S\$'000	Concentration %
Ordinary Life Group	7,276	0.44	7,737	0.53
	1,644,425	99.56	1,459,921	99.47
	1,651,701	100.00	1,467,658	100.00

(v) Summary of claims analysis

<b>Mortality Ratio</b>	<b>2014</b> %	<b>2013</b> %
Aggregate individual	40.29	45.01
Aggregate groups	33.36	35.07

42. Financial risk management (cont'd)

*Financial risk factors (cont'd)*

(e) *Insurance risk (cont'd)*

(v) Summary of claims analysis (cont'd)

The table below presents the concentration of risk across the 14 age brackets. For individual insurance, exposure is concentrated on age brackets 45 - 49 to 50 - 54. For group insurance, exposure is concentrated on age brackets 25 - 29 to 30 - 34:

2014 Attained age	Individual		Individual	
	Gross of reinsurance Exposure S\$'000	Concentration %	Net reinsurance Exposure S\$'000	Concentration %
< 20	124	1.51	124	1.71
20 - 24	171	2.08	171	2.35
25 - 29	127	1.55	127	1.75
30 - 34	40	0.49	40	0.55
35 - 39	469	5.71	469	6.45
40 - 44	662	8.05	662	9.10
45 - 49	1,847	22.44	1,433	19.67
50 - 54	1,574	19.14	1,337	18.38
55 - 59	1,263	15.36	1,263	17.36
60 - 64	1,060	12.89	853	11.72
65 - 69	583	7.09	494	6.79
70 - 74	188	2.29	188	2.59
75 - 79	57	0.70	57	0.79
80 +	57	0.70	57	0.79
Total	8,222	100.00	7,275	100.00

Attained age	Group		Group	
	Gross of reinsurance Exposure S\$'000	Concentration %	Net reinsurance Exposure S\$'000	Concentration %
< 20	17,683	0.91	17,621	1.07
20 - 24	133,099	6.82	129,537	7.88
25 - 29	338,104	17.32	330,828	20.12
30 - 34	433,217	22.19	396,160	24.08
35 - 39	350,510	17.96	293,254	17.83
40 - 44	284,994	14.60	200,287	12.18
45 - 49	176,678	9.05	118,340	7.20
50 - 54	116,307	5.96	79,526	4.83
55 - 59	68,838	3.53	52,226	3.18
60 - 64	29,559	1.51	24,167	1.47
65 - 69	2,697	0.14	2,430	0.15
70 - 74	270	0.01	152	0.01
75 - 79	5	-	5	-
80 +	4	-	4	-
Total	1,951,965	100.00	1,644,537	100.00

42. Financial risk management (cont'd)

*Financial risk factors (cont'd)*

(e) *Insurance risk (cont'd)*

(v) Summary of claims analysis (cont'd)

2013 Attained age	Individual		Individual	
	Gross of reinsurance Exposure S\$'000	Concentration %	Net reinsurance Exposure S\$'000	Concentration %
< 20	136	1.58	136	1.76
20 - 24	203	2.35	203	2.63
25 - 29	97	1.12	97	1.25
30 - 34	62	0.72	62	0.80
35 - 39	543	6.28	543	7.02
40 - 44	783	9.05	783	10.11
45 - 49	1,980	22.90	1,582	20.45
50 - 54	1,612	18.65	1,385	17.90
55 - 59	1,369	15.83	1,283	16.59
60 - 64	953	11.02	839	10.84
65 - 69	572	6.61	486	6.29
70 - 74	211	2.44	211	2.73
75 - 79	74	0.85	74	0.95
80 +	52	0.60	52	0.68
Total	8,647	100.00	7,736	100.00

Attained age	Group		Group	
	Gross of reinsurance Exposure S\$'000	Concentration %	Net reinsurance Exposure S\$'000	Concentration %
< 20	16,876	1.04	16,876	1.16
20 - 24	164,837	10.20	164,242	11.25
25 - 29	352,368	21.81	349,639	23.95
30 - 34	359,868	22.27	340,881	23.35
35 - 39	249,172	15.42	219,594	15.04
40 - 44	182,778	11.31	142,705	9.77
45 - 49	117,723	7.29	88,900	6.09
50 - 54	90,551	5.60	68,402	4.69
55 - 59	53,521	3.31	44,843	3.07
60 - 64	25,729	1.59	21,493	1.47
65 - 69	2,478	0.15	2,213	0.15
70 - 74	19	-	19	-
75 - 79	-	-	-	-
80 +	117	0.01	117	0.01
Total	1,616,037	100.00	1,459,924	100.00

42. Financial risk management (cont'd)

**Financial risk factors (cont'd)**

(e) *Insurance risk (cont'd)*

(vi) Source of uncertainty in the estimation of future claim payments

Estimation of future payments and premium receipts is subject to unpredictability of changes in mortality and morbidity levels. The IG adopts standard industry data in assessing future benefit payments and premium receipts as approved by the IC. Adjustments are made, if necessary, according to the experience of the IG.

For individual life, no adjustment is made by the IG to the standard mortality table. For Group life and accident and health insurance, the mortality table is adjusted to reflect the actual and projected experiences which are given weights or credibility depending on the amount and length of exposure under consideration. The IG currently monitors its actual experience on individual business on a per policy basis and on an aggregate basis, and reporting the same to management.

The liability for these contracts comprises the IBNR provision, a provision for reported claims not yet paid and a provision for unexpired risk at reporting period. The IBNR provision is based on historical experience and its subject to a degree of uncertainty.

(f) *Financial instruments by category*

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet and in Notes 12, 13 and 22, respectively to the financial statements, except for the following:

	Group		Company	
	2014 S\$'000	2013 S\$'000	2014 S\$'000	2013 S\$'000
Loans and receivables	1,834,472	1,645,222	195,134	310,263
Financial liabilities at amortised cost	728,012	549,158	75,161	86,045

43. Fair value of assets and liabilities

(a) **Fair value hierarchy**

The Group categories fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (i.e., unobservable inputs).

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

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43. Fair value of assets and liabilities (cont'd)

(a) Fair value hierarchy (cont'd)

Group	Fair value measurements at the end of the reporting period using				Total S\$'000
	Quoted prices in active markets for identical instruments (Level 1) S\$'000	Significant observable inputs other than quoted prices (Level 2) S\$'000	Significant unobservable inputs (Level 3) S\$'000		
<b>Recurring fair value measurements</b>					
<b>2014</b>					
<b>Assets</b>					
Financial assets at fair value through profit or loss	147,849	–	–		147,849
Derivative financial instruments	–	686	–		686
Financial assets, available-for-sale	6,201	10,837	632		17,670
<b>Total assets</b>	<b>154,050</b>	<b>11,523</b>	<b>632</b>		<b>166,205</b>
<b>Liabilities</b>					
Financial assets at fair value through profit or loss	6	–	–		6
Derivative financial instruments	–	2,939	–		2,939
	6	2,939	–		2,945
<b>2013</b>					
<b>Assets</b>					
Financial assets at fair value through profit or loss	44,811	–	–		44,811
Derivative financial instruments	–	1	–		1
Financial assets, available-for-sale	5,980	10,712	661		17,353
<b>Total assets</b>	<b>50,791</b>	<b>10,713</b>	<b>661</b>		<b>62,165</b>
<b>Liabilities</b>					
Financial assets at fair value through profit or loss	5	–	–		5
Derivative financial instruments	298	1,991	–		2,289
	303	1,991	–		2,294

43. Fair value of assets and liabilities (cont'd)

(a) *Fair value hierarchy (cont'd)*

Company	Fair value measurements at the end of the reporting period using				Total S\$'000
	Quoted prices in active markets for identical instruments (Level 1) S\$'000	Significant observable inputs other than quoted prices (Level 2) S\$'000	Significant unobservable inputs (Level 3) S\$'000		
<b>2014</b>					
<b>Liabilities</b>					
Derivative financial instruments	–	875	–		875
<b>2013</b>					
<b>Liabilities</b>					
Derivative financial instruments	–	234	–		234

(b) *Fair value measurement*

*Level 1 fair value measurement*

The fair value of financial instruments traded in active markets (such as trading and AFS securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1.

*Level 2 fair value measurement*

The fair value of financial instruments that are not traded in an active market (e.g., OTC derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of the reporting period. Quoted market prices or dealer quotes for similar instruments are used to estimate fair value for long-term investments for disclosure purposes. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

Forward currency, equity option, derivative warrants, equity swap and interest rate swap contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and forward rate curves.

These investments are included as Level 2 and comprise trading securities, equity investments and derivative financial instruments. In infrequent circumstances, where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are classified as Level 3.

43. Fair value of assets and liabilities (cont'd)

(b) Fair value measurement (cont'd)

Level 3 fair value measurement

Information about significant unobservable inputs used in Level 3 fair value measurements

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3):

Description	Fair value at 31 December 2014 S\$'000	Valuation techniques	Unobservable inputs	Range (weighted average)
<b>Recurring fair value measurements</b>				
Available-for-sale financial assets:				
Long-term unquoted equities	460	Fair value of underlying securities	Net asset value	+/-10%
Short-term unquoted equities	157	Fair value of underlying securities	Net asset value	+/-20%
Other unquoted instrument	15	Cost approach	Net asset value	N.A.

Description	Fair value at 31 December 2013 S\$'000	Valuation techniques	Unobservable inputs	Range (weighted average)
<b>Recurring fair value measurements</b>				
Available-for-sale financial assets:				
Long-term unquoted equities	425	Fair value of underlying securities	Net asset value	+/-10%
Short-term unquoted equities	221	Fair value of underlying securities	Net asset value	+/-20%
Other unquoted instrument	15	Cost approach	Net asset value	N.A.

For unquoted equity securities, a significant increase (decrease) in the expected dividend yield would result in a significantly higher (lower) fair value measurement. A significant increase (decrease) in discount for lack of marketability would result in a significantly lower (higher) fair value measurement. A change in assumption used for dividend yield may warrant a directionally opposite change in assumption for discount for lack of marketability.

43. Fair value of assets and liabilities (cont'd)

(b) Fair value measurement (cont'd)

Level 3 fair value measurement (cont'd)

Information about significant unobservable inputs used in Level 3 fair value measurements (cont'd)

The following table shows the impact on the Level 3 fair value measurement of assets and liabilities that are sensitive to changes in unobservable inputs that reflect reasonably possible alternative assumptions. The positive and negative effects are approximately the same.

	Carrying amount S\$'000	Effect of reasonably possible alternative assumptions	
		Profit or loss S\$'000	Other comprehensive income S\$'000
<b>2014</b>			
<b>Recurring fair value measurements</b>			
Available-for-sale financial assets:			
Long-term unquoted equities	460	–	46
Short-term unquoted equities	157	–	31
Other unquoted instrument	15	–	–
<b>2013</b>			
<b>Recurring fair value measurements</b>			
Available-for-sale financial assets:			
Long-term unquoted equities	425	–	42
Short-term unquoted equities	221	–	44
Other unquoted instrument	15	–	–

In order to determine the effect of the above reasonably possible alternative assumptions, the Group adjusted the following key unobservable inputs used in the fair value measurement:

- For unquoted equity securities, the Group adjusted the discount for lack of marketability by increasing and decreasing the assumptions by 5% to 8% depending on the individual characteristics of the instrument.

43. Fair value of assets and liabilities (cont'd)

(b) Fair value measurement (cont'd)

Level 3 fair value measurement (cont'd)

Information about significant unobservable inputs used in Level 3 fair value measurements (cont'd)

The following table presents the changes in Level 3 instruments:

Group	Trading securities at fair value through profit or loss S\$'000	Equity investments AFS S\$'000	Total S\$'000
<b>2014</b>			
Beginning of year	–	661	661
Currency translation	–	44	44
Disposals	–	–	–
Transfers	–	–	–
Fair value losses recognised in:			
- Other comprehensive income	–	(73)	(73)
- Profit or loss	–	–	–
End of year	–	632	632
Total profit/(loss) for the year included in profit or loss for assets and liabilities held at the end of the reporting period	–	–	–
<b>2013</b>			
Beginning of year	–	3,328	3,328
Currency translation	–	(24)	(24)
Disposals	–	(3,349)	(3,349)
Transfers	–	–	–
Fair value losses recognised in:			
- Other comprehensive income	–	630	630
- Profit or loss	–	76	76
End of year	–	661	661
Total profit/(loss) for the year included in profit or loss for assets and liabilities held at the end of the reporting period	–	76	76

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43. Fair value of assets and liabilities (cont'd)

(b) Fair value measurement (cont'd)

Level 3 fair value measurement (cont'd)

Information about significant unobservable inputs used in Level 3 fair value measurements (cont'd)

Management reviews the valuation processes used by the Group. For all significant financial reporting valuations using valuation models and significant unobservable inputs, it is the Group's policy to engage external valuation experts to perform the valuation.

In determining this, the management make judgements as to whether there is observable data indicating that there is a significant change in the fair value of the assets and liabilities.

Where there is no objective evidence of a significant financial reporting valuations, management adjusts the value of the securities periodically based on the current foreign exchange and latest available net asset value of the securities.

(c) **Assets and liabilities not carried at fair value but for which fair value is disclosed**

The following table shows an analysis of the Group's assets and liabilities not measured at fair value at 31 December 2014 but for which fair value is disclosed:

Group	Fair value measurement at end of the reporting period using				
	Quoted prices in active markets for identical assets (Level 1) S\$'000	Significant observable inputs other than quoted prices (Level 2) S\$'000	Significant unobservable inputs (Level 3) S\$'000	Total S\$'000	Carrying amount S\$'000
<b>2014</b>					
<b>Assets</b>					
Staff loans (non-current)	–	–	6,901	6,901	11,323
Deposits (non-current)	–	–	2,519	2,519	2,595
Loan receivables	–	–	21,731	21,731	24,147
Other non-current receivables	–	–	4,045	4,045	4,147
Financial assets, held to maturity	23,957	–	–	23,957	23,962
Freehold/ leasehold land and properties	–	221,884	–	221,884	151,929
<b>Liabilities</b>					
Bank borrowings (non-current)	–	–	200,521	200,521	203,439
Loans payable (non-current)	–	–	7,467	7,467	7,339

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43. Fair value of assets and liabilities (cont'd)

(c) *Assets and liabilities not carried at fair value but for which fair value is disclosed (cont'd)*

Group	Fair value measurement at end of the reporting period using				Carrying amount S\$'000
	Quoted prices in active markets for identical assets (Level 1) S\$'000	Significant observable inputs other than quoted prices (Level 2) S\$'000	Significant unobservable inputs (Level 3) S\$'000	Total S\$'000	
2013					
<b>Assets</b>					
Staff loans (non-current)	–	–	7,855	7,855	10,137
Deposits (non-current)	–	–	5,338	5,338	5,789
Loan receivables	–	–	5,130	5,130	4,358
Other non-current receivables	–	–	475	475	504
Financial assets, held to maturity	23,255	–	–	23,255	23,003
Freehold/leasehold land and properties	–	224,888	–	224,888	158,199
<b>Liabilities</b>					
Bank borrowings (non-current)	–	–	184,264	184,264	182,136

*Determination of fair value*

The valuation of leasehold land and properties are based on comparative market transactions that consider sales of similar properties that have been transacted in the open market.

Except for leasehold land and properties, the fair values as disclosed in the table above are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, or borrowing at the end of the reporting period.

(d) *Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows*

*Cash and cash equivalents, outstanding contracts receivable, trade and other receivables, amounts due from associated companies and related companies (non-trade), outstanding contracts payable, trade and other payables, insurance liabilities, employee benefit liability, borrowings and amounts due to related companies*

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

43. Fair value of assets and liabilities (cont'd)

(e) *Hedging activities*

The Group applies hedge accounting for certain hedging relationships which qualify for hedge accounting. The objective of the hedge is to swap the floating rate to a fixed rate at 1.2146% (2013: 1.165%) of the cash outflows related to the interest-bearing borrowings. The combination of the swap and the borrowing will result in an expected net cash outflow equal to 2.135%. The cash flows of the interest-bearing borrowings that are linked to 3-month SIBOR. The interest rate risk is being hedged by the interest rate swap and the variability in the borrowing cash outflows attributable to changes in 3-month SIBOR. The counterparty to the Swap is a reputable bank and the credit risk associated with this counterparty is considered to be very low.

The interest rate swap balances vary with the floating rates movement of the loan.

	<b>Liabilities</b>	
	<b>2014</b>	<b>2013</b>
	S\$'000	S\$'000
Interest rate swap designated as hedging instruments:		
Fair value	740	1,757

The terms of the interest swap contract match the terms of the expected highly probable forecast transactions. As a result, no hedge ineffectiveness arises requiring recognition through profit or loss. The notional amount of this interest rate swap is S\$146,860,000.

The cash flow hedges of the expected cash outflows related to the interest-bearing borrowings in 2015 were assessed to be highly effective and a net unrealised gain of S\$1,017,000, with deferred tax liability of S\$173,000 was included in other comprehensive income in respect of these contracts. Comparatively, cash flow hedges of the expected cash outflow in 2014 were also assessed to be highly effective and an unrealised loss of S\$1,757,000 with a deferred tax asset of S\$299,000 was included in other comprehensive income in respect of the contract.

There was no amount removed from other comprehensive income during the year. The amount retained in other comprehensive income as at 31 December 2014 is expected to be mature and affect the profit or loss in 2016.

44. Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following transactions took place between the Group and related parties at terms agreed between the parties:

(a) *Sales and purchases of services*

	Group	
	2014	2013
	S\$'000	S\$'000
With directors and their connected persons:		
- Brokerage income	1	14
- Interest expense	-	79
With ultimate holding company:		
- Interest income	164	197
- Rental income	275	153
- Research fee income	6,261	-
- Corporate finance income	6,041	-
- Interest expense	455	8
- Commission/fee expense	5,328	-
- Rental expense	35	-
- Other charges	1	36
With related companies:		
- Brokerage income	2,756	1,299
- Underwriting/Placement fee	14,842	3,127
- Interest income	150	561
- Corporate finance income	225	-
- Other fees income	842	99
- Rental income	178	58
- Research fee income	1,231	1,474
- Brokerage expense	1,300	982
- Commission/fee expense	101	28
- Interest expense	4	5
- Bank charges	1	-
- Rental expense	60	-
- Insurance premium	291	-
- Proceeds from sale of AFS investments	-	68,219

44. Related party transactions (cont'd)

(b) *Outstanding balances/off-balance sheet*

	Group	
	2014 S\$'000	2013 S\$'000
Trust account with ultimate holding company:		
- Trust bank balance	214,560	97,430
	214,560	97,430

(c) *Key management personnel compensation*

Key management personnel compensation consists of approved compensation as at the date of the authorisation of the financial statements and is as follows:

	Group	
	2014 S\$'000	2013 S\$'000
Salaries and other short-term employee benefits	6,737	6,392
Employer's contribution to defined contribution plans including CPF	46	56
	6,783	6,448

Total compensation to directors of the Company amounted to S\$163,000 (2013: S\$248,000).

45. Segment information

Management has determined the operating segments based on reports reviewed by the Chief Executive Officer and the Chief Financial Officer.

The management considers the business mainly from a geographical perspective. Geographically, management manages and monitors the business in the five main geographic areas: Singapore, Thailand, Hong Kong, Indonesia and Philippines. Other countries in which the Group operates comprise United States of America, United Kingdom, India, and Vietnam. All geographic locations are engaged in stockbroking and related activities.

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45. Segment information (cont'd)

The segment information provided to management for the reportable segments were as follows:

(a) *Geographical segments information*

Group	Singapore S\$'000	Thailand S\$'000	Hong Kong S\$'000	Indonesia S\$'000	Philippines S\$'000	Others S\$'000	Elimination S\$'000	Group S\$'000
<b>2014</b>								
<u>Continuing operations</u>								
<b>Revenue</b>								
- External sales	161,808	167,965	25,417	8,512	72,723	23,041	-	459,466
- Inter-segment sales	145,514	3,819	7,704	4,968	10,666	8,565	(181,236)	-
	307,322	171,784	33,121	13,480	83,389	31,606	(181,236)	459,466
Profit/(loss) before taxation	19,064	62,913	(3,489)	(7,105)	3,332	4,371	-	79,086
Share of profit of associated companies	-	-	-	-	82	-	-	82
Income tax expense	(5,224)	(12,873)	(39)	61	(3,391)	(219)	-	(21,685)
Profit/(loss) from continuing operations	13,840	50,040	(3,528)	(7,044)	23	4,152	-	57,483
<u>Discontinued operation</u>								
Discontinued operations	6,189	-	-	-	4,693	-	-	10,882
<b>Profit/(loss) for the year</b>	<b>20,029</b>	<b>50,040</b>	<b>(3,528)</b>	<b>(7,044)</b>	<b>4,716</b>	<b>4,152</b>	<b>-</b>	<b>68,365</b>
Profit before taxation includes:								
(Gain)/loss from sale of subsidiaries and associated companies	(39)	-	3	-	-	-	-	(36)
Segment assets	790,889	842,563	233,711	71,237	216,316	123,931	-	2,278,647
Associated companies	-	-	-	-	6,486	-	-	6,486
<b>Total assets</b>	<b>790,889</b>	<b>842,563</b>	<b>233,711</b>	<b>71,237</b>	<b>222,802</b>	<b>123,931</b>	<b>-</b>	<b>2,285,133</b>
Total assets include:								
Additions to:								
- Property, plant and equipment	5,483	6,125	465	363	1,125	579	-	14,140
- Deferred tax asset	1,152	(105)	-	367	(894)	83	-	603
<b>Total liabilities</b>	<b>553,480</b>	<b>598,579</b>	<b>135,378</b>	<b>36,329</b>	<b>86,993</b>	<b>26,282</b>	<b>-</b>	<b>1,437,041</b>

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45. Segment information (cont'd)

(a) Geographical segments information (cont'd)

Group	Singapore S\$'000	Thailand S\$'000	Hong Kong S\$'000	Indonesia S\$'000	Philippines S\$'000	Others S\$'000	Elimination S\$'000	Group S\$'000
<b>2013</b>								
<b>Continuing operations</b>								
<b>Revenue</b>								
- External sales	143,290	189,257	29,114	16,559	81,464	19,628	-	479,312
- Inter-segment sales	109,323	2,440	4,331	3,729	14,617	5,703	(140,143)	-
	252,613	191,697	33,445	20,288	96,081	25,331	(140,143)	479,312
Profit/(loss) before taxation	547	72,293	18,103	1,923	12,599	(1,779)	-	103,686
Share of profit of associated companies	-	-	-	-	293	-	-	293
Income tax expense	(2,559)	(15,033)	(42)	(1,280)	(7,458)	(106)	-	(26,478)
Profit/(loss) from continuing operations	(2,012)	57,260	18,061	643	5,434	(1,885)	-	77,501
<b>Discontinued operation</b>								
Discontinued operations	26	459	-	-	670	(3,833)	-	(2,678)
<b>Profit/(loss) for the year</b>	<b>(1,986)</b>	<b>57,719</b>	<b>18,061</b>	<b>643</b>	<b>6,104</b>	<b>(5,718)</b>	<b>-</b>	<b>74,823</b>
Profit before taxation includes:								
Loss from sale of subsidiaries and associated companies	(3,371)	-	-	-	-	-	-	(3,371)
Segment assets	909,728	573,003	194,618	57,328	199,014	71,662	-	2,005,353
Associated companies	-	-	-	-	5,887	-	-	5,887
<b>Total assets</b>	<b>909,728</b>	<b>573,003</b>	<b>194,618</b>	<b>57,328</b>	<b>204,901</b>	<b>71,662</b>	<b>-</b>	<b>2,011,240</b>
Total assets include:								
Additions to:								
- Property, plant and equipment	4,673	6,645	252	721	880	517	-	13,688
- Deferred tax asset	(1,117)	(450)	(29)	(450)	(1,188)	142	-	(3,092)
<b>Total liabilities</b>	<b>632,791</b>	<b>355,729</b>	<b>53,338</b>	<b>31,775</b>	<b>94,068</b>	<b>19,714</b>	<b>-</b>	<b>1,187,415</b>

45. Segment information (cont'd)

(a) **Geographical segments information (cont'd)**

Inter-segment transactions are determined by negotiation between the parties concerned. The revenue from external parties reported to the management is measured in a manner consistent with that in the consolidated statement of comprehensive income.

Management assesses the performance of the operating segment based on net (loss)/profit after taxation. The information in the operating segments provided to the management reconciled with those in the consolidated statement of comprehensive income and the balance sheets. No further reconciliation is required. The amounts provided to management with respect to net (loss)/profit after taxation, total assets and total liabilities are measured in a manner consistent with that of the financial statements.

The Group's business segments operates in five main geographical areas:

- Singapore - the Company is headquartered and has operations in Singapore. The operations in this area are principally stockbroking, provision of corporate finance services, money lending and margin financing, provision of nominee services, investment holding, property investments and real estate development;
- Thailand - the operations in this area are principally stockbroking, provision of corporate finance services and margin financing;
- Hong Kong - the operations in this area are principally stockbroking, provision of corporate finance services, margin financing, and investment holding;
- Indonesia - the operations in this area are principally stockbroking, provision of corporate finance services and margin financing; and
- Philippines - the operations in this area are principally stockbroking, provision of corporate finance services, real estate development and insurance.

	<b>Non-current assets</b>	
	<b>2014</b>	<b>2013</b>
	S\$'000	S\$'000
Singapore	167,958	170,470
Thailand	14,221	11,150
Hong Kong	1,021	956
Indonesia	966	923
Philippines	39,962	41,583
Others	18,618	20,017
	242,746	245,099

Non-current assets information presented above consist of memberships in exchanges, investments in associated companies, property, plant and equipment, goodwill and intangible assets as presented on the balance sheets.

45. Segment information (cont'd)

(b) *Revenue from major products and services*

Revenue from external parties are derived mainly from stockbroking, insurance, corporate finance, and others as follows:

<b>Continuing operations</b>	<b>2014</b> S\$'000	<b>2013</b> S\$'000
Stockbroking	303,627	358,627
Insurance	53,187	47,330
Corporate finance	73,051	39,701
Others	29,601	33,654
	459,466	479,312

The Groups does not have any revenue from any single external client exceeding 10% of the Group's operating income.

46. Minority interest

(a) *Interest in subsidiaries with material non-controlling interest (NCI)*

The Group has the following subsidiary that has NCI that is material to the Group.

Name of subsidiary	Principal place of business	Proportion of ownership interest held by non-controlling interest %	Profit allocated to NCI during the reporting period S\$'000	Accumulated NCI at the end of reporting period S\$'000	Dividends paid to NCI S\$'000
Maybank Kim Eng Securities (Thailand) Public Company Limited	Thailand	84	8,250	32,453	10,533

*Significant restrictions*

The nature and extent of significant restrictions on the Group's ability to use or access assets and settle liabilities of subsidiaries with material non-controlling interests are:

- Cash and cash equivalents of \$10,874,000 (2013: \$13,421,000) held in Thailand are subject to local exchange control regulations. These regulations places restriction on the amount of currency being exported other than through dividends.

46. Minority interest (cont'd)

(b) *Summarised financial information about subsidiary with material NCI*

Summarised financial information on acquisition and consolidation adjustments but before inter-company eliminations of subsidiaries with material non-controlling interests are as follows:

(i) *Summarised balance sheet*

<b>Maybank Kim Eng Securities (Thailand) Public Company Limited</b>	<b>2014 S\$'000</b>	<b>2013 S\$'000</b>
<b>Current</b>		
Assets	833,167	510,919
Liabilities	(612,561)	(355,725)
Net current assets	220,606	155,194
<b>Non-current</b>		
Assets	32,484	27,399
Liabilities	(56,406)	-
Net non-current assets	(23,922)	27,399
Net Client's Trust	-	20,377
<b>Net assets</b>	<b>196,684</b>	<b>202,970</b>

(ii) *Summarised comprehensive income*

<b>Maybank Kim Eng Securities (Thailand) Public Company Limited</b>	<b>2014 S\$'000</b>	<b>2013 S\$'000</b>
Revenue	172,691	193,920
Profit before tax	62,873	73,541
Income tax	(12,873)	(15,033)
Profit net of tax	50,000	58,508
Other comprehensive income	-	-
<b>Total comprehensive income</b>	<b>50,000</b>	<b>58,508</b>

46. Minority interest (cont'd)

(b) *Summarised financial information about subsidiary with material NCI (cont'd)*

(iii) *Other summarised information*

**Maybank Kim Eng Securities  
(Thailand) Public Company  
Limited**

	<b>2014</b> S\$'000	<b>2013</b> S\$'000
Net cash flows from operations	(151,109)	(26,997)
Acquisition of significant property, plant and equipment	6,125	6,645

47. **Authorisation of financial statements**

The financial statements of the Group for the financial year ended 31 December 2014 were approved and authorised for issue by the board of directors on 16 February 2015.

**Maybank Kim Eng Holdings Limited and Its Subsidiaries**

**Notes to the financial statements  
For the financial year ended 31 December 2014**

**48. Listing of significant companies in the Group**

Name of Companies	Principal activities	Country of incorporation and place of business	Equity holding by			
			Company		Subsidiaries/ associated companies	
			2014 %	2013 %	2014 %	2013 %
<b>Subsidiaries</b>						
Rezan Pte Ltd <sup>(a)</sup>	Investment holding	Singapore	100	100	--	--
Maybank Kim Eng Securities Pte. Ltd. <sup>(a)</sup>	Dealing in securities	Singapore	100	100	--	--
Maybank Kim Eng Corporate Finance Pte. Ltd. (in members' voluntary liquidation)	Provision of corporate finance and advisory services	Singapore	100	100	--	--
Kim Eng Finance (Singapore) Pte. Ltd. <sup>(a)</sup>	Money lending	Singapore	100	100	--	--
Maybank KE Strategic Pte. Ltd. <sup>(a)</sup>	Investment holding	Singapore	100	100	--	--
Maybank Kim Eng Properties Pte. Ltd. <sup>(a)</sup>	Property investment	Singapore	100	100	--	--
Strategic Acquisitions Pte. Ltd. <sup>(a)</sup>	Investment holding	Singapore	100	100	--	--
PT Maybank Kim Eng Securities (formerly known as PT Kim Eng Securities) <sup>(b)</sup>	Dealing in securities	Indonesia	80	80	--	--
Kim Eng Research Sdn. Bhd. (liquidated) <sup>(g)</sup>	Provision of research services	Malaysia	--	70	--	--
Maybank Kim Eng Securities (Thailand) Public Company Limited <sup>(b)</sup>	Dealing in securities	Thailand	84	84	--	--
Kim Eng Investment Limited <sup>(b)</sup>	Investment holding	Hong Kong	100	100	--	--
Maybank Kim Eng Securities (London) Limited <sup>(b)</sup>	Dealing in securities	United Kingdom	100	100	--	--
Maybank Kim Eng Securities USA Inc. <sup>(f)</sup>	Dealing in securities	United States of America	100	100	--	--
KE Sovereign Limited <sup>(c)</sup>	Investment holding	British Virgin Islands	100	100	--	--
Kim Eng Securities India Private Limited <sup>(d)</sup>	Dealing in securities	India	75	75	--	--
Maybank Kim Eng Securities Limited (formerly known as Maybank Kim Eng Securities Joint Stock Company) <sup>(b)</sup>	Dealing in securities	Vietnam	100	100	--	--
Maybank ATR Kim Eng Capital Partners Inc. <sup>(b), ^</sup>	Corporate finance and financial investment advisory	Philippines	100	100	--	--
<b>Held by Rezan Pte Ltd</b>						
Ong Asia Limited <sup>(a)</sup>	Investment holding	Singapore	--	--	100	100

**Maybank Kim Eng Holdings Limited and Its Subsidiaries**

**Notes to the financial statements**

**For the financial year ended 31 December 2014**

**48. Listing of significant companies in the Group (cont'd)**

Name of Companies	Principal activities	Country of incorporation and place of business	Equity holding by			
			Company		Subsidiaries/ associated companies	
			2014 %	2013 %	2014 %	2013 %
<b>Subsidiaries (cont'd)</b>						
Maybank ATR Kim Eng Fixed Income Inc. <sup>(b)*</sup> (Liquidated)	Fund raising advisers	Philippines	--	--	-	100
FXDS Learning Group Pte. Ltd. <sup>(a)</sup>	Financial education	Singapore	--	--	100	100
<u>Held by Ong Asia Limited</u>						
Ong & Company Private Limited <sup>(a)</sup>	Dormant	Singapore	--	--	100	100
Ong Asia Securities (H.K.) Limited <sup>(b)</sup>	Securities trading	Hong Kong	--	--	100	100
<u>Held by Maybank Kim Eng Securities Pte. Ltd.</u>						
Maybank Kim Eng Securities Nominees Pte. Ltd. <sup>(a)</sup>	Acting as nominee for beneficial shareholders	Singapore	--	--	100	100
Maybank Kim Eng Research Pte. Ltd. <sup>(a)</sup>	Provision of research services	Singapore	--	--	100	100
<u>Held by Strategic Acquisitions Pte. Ltd.</u>						
St Michael's Development Pte. Ltd. <sup>(a)</sup>	Real estate development	Singapore	--	--	100	100
<u>Held by Maybank KE Strategic Pte Ltd</u>						
PT Kim Eng Asset Management <sup>(b)</sup> (in members' voluntary liquidation)	Dormant	Indonesia	--	--	85	85
<u>Held by Kim Eng Investment Limited</u>						
Kim Eng Securities (Hong Kong) Limited <sup>(b)</sup>	Dealing in securities	Hong Kong	--	--	100	100
Kim Eng Futures (Hong Kong) Limited <sup>(b)</sup>	Futures contracts broker	Hong Kong	--	--	100	100
Kim Eng Consultant Limited (China) (Liquidated) <sup>(g)</sup>	Dormant	China	--	--	-	100

Maybank Kim Eng Holdings Limited and Its Subsidiaries

Notes to the financial statements

For the financial year ended 31 December 2014

48. Listing of significant companies in the Group (cont'd)

Name of Companies	Principal activities	Country of incorporation and place of business	Company		Subsidiaries/ associated companies		
			2014 %	2013 %	2014 %	2013 %	
<b>Subsidiaries (cont'd)</b>							
<u>Held by Kim Eng Securities (Hong Kong) Limited</u>							
Kim Eng Nominees (Hong Kong) Limited <sup>(b)</sup>	Nominee services	Hong Kong	–	–	100	100	
<u>Held by Maybank Kim Eng Properties Pte. Ltd.</u>							
Maybank Kim Eng Properties USA Inc. <sup>(c)</sup>	Property investment	United States of America	–	–	100	100	
<u>Held by Kim Eng Securities India Private Limited</u>							
KE India Securities Private Limited <sup>(g)</sup>	Dormant	India	–	–	–	75	
<u>Held by Maybank ATR Kim Eng Capital Partners Inc.</u>							
Maybank ATR Kim Eng Securities, inc. <sup>(b)*</sup>	Dealing in securities	Philippines	–	–	100	100	
ATR Kim Eng Land, Inc. <sup>(g)* ^</sup>	Real estate investment	Philippines	–	–	–	100	
AsianLife & General Assurance Corporation <sup>(b)* ^</sup>	Insurance provider	Philippines	–	–	95	95	
<b>Associated companies</b>							
<u>Held by Maybank ATR Kim Eng Capital Partners Inc.</u>							
Tullet Prebon (Philippines), Inc <sup>(e) ^</sup>	Broker between participant in forex and fixed income	Philippines	–	–	49	49	
ATRAM Investment Management Partners Corporation <sup>(b)*</sup>	Investment management	Philippines	–	–	35	35	
<u>Held by Maybank ATR Kim Eng Securities Inc.</u>							
Adrion V Ocampo Insurance Brokers, Inc. <sup>(b)* ^</sup>	Insurance brokerage	Philippines	–	–	40	40	

## Maybank Kim Eng Holdings Limited and Its Subsidiaries

### Notes to the financial statements

For the financial year ended 31 December 2014

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#### 48. Listing of significant companies in the Group (cont'd)

- (a) Audited by Ernst & Young LLP, Singapore.
- (b) Audited by Ernst & Young firm outside Singapore.
- (c) No audit required as allowed by the laws of the country of incorporation.
- (d) Audited by Ajay Kanjhia & Associates, New Delhi, India, Financial year ends on 31 March.
- (e) Audited by Manabat Delgado Amper & Lo. (Deloitte Philippines)
- (f) Audited by Cohen & Schaeffer, United States of America.
- (g) Entity was fully disposed off or strike-off during the financial period.
- \* Company is treated as a subsidiary of the Group by virtue of management control over financial and operating policies of the Company.
- ^ The proportion of the voting rights are as follow:

	2014	2013
	%	%
Maybank ATR Kim Eng Capital Partners Inc.	60	60
Maybank ATR Kim Eng Fixed income Inc.	–	92
Maybank ATR Kim Eng Securities, Inc.	60	60
ATR Kim Eng Land, Inc.	–	20
AsianLife & General Assurance Corporation	24	24
Tullet Prebon (Philippines), Inc.	29	29
ATRAM Investment Management Partners Corporation	21	21
Adrion V Ocampo Insurance Brokers, Inc.	24	24

**APPENDIX III**

**AUDITED FINANCIAL STATEMENTS OF MAYBANK KIM ENG SECURITIES PTE. LTD.  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014**

Company Registration No. 197201256N

Maybank Kim Eng Securities Pte. Ltd.

Annual Financial Statements  
31 December 2014



Building a better  
working world

## Maybank Kim Eng Securities Pte. Ltd.

### General information

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#### Directors

Bedi Harmeet Singh (Appointed on 15 July 2014)  
Goh Keat Jin  
Ong Kah Pin Giles  
Datuk Lim Hong Tat (Appointed on 22 August 2014)

#### Company Secretary

Tan Cheh Imm Teresa

#### Registered Office

50 North Canal Road  
#03-01  
Singapore 059304

#### Auditor

Ernst & Young LLP

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Statement of changes in equity	12
Cash flow statement	13
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## Maybank Kim Eng Securities Pte. Ltd.

### Directors' report

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The directors are pleased to present their report to the member together with the audited financial statements of Maybank Kim Eng Securities Pte. Ltd. (the "Company") for the financial year ended 31 December 2014.

#### Directors

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

Bedi Harmeet Singh  
Goh Keat Jin  
Ong Kah Pin Giles  
Datuk Lim Hong Tat

#### Arrangements to enable directors to acquire shares and debentures

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

#### Directors' interests in shares, options and debentures

- (a) According to the register of directors' shareholdings required to be kept under section 164 of the Singapore Companies Act, Chapter 50, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related companies, except as follows:

	Direct interest		Deemed interest	
	At the beginning of financial year or date of appointment	At the end of financial year	At the beginning of financial year or date of appointment	At the end of financial year
<b>Malayan Banking Berhad</b>				
<i>(No. of ordinary shares of RM1.00 each)</i>				
Datuk Lim Hong Tat	26	26	–	–

Directors' report

Directors' interests in shares, options and debentures (cont'd)

- (b) According to the register of directors' shareholdings required to be kept under section 164 of the Singapore Companies Act, Chapter 50, none of the directors holding office at the end of the financial year had options to subscribe for ordinary shares of the Company or its related corporations, except for options which are granted and vested pursuant to the Maybank Group Employees' Share Scheme ("ESS") as set out below:

	Direct interest		Deemed interest	
	At the beginning of financial year or date of appointment	At the end of financial year	At the beginning of financial year or date of appointment	At the end of financial year
<b>Malayan Banking Berhad</b>				
<i>(No. of options over ordinary shares of RM1.00 each)</i>				
Datuk Lim Hong Tat	825,000	825,000	–	–
Goh Keat Jin	35,000	355,000	–	–

Directors' contractual benefits

Since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member or with a company in which the director has a substantial financial interest, except as disclosed in the accompanying financial statements and in this report, and except that certain directors receive remuneration as a result of their employments with the Company or with related corporations.

During the financial year, the Company has engaged in transactions in the normal course of business with the directors and companies in which certain directors have substantial financial interests. However, the directors have not received nor will they become entitled to receive any benefits arising out of these transactions other than those which they may be entitled as customers or employees, or equity holders of these companies.

**Maybank Group Employees' Share Scheme ("ESS")**

The Maybank Group Employees' Share Scheme ("ESS") is governed by the by-laws approved by the shareholders of the ultimate parent company, Malayan Banking Berhad ("Maybank") at an Extraordinary General Meeting held on 13 June 2011. The ESS was implemented on 23 June 2011 and is in force for a maximum period of seven (7) years from the effective date for eligible employees and executive directors within Maybank Group. It is administered by the ESS Committee.

The ESS consists of two (2) types of performance-based awards in the form of Employee Share Option Scheme ("ESOS") and Restricted Share Unit ("RSU"). The RSU will be vested and awarded upon fulfilment of predetermined vesting conditions including service period, performance targets and performance period.

**Directors' contractual benefits (cont'd)**

**Maybank Group Employees' Share Scheme ("ESS") (cont'd)**

The ESS Committee may, from time to time during the ESS period, make further RSU grants designated as Supplemental RSU Grant ("SRSU grant") to a selected group of eligible employees to participate in the RSU award. This selected group may consist of senior management, selected key retentions and selected senior external recruits, and such SRSU grants may contain terms and conditions which may vary from earlier RSU grants made available to selected senior management.

Dividend Reinvestment Plan ("DRP") allows shareholders to reinvest their dividend into new ordinary share(s) of RM1.00 each in Maybank.

Details of the share options and restricted share units granted to directors of the Company are as follows:

Malayan Banking Berhad	Exercise Price (RM)	Granted on	Number of share options over ordinary shares of RM1.00 each				Vested as at 31.12.2014
			Vested as at 1.1.2014 or date of appointment	Adjustment	Vested	Exercised	
Datuk Lim Hong Tat	8.82 <sup>^</sup>	23.06.2011- 1,000,000 <sup>^^</sup>	825,000	-	-	-	825,000
Goh Keat Jin	8.83 <sup>^*</sup>	30.04.2012 - 315,000 <sup>^^</sup>	35,000	70,000 <sup>*</sup>	87,500	-	192,500
	9.91 <sup>^**</sup>	30.04.2014 - 682,500 <sup>^^</sup>	-	-	162,500	-	162,500

<sup>^</sup> Revised to RM8.75 on 29 October 2012 based on the revision to ESOS First Grant's exercise price.

<sup>^\*</sup> Revised to RM8.82 on 29 October 2012 based on the revision to ESOS Second Grant's exercise price.

<sup>^\*\*</sup> Revised to RM9.87 on 29 October 2014 based on the revision to ESOS Fourth Grant's exercise price.

<sup>^^</sup> The number of share options granted is based on the assumption that the eligible employees met average performance targets.

<sup>\*</sup> Adjustment for ESOS Second Grant, Second tranche granted on 30.04.2013 but accepted during the financial year ended 31 December 2014.

Directors' report

Directors' contractual benefits (cont'd)

*Maybank Group Employees' Share Scheme ("ESS") (cont'd)*

Details of the share options and restricted share units granted to directors of the Company are as follows:

Malayan Banking Berhad	Grant date	Number of Restricted Share Units ("RSU") of ordinary shares of RM1.00 each					Outstanding at 31.12.2014
		Granted as at 1.1.2014 or date of appointment	Adjustment	Adjustment pursuant to DRP	Granted	Vested	
Datuk Lim Hong Tat	30.04.2012	75,000**	—	—	—	—	75,000
	30.04.2013	75,000**	—	—	—	—	75,000
	30.04.2014	75,000**	—	—	—	—	75,000
Goh Keat Jin	30.04.2012	20,000**	—	—	—	—	20,000
	30.04.2013	—	20,000***	—	—	—	20,000
	30.04.2014	—	—	—	75,000**	—	75,000

\*\* The number of RSU granted is based on the assumption that the eligible employees met average performance targets.

\*\*\* Adjustment for RSU Second Grant, granted on 30 April 2013 but accepted during the financial year ended 31 December 2014.

Number of Supplemental RSU ("SRSU") of ordinary shares of RM1.00 each

Malayan Banking Berhad	Grant date	Granted as at date of appointment	Granted	Vested	Outstanding as at 31.12.2014
Bedi Harmeet Singh	15.07.2014	60,000	—	—	60,000

The maximum number of ordinary shares of RM1.00 each in Malayan Banking Berhad available under the ESS should not exceed 10% of the total number of issued and paid up capital of the Malayan Banking Berhad at any point of time during the duration of the scheme.

**Options**

During the financial year, there was:

- (a) no option granted by the Company to any person to take up unissued shares in the Company; and
- (b) no share issued by virtue of any exercise of option to take up unissued shares of the Company.

As at the end of the financial year, there was no unissued share of the Company under option.

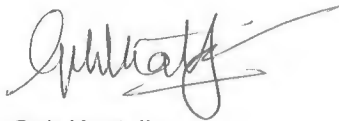
**Auditor**

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the board of directors:



Bedi Harmeet Singh  
Director



Goh Keat Jin  
Director

16 February 2015

**Maybank Kim Eng Securities Pte. Ltd.**

**Statement by directors**

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We, Bedi Harmeet Singh and Goh Keat Jin, being two of the directors of Maybank Kim Eng Securities Pte. Ltd., do hereby state that, in the opinion of the directors:

- (i) the accompanying statement of comprehensive income, balance sheet, statement of changes in equity and cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Company as at 31 December 2014 and the results of the business, changes in equity and cash flows of the Company for the financial year ended on that date; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the board of directors:



Bedi Harmeet Singh  
Director



Goh Keat Jin  
Director

16 February 2015

Maybank Kim Eng Securities Pte. Ltd.

Independent auditor's report  
For the financial year ended 31 December 2014

Independent auditor's report to the member of Maybank Kim Eng Securities Pte. Ltd.

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### **Report on the financial statements**

We have audited the accompanying financial statements of Maybank Kim Eng Securities Pte. Ltd. (the "Company") set out on pages 9 to 61, which comprise the balance sheet as at 31 December 2014, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the financial year then ended, and a summary of significant accounting policies and other explanatory information.

### ***Management's responsibility for the financial statements***

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

### ***Auditor's responsibility***

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

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

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

Maybank Kim Eng Securities Pte. Ltd.

Independent auditor's report  
For the financial year ended 31 December 2014

Independent auditor's report to the member of Maybank Kim Eng Securities Pte. Ltd.

**Opinion**

In our opinion, the financial statements 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 Company as at 31 December 2014 and the results, changes in equity and cash flows 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 have been properly kept in accordance with the provisions of the Act.

*Ernst & Young LLP*

Ernst & Young LLP  
Public Accountants and  
Chartered Accountants  
Singapore

16 February 2015

Maybank Kim Eng Securities Pte. Ltd.

Statement of comprehensive income  
For the financial year ended 31 December 2014

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	Note	2014 S\$	2013 S\$
Revenue	4	164,233,399	153,926,544
Other income	4	2,373,183	1,137,193
Other gains - net	5	7,457,498	6,546,819
<b>Expenses</b>			
- Commission		(57,679,684)	(62,439,038)
- Employee compensation	6	(42,735,814)	(41,420,041)
- Depreciation	18	(4,385,814)	(3,752,332)
- Finance	7	(2,412,380)	(2,473,135)
- Others	8	(51,022,769)	(46,383,252)
Total expenses		(158,236,461)	(156,467,798)
<b>Profit before taxation</b>		15,827,619	5,142,758
Income tax expense	9(a)	(633,544)	(1,451,781)
<b>Profit after taxation</b>		15,194,075	3,690,977
<b>Total comprehensive income for the year</b>		15,194,075	3,690,977

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

Maybank Kim Eng Securities Pte. Ltd.

Balance sheet  
As at 31 December 2014

	Note	2014 S\$	2013 S\$ (Restated)
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	10	43,322,627	73,709,846
Outstanding contracts - receivable	11(a)	211,371,214	281,284,732
Trade and other receivables	12	301,419,553	367,630,586
Financial assets, at fair value through profit or loss	13(a)	102,147,568	17,522,228
Derivative financial instruments	14	34,642	1,239
Amounts due from:			
- Ultimate holding company (trade)	15	–	1,723
- Ultimate holding company (non trade)	15	2,006,615	–
- Subsidiaries of ultimate holding company (non trade)	15	676,007	11,795
- Related companies (non-trade)	16	1,140,408	1,582,245
		662,118,634	741,744,394
<b>Non-current assets</b>			
Investments in subsidiaries	17	310,703	310,703
Property, plant and equipment	18	18,012,567	17,278,696
		18,323,270	17,589,399
<b>Total assets</b>		680,441,904	759,333,793
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Outstanding contracts - payable	11(b)	194,857,957	247,431,379
Trade and other payables	19	123,065,795	47,283,193
Financial liabilities, at fair value through profit or loss	13(b)	5,833	5,187
Derivative financial instruments	14	433,418	–
Borrowings	21	70,000,000	50,000,000
Amounts due to:			
- Ultimate holding company (non-trade)	15	–	13,062
- Immediate holding company (non-trade)	16	–	133,880,571
- Related companies (non-trade)	16	4,674,633	5,276,168
Income tax payable	9(b)	310,117	167,376
		393,347,753	484,056,936
<b>Non-current liabilities</b>			
Deferred tax liabilities	20	427,254	54,035
		427,254	54,035
<b>Total liabilities</b>		393,775,007	484,110,971
<b>NET ASSETS</b>		286,666,897	275,222,822

Maybank Kim Eng Securities Pte. Ltd.

Balance sheet  
As at 31 December 2014

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	Note	2014 S\$	2013 S\$ (Restated)
<b>EQUITY</b>			
Share capital	22	75,000,000	75,000,000
Statutory reserves	23	31,912,000	31,912,000
Retained earnings		179,754,897	168,310,822
<b>Total equity</b>		<b>286,666,897</b>	<b>275,222,822</b>
<b>Trust accounts</b>			
Bank balances		344,190,376	291,398,741
Deposit placed with clearing institutions		5,988,039	1,187,463
Less: Amounts held in trust:			
- Subsidiaries of ultimate holding company		(8,698,834)	(2,744,710)
- Related companies		(17,943,929)	(10,008,135)
- Third parties		(323,535,652)	(279,833,359)
		<b>-</b>	<b>-</b>

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

Maybank Kim Eng Securities Pte. Ltd.

Statement of changes in equity  
For the financial year ended 31 December 2014

2014	Note	Share capital S\$	Statutory reserve S\$	Retained earnings S\$	Total S\$
At 1 January 2014		75,000,000	31,912,000	168,310,822	275,222,822
Total comprehensive income for the year		–	–	15,194,075	15,194,075
Dividend paid	24	–	–	(3,750,000)	(3,750,000)
At 31 December 2014		75,000,000	31,912,000	179,754,897	286,666,897
<b>2013</b>					
At 1 January 2013		75,000,000	31,912,000	164,619,845	271,531,845
Total comprehensive income for the year		–	–	3,690,977	3,690,977
Dividend paid	24	–	–	–	–
At 31 December 2013		75,000,000	31,912,000	168,310,822	275,222,822

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

Maybank Kim Eng Securities Pte. Ltd.

Cash flow statement  
For the financial year ended 31 December 2014

	Note	2014 S\$	2013 S\$
<b>Cash flows from operating activities</b>			
Profit before taxation		15,827,619	5,142,758
Adjustments for:			
Depreciation	18	4,385,814	3,752,332
Net gain on disposal of property, plant and equipment	5	(42,969)	(55,831)
Property, plant and equipment written off	8	406,645	1,368
Dividend income	4	(55,839)	(128,292)
Interest income		(15,614,824)	(13,934,096)
Interest expenses	7	2,412,380	2,473,135
Impairment loss on trade and other receivables		2,562,809	1,716,167
Unrealised exchange gain		(3,064,640)	(1,289,511)
<b>Operating cash flows before changes in working capital</b>		<b>6,816,995</b>	<b>(2,321,970)</b>
Changes in working capital:			
Decrease in outstanding contracts - receivable		69,913,518	84,529,049
Decrease/(increase) in trade and other receivables		67,170,957	(62,117,664)
(Increase)/decrease in financial assets, at fair value through profit or loss		(84,625,340)	3,311,191
Decrease/(increase) in derivative financial instruments		400,015	(1,153)
Decrease/(increase) in amounts due from ultimate holding company (trade)		1,723	(18)
Decrease in amounts due to ultimate holding company (non-trade)		(2,019,677)	(23,031)
Increase in amount due from subsidiaries of ultimate holding company (non-trade)		(664,212)	(11,795)
(Increase)/decrease in amounts due from related companies (non-trade)		(159,698)	3,125,409
Decrease in outstanding contracts - payable		(52,573,422)	(81,881,283)
Increase/(decrease) in trade and other payables		75,690,350	(3,747,027)
Increase in financial liabilities, at fair value through profit or loss		646	4,797
<b>Cash flows from operating activities</b>		<b>79,951,855</b>	<b>(59,133,495)</b>
Interest received		15,356,120	13,934,096
Dividends received	4	55,839	128,292
Income tax paid	9(b)	(117,584)	(194,931)
<b>Net cash flows generated from/(used in) operating activities</b>		<b>95,246,230</b>	<b>(45,266,038)</b>

Maybank Kim Eng Securities Pte. Ltd.

Cash flow statement  
For the financial year ended 31 December 2014

	Note	2014 S\$	2013 S\$
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment	18	(5,528,323)	(4,636,689)
Proceeds from disposal of property, plant and equipment		44,962	61,109
<b>Net cash flows used in investing activities</b>		<b>(5,483,361)</b>	<b>(4,575,580)</b>
<b>Cash flows from financing activities</b>			
Interest paid		(2,320,128)	(2,419,701)
(Repayment)/proceeds for loan from immediate holding company		(133,880,571)	56,880,571
(Repayment)/proceeds from medium term notes		(50,000,000)	50,000,000
Proceeds/(repayment) from short-term bank loans		70,000,000	(10,000,000)
Dividend paid	24	(3,750,000)	-
<b>Net cash flows (used in)/generated from financing activities</b>		<b>(119,950,699)</b>	<b>94,460,870</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(30,187,830)</b>	<b>44,619,252</b>
Cash and cash equivalents at 1 January	10	73,709,846	28,954,037
Effects of exchange rate changes on cash and cash equivalents		(199,389)	136,557
<b>Cash and cash equivalents at 31 December</b>	10	<b>43,322,627</b>	<b>73,709,846</b>

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

**1. General information**

Maybank Kim Eng Securities Pte. Ltd. (the "Company") is incorporated and domiciled in Singapore. The address of its registered office is 50 North Canal Road, #03-01, Singapore 059304. The Company's immediate holding company is Maybank Kim Eng Holdings Limited, incorporated in Singapore. The ultimate holding company is Malayan Banking Berhad, incorporated in Malaysia.

The principal activity of the Company, a clearing member of the Singapore Exchange Securities Trading Limited, consists of the provision of securities and futures dealing services and investments of all kinds.

**2. Summary of significant accounting policies**

**2.1 Basis of preparation**

The financial statements of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared under the historical cost basis, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollar ("SGD" or "S\$").

The preparation of financial statements in conformity with FRS requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

The Company is exempted under Section 201 (3BA) of the Companies Act, Chapter 50 from preparing consolidated financial statements as the Company is wholly-owned by Maybank Kim Eng Holdings Limited, a Company incorporated in Singapore that prepares consolidated financial statements. The consolidated financial statements of Maybank Kim Eng Holdings Limited are available at its registered office situated at 50 North Canal Road #03-01, Singapore 059304.

2. Summary of significant accounting policies (cont'd)

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Company has adopted all the new and revised standards and Interpretations of FRS ("INT FRS") which are effective for annual periods beginning on or after 1 January 2014. The adoption of these standards and interpretations did not have any effect on the financial performance or position of the Company except as follow:

*Amendments to FRS 32 Offsetting of Financial Assets and Financial Liabilities*

The amendments to FRS 32 clarify that rights of set-off must not only be legally enforceable in the normal course of business, but must also not be contingent on a future event and must be enforceable in the event of bankruptcy or insolvency of all the counterparties to the contract. The Company currently offset certain outstanding contract balances with the same clearing house as the Company has legal rights to set off the amounts and intends to settle on a net basis. Certain outstanding contract balances do not meet the offsetting criteria as the settlements of outstanding contracts with the clearing house do not occur simultaneously.

These balances do not meet the offsetting criteria as the local bankruptcy law in the counterparty jurisdiction overrides netting contracts. Accordingly, outstanding contracts receivable increased by S\$3,423,243 and outstanding contracts payable increased by S\$3,423,243 as at 31 December 2013, respectively.

The changes in accounting policies are applied retrospectively. The effects of adoption of Amendments to FRS 32 *Offsetting of Financial Assets and Financial Liabilities* on the financial statements are as follows:

<b>Increase in</b>	<b>2013</b> S\$'000 (Restated)
<b><i>Balance sheet</i></b>	
Outstanding contracts receivable	3,423,243
Outstanding contracts payable	3,423,243

This change in accounting policy has no impact on the opening balance of the outstanding contracts receivable and outstanding contracts payable accounts as at 1 January 2013.

2. Summary of significant accounting policies (cont'd)

2.3 Standards issued but not yet effective

The Company has not adopted the following standards that have been issued but not yet effective:

Descriptions	Effective for annual periods beginning on or after
Amendments to FRS 19 <i>Defined Benefit Plans: Employee Contributions</i>	1 July 2014
Improvements to FRSs (January 2014)	
(a) Amendments to FRS 102 <i>Share Based Payment</i>	1 July 2014
(b) Amendments to FRS 103 <i>Business Combinations</i>	1 July 2014
(c) Amendments to FRS 108 <i>Operating Segments</i>	1 July 2014
(d) Amendments to FRS 16 <i>Property, Plant and Equipment</i> and FRS 38 <i>Intangible Assets</i>	1 July 2014
(e) Amendments to FRS 24 <i>Related Party Disclosures</i>	1 July 2014
Improvements to FRSs (February 2014)	
(a) Amendments to FRS 103 <i>Business Combinations</i>	1 July 2014
(b) Amendments to FRS 113 <i>Fair Value Measurement</i>	1 July 2014
(c) Amendments to FRS 40 <i>Investment Property</i>	1 July 2014
Amendments to FRS 16 and FRS 41 <i>Agriculture - Bearer Plants</i>	1 January 2016
Amendments to FRS 27 <i>Equity Method in Separate Financial Statements</i>	1 January 2016
Amendments to FRS 16 and FRS 38 <i>Clarification of Acceptable Methods of Depreciation and Amortisation</i>	1 January 2016
Improvements to FRSs (November 2014)	
(a) Amendments to FRS 105 <i>Non-current Assets Held for Sale and Discontinued Operations</i>	1 January 2016
(b) Amendments to FRS 107 <i>Financial Instruments: Disclosures</i>	1 January 2016
(c) Amendments to FRS 19 <i>Employee Benefits</i>	1 January 2016
Amendments to FRS 110 and FRS 28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	1 January 2016
Amendments to FRS 1 <i>Disclosure Initiative</i>	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28 <i>Investment Entities: Applying the Consolidation Exception</i>	1 January 2016
FRS 115 <i>Revenue from Contracts with Customers</i>	1 January 2017
FRS 109 <i>Financial Instruments</i>	1 January 2018

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application except for FRS 115 and FRS 109 that are under review.

**2. Summary of significant accounting policies (cont'd)**

**2.4 *Subsidiary***

A subsidiary is an investee that is controlled by the Company. The Company controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Thus, the Company controls an investee if and only if the Company has all of the following:

- Power over the investee;
- Exposure, or rights to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its return.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

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

**2.5 *Foreign currency translation***

The financial statements are presented in S\$, which is the functional currency of the Company.

Transactions in foreign currencies are measured in S\$, being the functional currency of the Company and are recorded on initial recognition in S\$ at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

**2. Summary of significant accounting policies (cont'd)**

**2.6 Property, plant and equipment**

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

The cost of an item of property, plant and equipment initially recognized includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The projected cost of dismantlement, removal or restoration is also recognised as part of the cost of property, plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of either acquiring the asset or using the asset for a purpose other than to produce inventories.

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	<u>Useful lives</u>
Leasehold improvements	3 years or lease term
Electrical fittings	10 years
Furniture and fittings	10 years
Office equipment	10 years
Computer and related equipment	5 years
Motor vehicles	5 years

The carrying value of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gains or losses on de-recognition of the asset is included in profit or loss in the financial year the asset is derecognised.

**2. Summary of significant accounting policies (cont'd)**

**2.7 Impairment of non-financial assets**

The Company assesses at the end of each reporting period whether there is an indication that property, plant and equipment and investments in subsidiaries may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written-down to its recoverable amount. The difference between the carrying amount and the recoverable amount is recognised as an impairment loss in profit or loss. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

For assets excluding goodwill, an assessment is made at the end of each reporting period as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

**2.8 Financial assets**

*Initial recognition and measurement*

Financial assets are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. Transaction costs for financial assets at fair value through profit or loss are recognised immediately as expenses.

**2. Summary of significant accounting policies (cont'd)**

**2.8 Financial assets (cont'd)**

*Subsequent measurement*

The subsequent measurement of financial assets depends on their classifications as follows:

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

Financial assets at fair value through profit or loss include financial assets held-for-trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held-for-trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by FRS 39. Derivatives, including separated embedded derivatives are also classified as held-for-trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss includes exchange differences and interest income.

Assets in this category are presented as current assets in the balance sheet as they are expected to be realised within twelve months after the end of the reporting period. Financial assets classified as held-for-trading as at end of the reporting period include finance assets, at fair value through profit or loss and derivative financial instruments.

(b) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are presented as "cash and cash equivalents", "outstanding contracts - receivable", "trade and other receivables", and "amounts due from ultimate holding company", "amounts due from subsidiaries of the ultimate holding company" and "amounts due from related companies" on the balance sheet.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains or losses are recognised in profit or loss when the loans and receivables are de-recognised or impaired and through the amortisation process.

Assets in this category are presented as current assets in the balance sheet, except for those expected to be realised later than twelve months after the end of the reporting period which are presented as non-current assets.

*De-recognition*

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gains or losses that have been recognised in other comprehensive income is recognised in profit or loss.

All regular way purchases and sales of financial assets are recognised or de-recognised on the trade date i.e., the date that the Company commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

**2. Summary of significant accounting policies (cont'd)**

**2.9 Impairment of financial assets**

The Company assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount.

(a) *Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written-off against the carrying value of the financial assets.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) *Financial assets carried at cost*

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

**2. Summary of significant accounting policies (cont'd)**

**2.10 Cash and cash equivalents**

For the purpose of presentation in the cash flow statement, cash and cash equivalents comprise cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

**2.11 Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably. Provisions are not recognised for future operating losses.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects; where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**2.12 Government grants**

Grants from the government are recognised as a receivable at their fair values when there is reasonable assurance that the grant will be received and the Company will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are recognised in other income in the statement of comprehensive income.

**2.13 Financial liabilities**

*Initial recognition and measurement*

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

**2. Summary of significant accounting policies (cont'd)**

**2.13 Financial liabilities (cont'd)**

*Subsequent measurement*

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

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held-for-trading and financial liabilities designated upon initial recognition at fair value through profit or loss. Financial liabilities are classified as held-for-trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

(b) Other financial liabilities

After initial recognition, other financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains or losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process. Liabilities in this category are presented as "outstanding contracts-payable", "trade and other payables", "amounts due to ultimate holding company", "amounts due to immediate holding company" and "amounts due to related companies".

*De-recognition*

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

*Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set-off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

**2. Summary of significant accounting policies (cont'd)**

**2.14 Borrowings**

Borrowings are presented as current liabilities unless the Company has an unconditional right to defer settlement for at least twelve months after the end of the reporting period.

Borrowings are initially recognised at fair value (net of transaction costs) and subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowing costs are recognised in profit or loss using the effective interest method.

**2.15 Employee benefits**

Employee benefits are recognised as an expense.

(a) *Defined contribution plans*

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions to the Central Provident Fund ("CPF") on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid.

The Company's contributions to defined contribution plans are recognised as employee compensation expense when the contributions are due, unless they can be capitalised as an asset.

(b) *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.

**2.16 Operating leases**

Leases where substantially all risks and rewards incidental to ownership are retained by the lessors are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

Contingent rents are recognised as an expense in profit or loss when incurred.

When a lease is terminated before the lease period expires, any payment made by the Company as penalty is recognised as an expense when termination takes place.

**2. Summary of significant accounting policies (cont'd)**

**2.17 Revenue recognition**

Revenue comprises the fair value of the consideration received or receivable for services rendered in the ordinary course of the Company's activities. Revenue is presented, net of goods and services tax ("GST"), rebates and discounts. Revenue is recognised as follows:

- (a) Brokerage income is recognised when the underlying transaction is contracted;
- (b) Profit on securities trading is recognised as earned upon the execution of contracts;
- (c) Advisory fee income from initial public offering and financial advisory is recognised over the period in which the services are rendered, using the percentage of completion method based on the actual services provided as a proportion of the total services to be performed;
- (d) Underwriting commission and placement fees are recognised when securities are distributed;
- (e) Referral fee income is recognised when the service is rendered;
- (f) Custodian fee income is recognised over the period in which the services are rendered;
- (g) Dividend income is recognised when the right to receive payment is established;
- (h) Interest income is recognised using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cashflow discounted at original effective interest rate of the instrument and thereafter amortising the discount as interest income;
- (i) Revenue on award credits are recognised based on the number of award credits that have been redeemed in exchange for free goods, relative to the total numbers of award credits expected to be redeemed. Unredeemed portion will be included under 'deferred revenue' on the balance sheet. Any remaining unutilised credits are recognised as revenue upon expiry;
- (j) Rental income is recognised over the lease period; and
- (k) Arranger's fees and management fees are recognised when the right to receive payment is established.

**2. Summary of significant accounting policies (cont'd)**

**2.18 Taxation**

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the end of the reporting period in the countries where the Company operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

**2. Summary of significant accounting policies (cont'd)**

**2.18 Taxation (cont'd)**

**(b) Deferred tax (cont'd)**

The carrying amount of deferred tax asset is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the financial year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**2.19 Share capital**

Ordinary shares are classified as equity.

**2.20 Securities borrowing and lending**

Securities borrowed and lent are accounted for as collateralised borrowings. The amounts of any cash collateral advanced for securities borrowed and cash collateral received for securities lent are recorded in the balance sheet under "trade and other receivables - collateral placed with lenders of securities" and "amount held in trust - third parties", respectively.

Market value of securities borrowed and lent is determined by reference to the quoted prices of the respective Stock Exchanges at close of business at the end of the reporting period.

## 2. Summary of significant accounting policies (cont'd)

### 2.21 *Related parties*

A related party is defined as follows:

- (a) A person or a close member of that person's family is related to the Company if that person:
  - (i) Has control or joint control over the Company;
  - (ii) Has significant influence over the Company; or
  - (iii) Is a member of the key management personnel of the Company or of a parent of the Company.
  
- (b) An entity is related to the Company if any of the following conditions applies:
  - (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
  - (iii) Both entities are joint ventures of the same third party;
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
  - (vi) The entity is controlled or jointly controlled by a person identified in (a); or
  - (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

### 2.22 *Dividends to Company's shareholders*

Dividends to the Company's shareholders are recognised when the dividends are approved for payment.

## 3. Significant accounting estimates and judgements

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

### *Judgements made in applying accounting policies*

The directors are of the opinion that there was no key assumption concerning judgement related to application of accounting policies made at the end of the reporting period that has a significant risk of causing material adjustment to the carrying amount of the assets and liabilities within the next financial year.

3. Significant accounting estimates and judgements (cont'd)

*Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period are discussed below:

(a) *Income taxes*

Significant judgement is required in determining the capital allowances and deductibility of certain expenses during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the income tax payable and deferred tax liabilities as at 31 December 2014 are S\$310,117 (2013: S\$167,376) and S\$427,254 (2013: S\$54,035) respectively.

(b) *Impairment of loans and receivables*

Management reviews its loans and receivables for objective evidence of impairment at least quarterly. Significant financial difficulties of the debtor, the probability that the debtor will enter bankruptcy and default or significant delay in payments are considered objective evidence that a receivable is impaired. In determining this management makes judgements as to whether there is observable data indicating that there has been a significant change in the payment ability of the debtor or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, management makes judgements as to whether an impairment loss should be recorded as an expense. In determining this, management uses estimates based on historical loss experience for assets with similar credit risk characteristics. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between the estimated loss and actual loss experience. The carrying amount of the Company's loans and receivables at the end of the reporting period is disclosed in Note 12 to the financial statements. The Company has fully provided for impaired traded receivables and other receivables as at the end of the reporting period.

(c) *Customer loyalty programme*

The Company allocates the fair value of the consideration received from the sale of service to the services rendered and the points issued under its customer loyalty programme. The amount allocated to the customer loyalty points is estimated by reference to the fair value of the points for which they could be redeemed. The fair value of the points is estimated by taking into account for the expected redemption rate and the timing of such expected redemptions. Such amount is deferred and recorded as deferred revenue until the points are redeemed or no longer expected to be redeemed. The carrying value of the deferred revenue as at 31 December 2014 is S\$299,334 (2013: S\$412,296).

3. Significant accounting estimates and judgements (cont'd)

*Key sources of estimation uncertainty (cont'd)*

(d) *Deferred tax assets*

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

4. Revenue and other income

	2014 S\$	2013 S\$
Brokerage and trading income	82,007,260	116,640,896
Placement and underwriting income	17,046,789	7,796,674
Referral fee	1,016,823	1,175,024
Interest income - clients	15,102,226	13,592,712
Fee and commission income	8,465,126	9,186,923
Corporate finance income	40,539,336	5,406,023
Dividend income from:		
- Financial assets, at fair value through profit or loss	55,839	128,292
	164,233,399	153,926,544
<i>Other income:</i>		
Interest income from:		
- Deposits with ultimate holding company	28,717	13,019
- Deposits with other financial institutions	46,440	63,603
- Others	437,441	264,763
	512,598	341,385
Rental income from ultimate holding company	96,273	152,794
Rental income from subsidiary of ultimate holding company	28,226	-
Government grants	727,221	5,000
Bad debts recovered	269,385	95,665
Sundry income	739,480	542,349
	2,373,183	1,137,193
	166,606,582	155,063,737

Included in interest income from clients is interest of S\$247,227 (2013: S\$1,816) from impaired trade receivables from third party. The government grants are non-refundable rebates from government relating to technology and staff related expenses incurred by the Company in the course of business. Included in sundry income are primarily sponsorship for events.

Notes to the financial statements  
For the financial year ended 31 December 2014

5. Other gains - net

	2014 S\$	2013 S\$
Fair value gain/(loss) from:		
- Financial assets held-for-trading	5,160,587	4,113,073
- Derivatives held-for-trading	(83)	1,153
Foreign currency exchange gain - net	2,254,025	2,376,762
Gain on disposal of property, plant and equipment - net	42,969	55,831
	7,457,498	6,546,819

6. Employee compensation

	2014 S\$	2013 S\$
Wages and salaries	37,049,620	36,263,770
Employer's contribution to defined contribution plans including CPF	3,532,219	3,349,494
Other staff costs	2,153,975	1,806,777
	42,735,814	41,420,041

7. Finance expense

	2014 S\$	2013 S\$
Interest expense on:		
- Bank borrowings	690,378	407,309
- Medium term notes	237,616	352,384
- Amounts due to immediate holding company	572,877	1,535,261
- Amounts due to related companies	191,195	173,596
- Third parties	720,314	4,585
	2,412,380	2,473,135

Notes to the financial statements  
For the financial year ended 31 December 2014

8. Other expenses

The following items have been included in other operating expenses:

	2014 S\$	2013 S\$
Allowance for impairment of trade receivables	2,619,540	1,852,459
Write back of allowance for impairment of other receivables	(56,731)	(136,292)
Rental expenses - operating leases:		
- Ultimate holding corporation	35,000	-
- Related companies	7,250,131	7,044,648
- Third parties	1,740,701	2,091,303
Research fee:		
- Related companies	12,555,212	11,195,816
- Third parties	46,122	48,594
Trade related charges	3,298,487	3,939,496
Premises and equipment expenses	9,346,369	8,093,929
Communication expenses	7,186,577	6,819,711
Advertisement and business promotion expenses	1,630,202	1,762,181
Property, plant and equipment written off	406,645	1,368
Membership and subscription	812,640	833,115
Others	4,151,874	2,836,924
	51,022,769	46,383,252

Included in others are primarily travelling expenses and professional fees.

9. Income taxes

(a) *Income tax expense*

	2014 S\$	2013 S\$
Tax expense attributable to profit before taxation is made up of:		
Current income tax:		
- Singapore	310,117	-
- Foreign withholding tax	117,584	194,931
	427,701	194,931
Deferred tax (Note 20)	373,219	1,256,850
	800,920	1,451,781
Over provision in respect of prior years	(167,376)	-
	633,544	1,451,781

Notes to the financial statements  
For the financial year ended 31 December 2014

9. Income taxes (cont'd)

(a) *Income tax expense (cont'd)*

The tax expense on profit before taxation differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	2014 S\$	2013 S\$
Profit before taxation	15,827,619	5,142,758
Tax calculated at a tax rate of 17% (2013: 17%)	2,690,695	874,269
Adjustments:		
Income not subjected to tax	(1,093,036)	(810,939)
Expenses not deductible for tax purposes	74,147	1,289,701
Benefit from previously unrecognised timing differences	(909,462)	–
Overprovision in respect of prior years	(167,376)	–
Foreign taxes	(79,009)	–
Others	117,585	98,750
Tax expense	633,544	1,451,781

(b) *Movement in income tax payable*

	2014 S\$	2013 S\$
Beginning of year	167,376	167,376
Foreign tax paid	(117,584)	(194,931)
Current income taxation	427,701	194,931
Overprovision in respect of prior years	(167,376)	–
End of year	310,117	167,376

10. Cash and cash equivalents

Cash at bank comprise the following:

	2014 S\$	2013 S\$
Held with ultimate holding company	3,678,121	50,026,544
Held with other financial institutions	39,644,506	23,683,302
	43,322,627	73,709,846

Cash at bank held at the end of the reporting period is interest bearing at effective interest rate of less than 1.0% (2013: 1.0%).

11. Outstanding contracts

(a) Outstanding contracts receivable comprise the following:

	2014 S\$	2013 S\$
Due from subsidiaries of ultimate holding company	13,999,485	7,638,928
Due from related companies	78,363,420	57,329,841
Due from non-related companies	119,008,309	216,315,963
	211,371,214	281,284,732

(b) Outstanding contracts payable comprise the following:

	2014 S\$	2013 S\$
Due to subsidiaries of ultimate holding company	19,222,505	5,427,893
Due to related companies	63,238,706	69,477,364
Due to non-related companies	112,396,746	172,526,122
	194,857,957	247,431,379

Outstanding contracts are non-interest bearing and normally settled based on the settlement date determined by the various clearing houses where the contracts are traded.

(c) Outstanding contracts subject to offsetting arrangement

The Company regularly enters into buy and sell contracts with various clearing houses, which the Company has legally enforceable arrangements with to settle the net amount due to or from each other in the normal course of business, not contingent on a future event, and enforceable in the event of bankruptcy or insolvency of all the counterparties to the contracts.

The Company's outstanding contracts that are off-set are as follows:

	Gross carrying amounts S\$	Gross amounts offset in the balance sheet S\$	Net amounts in the balance sheet S\$
<b>2014</b>			
Outstanding buy contracts	92,486,150	(60,879,632)	31,606,518
Outstanding sell contracts	60,879,632	(60,879,632)	-
<b>2013 (Restated)</b>			
Outstanding buy contracts	180,982,961	(166,424,086)	14,558,875
Outstanding sell contracts	169,847,329	(166,424,086)	3,423,243

Notes to the financial statements  
For the financial year ended 31 December 2014

12. Trade and other receivables

	2014 S\$	2013 S\$
Trade receivables:		
- Subsidiaries of ultimate holding company	184,881	119,656
- Related companies	205,019	157
- Non-related companies	290,381,675	340,023,265
	<u>290,771,575</u>	<u>340,143,078</u>
Less: Allowance for impairment of trade receivables - third parties	(5,964,548)	(3,378,253)
	<u>284,807,027</u>	<u>336,764,825</u>

Trade receivables primarily consist of margin loans that are secured, interest bearing at interest rate of approximately 4.6% (2013: 4.5%), and generally repayable within 90 days.

	2014 S\$	2013 S\$
Other receivables:		
- Receivable from trading representatives	69,102	82,338
- Third parties	1,032,614	1,160,954
- Deposits:		
- Security deposit with clearing houses	7,789,234	8,292,070
- Deposit with brokers	6,250,247	20,366,685
- Deposit with subsidiary of ultimate holding company	35,969	-
- Deposit with related companies	1,092,812	-
- Others	1,225,529	1,365,442
	<u>17,495,507</u>	<u>31,267,489</u>
- Collateral placed with lenders of securities (Note 12(d))	500,000	512,106
- Prepayments	1,609,632	2,136,469
	<u>19,605,139</u>	<u>33,916,064</u>
Less: Allowance for impairment of other receivables	(2,992,613)	(3,050,303)
	<u>16,612,526</u>	<u>30,865,761</u>
Trade and other receivables - net	<u>301,419,553</u>	<u>367,630,586</u>

*Other receivables*

Receivables from trading representatives and third parties are unsecured, non-interest bearing and are generally on 30 to 90 days' terms.

They are recognised at their original invoice amounts which represent their fair values on initial recognition.

12. Trade and other receivables (cont'd)

Trade and other receivables that are individually determined to be impaired at the end of the reporting period relate to debtors where repayment is materially delayed beyond contractual terms.

(a) *Trade receivables that are impaired*

	2014 S\$	2013 S\$
Trade receivables-individually impaired (gross values)	5,964,548	3,378,253

Movements in allowance for impairment of trade receivables are as follows:

	2014 S\$	2013 S\$
Beginning of year	3,378,253	1,525,794
Allowance for impairment (Note 8)	2,619,540	1,852,459
Allowance written-off	(33,245)	-
End of year	5,964,548	3,378,253

(b) *Other receivables that are impaired*

	2014 S\$	2013 S\$
Other receivables-individually impaired (gross values)	2,992,613	3,050,303

Movements in allowance for impairment of other receivables are as follows:

	2014 S\$	2013 S\$
Beginning of year	3,050,303	3,186,595
Write-back of allowance for impairment (Note 8)	(56,731)	(136,292)
Allowance written-off	(959)	-
End of year	2,992,613	3,050,303

(c) At the end of the reporting period, an amount of S\$2,607,905 (2013: S\$2,607,905) is placed with The Central Depository (Pte) Limited.

Notes to the financial statements  
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12. Trade and other receivables (cont'd)

(d) *Securities borrowing and lending contracts*

	2014 S\$	2013 S\$
<i>Securities borrowed</i>		
Securities borrowed from lenders, at market value:		
- Lent to clients	5,646	127,860
Collaterals placed with lenders:		
- Cash	500,000	512,106

13. Financial assets/liabilities, at fair value through profit or loss

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

	At fair value	
	2014 S\$	2013 S\$
<i>Held-for-trading</i>		
Quoted securities:		
- Equity securities - Singapore	15,082,847	15,040,209
- Equity securities - Hong Kong	16,937,051	578
- Equity securities - Malaysia	23,807	-
- Equity securities - United States	51,943,800	-
- Equity securities - Australia	9,630,822	-
- Equity securities - Others	6,397,372	-
Other quoted instruments	2,131,869	2,481,441
	102,147,568	17,522,228

Notes to the financial statements  
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13. Financial assets/liabilities, at fair value through profit or loss (cont'd)

(b) *Financial liabilities, at fair value through profit or loss*

	At fair value	
	2014 S\$	2013 S\$
<i>Held-for-trading</i>		
Quoted securities:		
- Equity securities - Singapore	5,833	5,187

Financial liabilities at fair value through profit or loss relate to a short position in equity securities.

14. Derivative financial instruments

	Contract/ notional amount S\$	Fair value	
		Assets S\$	Liabilities S\$
<b>2014</b>			
Non-hedging instruments:			
- Index & Equity derivatives	23,039,981	32,609	432,541
- Currency forwards	1,048,896	2,033	877
	<u>24,088,877</u>	<u>34,642</u>	<u>433,418</u>
<b>2013</b>			
Non-hedging instruments:			
- Currency forwards	2,613,767	1,239	-

15. Amounts due from/(to) ultimate holding company/subsidiaries of ultimate holding company

The trade and non trade amounts due from/(to) ultimate holding company, and non-trade amounts due from subsidiaries of the ultimate holding company are unsecured, interest free and repayable on demand.

Notes to the financial statements  
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16. **Amounts due from/(to) related companies/Amounts due to immediate holding company**

The non-trade amounts due from/(to) related companies are unsecured, interest-free and repayable on demand. The non-trade amounts due to immediate holding company are unsecured, interest bearing at interest rate of approximately Nil% (2013: 1.65%) and repayable on demand.

**Receivables subject to offsetting arrangement**

The amounts due from/(to) related companies that are off-set are as follows:

2014	Gross carrying amounts S\$	Gross amounts offset in the balance sheet S\$	Net amounts in the balance sheet S\$
Amounts due from related companies	-	-	-
Amount due to related companies	-	-	-
<hr/>			
2013			
Amounts due from related companies	332,622	(332,622)	-
Amount due to related companies	1,269,377	(332,622)	936,755
<hr/>			

17. **Investments in subsidiaries**

	2014 S\$	2013 S\$
Equity investments, at cost	310,703	310,703
<hr/>		

Investments in subsidiaries represent holdings of unquoted equity shares, at cost, in the following subsidiaries:

Name of subsidiaries	Principal activities	Country of incorporation and place of business	Effective equity interest	
			2014 %	2013 %
Maybank Kim Eng Securities Nominees Pte. Ltd. <sup>(a)</sup>	Nominee services	Singapore	100	100
Maybank Kim Eng Research Pte. Ltd. <sup>(a)</sup>	Research activities	Singapore	100	100

<sup>(a)</sup> Audited by Ernst & Young LLP, Singapore

Notes to the financial statements  
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18. Property, plant and equipment

	Leasehold improvement S\$	Electrical fittings S\$	Furniture and fittings S\$	Office equipment S\$	Computer and related equipment S\$	Motor vehicles S\$	Total S\$
<b>Cost</b>							
At 1 January 2013	5,151,576	2,427,032	4,139,430	1,123,284	15,761,674	1,366,980	29,969,976
Additions	203,867	64,461	59,415	39,209	4,269,737	—	4,636,689
Disposals	—	—	(35,868)	(1,000)	(38,700)	(461,538)	(537,106)
Balance at 31 December 2013 and at 1 January 2014	5,355,443	2,491,493	4,162,977	1,161,493	19,992,711	905,442	34,069,559
Additions	368,035	186,945	89,825	6,591	4,876,927	—	5,528,323
Disposals	(1,530,528)	(194,040)	(273,534)	(173,487)	(1,147,875)	(121,121)	(3,440,585)
Balance at 31 December 2014	4,192,950	2,484,398	3,979,268	994,597	23,721,763	784,321	36,157,297
<b>Accumulated depreciation</b>							
At 1 January 2013	889,538	214,968	979,927	315,475	9,921,096	1,247,987	13,568,991
Depreciation charge	1,237,963	245,640	416,370	107,342	1,689,367	55,650	3,752,332
Disposals	—	—	(29,305)	(1,000)	(38,619)	(461,536)	(530,460)
Balance at 31 December 2013 and at 1 January 2014	2,127,501	460,608	1,366,992	421,817	11,571,844	842,101	16,790,863
Depreciation charge	1,181,292	247,684	413,032	104,620	2,413,556	25,630	4,385,814
Disposals	(1,212,376)	(148,283)	(256,935)	(145,546)	(1,147,687)	(121,120)	(3,031,947)
Balance at 31 December 2014	2,096,417	560,009	1,523,089	380,891	12,837,713	746,611	18,144,730
<b>Net book value</b>							
31 December 2013	3,227,942	2,030,885	2,795,985	739,676	8,420,867	63,341	17,278,696
31 December 2014	2,096,533	1,924,389	2,456,179	613,706	10,884,050	37,710	18,012,567

No motor vehicles (2013: S\$2) are registered in the names of employees.

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19. Trade and other payables

	2014 S\$	2013 S\$
Trade payables:		
- Subsidiaries of ultimate holding company	2,669,053	–
- Related companies	203,637	164,240
- Third parties	88,912,086	12,983,800
	91,784,776	13,148,040
Other payables:		
- Payable to trading representatives	6,011,160	7,945,487
- Accrued operating expenses	22,282,226	24,482,388
- Other payables	2,688,299	1,294,982
- Deferred revenue	299,334	412,296
	31,281,019	34,135,153
	123,065,795	47,283,193

***Trade payables/other payables***

These amounts are non-interest bearing. Trade payables are normally settled when due while other payables have an average term of six months.

The Company operates a customer loyalty programme, which allows customers to accumulate points when they trade online. The points can be redeemed for free goods or services. The Company has recognised revenue from the services rendered and recognised a separate liability for the obligation to exchange award credits for awards.

Deferred revenue represents the revenue allocated to the points issued under the programme that are expected to be redeemed but are still outstanding as at the end of the reporting period.

20. Deferred tax

	2014 S\$	2013 S\$
Beginning of year	(54,035)	1,202,815
Tax credited to:		
- Profit or loss (Note 9(a))	(373,219)	(1,256,850)
End of year	(427,254)	(54,035)

Notes to the financial statements  
For the financial year ended 31 December 2014

20. Deferred tax (cont'd)

The movement in deferred tax assets and liabilities (prior to offsetting of balances) during the financial year is as follows:

	Accelerated tax depreciation S\$	Tax losses and others S\$	Total S\$
<b>2014</b>			
Beginning of year	(1,877,678)	1,823,643	(54,035)
Charged - profit or loss	(756,307)	383,088	(373,219)
End of year	(2,633,985)	2,206,731	(427,254)
<b>2013</b>			
Beginning of year	(1,476,919)	2,679,734	1,202,815
Charged - profit or loss	(400,759)	(856,091)	(1,256,850)
End of year	(1,877,678)	1,823,643	(54,035)

Deferred tax assets and deferred tax liabilities are offset, as a legally enforceable right exists to set-off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

21. Borrowings

	2014 S\$	2013 S\$
Short term bank loan - unsecured	70,000,000	-
Multi-currency medium term notes - fixed rate notes	-	50,000,000
	70,000,000	50,000,000

The interest rate payable for the short term bank loan is less than 1.25% (2013: nil) and interest is payable upon maturity.

**21. Borrowings (cont'd)**

(a) ***Multi-currency medium term notes***

In November 2006, the Company together with its holding corporation established a \$300,000,000 Multi-currency Medium Term Notes ("MTN") Programme. The maximum aggregate principal amount of notes that may be issued under the programme was increased to S\$800,000,000 with effect from 18 June 2010. Under this MTN Programme, the Company may from time to time issue notes in series and tranches which may be denominated in Singapore Dollars or any other currency deemed appropriate at the time. Each series or tranche of notes may be issued in various months and tenors, and may bear fixed, floating, variable or hybrid rates of interest or may not bear interest. The Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Company and rank pari passu, without any preference or priority among themselves, and pari passu with all other present and future unsecured obligations of the Company.

The immediate holding corporation (as guarantor) has covenanted that:

- The Consolidated Tangible Net Worth of the immediate holding corporation shall not be less than \$700 million;
- The ratio of Consolidated Total Debt to Consolidated Tangible Net Worth of the immediate holding corporation will not at any time be more than 2.5:1
- The ratio of Consolidated Total Liabilities to Consolidated Tangible Net Worth of the immediate holding corporation will not at any time be more than 4.0:1
- The Interest Coverage Ratio will at all times be at least 2.0:1; and
- The restrictions in the creation of any mortgage, charge, pledge or other security over any part of assets, properties or undertakings must be observed.

The Medium Term Notes (MTN) issued by the company on 28 May 2013 was unsecured and matured on 28 May 2014. There is no outstanding note as at 31 December 2014.

(b) ***Security granted and maturity of borrowing***

The short-term bank loans and multi-currency medium term notes were unsecured and mature within 12 months from the balance sheet date.

(c) ***Carrying amounts and fair values***

At the balance sheet date, the carrying amounts of current borrowings approximated their fair values.

**22. Share capital**

The Company's share capital comprises fully paid-up 75,000,000 (2013: 75,000,000) ordinary shares with no par value, amounting to a total of S\$75,000,000 (2013: S\$75,000,000).

The holder of ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

**23. Statutory reserve**

The statutory reserve is created in compliance with Regulation 19 of the Securities and Futures (Financial and Margin Requirements) Regulations 2002.

This reserve is not available for distribution as dividends without prior approvals of the Monetary Authority of Singapore ("MAS").

**24. Dividends**

	2014 S\$	2013 S\$
<b><i>Paid during the financial year:</i></b>		
<i>Dividends on ordinary share paid to immediate holding Company:</i>		
Final exempt (one-tier) dividend paid in respect of the financial year ended 31 December 2013: 5.0 cents (2013: Nil) per share	3,750,000	—
<b><i>Proposed but not recognised as a liability as at 31 December:</i></b>		
<i>Dividends on ordinary shares, subject to shareholders' approval at the AGM:</i>		
- Final exempt (one-tier) dividend for 2014: Nil (2013: 5.0 cents) per share	—	3,750,000

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25. Commitments

(a) *Contingent liabilities*

At the end of the reporting period, there were contingent liabilities of S\$2,000,000 (2013: S\$2,000,000) in respect of certain obligations of the Company to The Central Depository (Pte) Limited ("CDP") by virtue of the Company being a clearing member of Singapore Exchange Securities Trading Limited. These mentioned contingent liabilities are secured against amounts placed by the Company with CDP to the extent of S\$2,607,905 (2013: S\$2,607,905).

(b) *Operating lease commitments*

The future aggregate minimum lease payments under non-cancellable operating leases contracted for at the end of the reporting period but not recognised as liabilities, are as follows:

	2014 S\$	2013 S\$
Not later than one year	8,836,365	10,718,139
Later than one year but not later than five years	14,878,036	18,552,689
	23,714,401	29,270,828

The non-cancellable leases on the Company's office premises and equipment will expire between 1 year and 5 year, subject to an option for renewal.

The non-cancellable operating lease commitments contracted by the Company as at the end of the reporting period include commitments amounting S\$21,414,962 (2013: S\$24,516,645) with related parties.

The Company has a sublease agreement with its ultimate holding company, for which the future aggregate minimum sublease payments expected to be paid under cancellable subleases at the end of the reporting period is S\$265,000 (2013: S\$Nil). The sublease agreement will expire by year 2019.

(c) *Other commitments*

Capital expenditures contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	2014 S\$	2013 S\$
Property, plant and equipment	3,297,898	1,902,756
Underwriting	32,787,087	-
	36,084,985	1,902,756

26. Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions took place between the Company and related parties during the financial year:

(a) *Sales and purchases of goods and services*

	2014 S\$	2013 S\$
Receipts from ultimate holding company:		
- Placement income	–	152,794
- Corporate finance fee	1,947,000	–
- Arranger fee	4,094,149	–
- Rental income	96,273	–
- Interest income	28,717	13,019
Payments to ultimate holding company:		
- Commission expense	5,328,282	27,891
- Rental expense	35,000	–
Receipts from subsidiaries of ultimate holding company:		
- Brokerage income	2,755,830	1,299,403
- Underwriting income	4,015,417	–
- Placement income	10,163,498	2,935,185
- Other fee income	553,239	–
- Rental income	28,226	–
- Accounting fee	180,000	60,000
Payments to subsidiaries of ultimate holding company:		
- Brokerage expense	1,296,547	982,329
- Commission expense	100,630	–
- Insurance premium expense	288,742	–
Payments to immediate holding company:		
- Interest expense	572,877	1,535,260
Receipts from related companies:		
- Brokerage income	3,278,121	2,564,034
- Placement income	159,032	–
- Advisory fee	39,643	109,833
- Commission income	2,125	–
- Other fee income	6,487,082	7,505,392
- Corporate finance fee	103,388	–
- Accounting fee	–	132,500
- Rental income	51,286	123,276
- Referral fee	977,180	1,065,191
- Interest income	46	6

26. Related party transactions (cont'd)

(a) *Sales and purchases of goods and services (cont'd)*

	2014 S\$	2013 S\$
Payments to related companies:		
- Brokerage expense	18,682,899	21,169,007
- Commission expense	212,943	1,250,157
- Research fee	7,449,537	6,361,016
- Training fee	21,663	-
- Rental expense	7,500,897	7,401,554
- Office service fee	222,227	222,227
- Professional fee	374,446	
- Interest expense	191,195	173,596
- Purchase of fixed assets	-	47,411
Receipts from subsidiaries:		
- Rental income	199,481	233,631
Payments to subsidiary:		
- Research fee	5,105,675	4,834,800
Receipts from directors and their connected persons:		
- Brokerage income	2,463	11,226
Payments made on behalf and reimbursed by:		
- Ultimate holding company	134,920	14,009
- Subsidiaries of the ultimate holding company	4,945,842	939,784
- Immediate holding company	1,324	2,438
- Subsidiary	4,564,939	4,148,139
- Related companies	609,214	6,383,260
Receipts made on behalf and reimbursed to:		
- Immediate holding company	509,952	420
- Subsidiaries of the ultimate holding company	126,040	159,976
- Subsidiary	13,491	5,990
- Related companies	1,158,462	1,052,239

(b) *Outstanding balances/off-balance sheet*

	2014 S\$	2013 S\$
Trust bank balances with ultimate holding company	179,051,389	80,023,153

26. Related party transactions (cont'd)

(c) **Key management personnel compensation**

The key management personnel of the Company comprises of the directors of the Company.

Key management personnel compensation consists of approved compensation as at the date of authorisation of these financial statements and is as follows:

	2014 S\$	2013 S\$
Wages and salaries	2,750,198	4,216,114
Post-employment benefits - contributions to CPF	32,000	39,900
	2,782,198	4,256,014

27. Fair value of assets and liabilities

(a) **Fair value hierarchy**

The following table presents assets and liabilities measured at fair value and classified by level of the following fair value measurement hierarchy:

- Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 - Inputs for the assets or liabilities that are not based on observable market data (i.e., unobservable inputs).

Fair value measurement that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

27. Fair value of assets and liabilities (cont'd)

(b) *Assets and liabilities measurement at fair value*

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period.

Recurring fair value measurement	Quoted price in active market on identical instruments (Level 1) S\$	Significant observable input other than quoted price (Level 2) S\$	Significant unobservable input (Level 3) S\$	Total S\$
<b>2014</b>				
<b>Assets</b>				
Financial assets, at fair value through profit or loss:				
- Trading securities	102,147,568	-	-	102,147,568
Derivative financial instruments	-	34,642	-	34,642
<b>Liabilities</b>				
Financial liabilities, at fair value through profit or loss:				
- Trading securities	5,833	-	-	5,833
Derivative financial instruments	-	433,418	-	433,418

27. Fair value of assets and liabilities (cont'd)

(b) *Assets and liabilities measurement at fair value (cont'd)*

Recurring fair value measurement	Quoted price in active market on identical instruments (Level 1) S\$	Significant observable input other than quoted price (Level 2) S\$	Significant unobservable input (Level 3) S\$	Total S\$
<b>2013</b>				
<b>Assets</b>				
Financial assets, at fair value through profit or loss:				
- Trading securities	17,522,228	-	-	17,522,228
Derivative financial instruments	-	1,239	-	1,239
<hr/>				
<b>Liabilities</b>				
Financial liabilities, at fair value through profit or loss:				
- Trading securities	5,187	-	-	5,187
<hr/>				

27. Fair value of assets and liabilities (cont'd)

(b) **Assets and liabilities measurement at fair value (cont'd)**

*Level 1 fair value measurement*

The fair value of financial instruments traded in active markets (such as trading securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets/liabilities held by the Company is the current bid price. These instruments are included in Level 1.

*Level 2 fair value measurement*

The fair value of financial instruments that are not traded in an active market (e.g., OTC derivatives) is determined by using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at the end of the reporting period.

Forward currency contracts, equity derivatives and index derivatives are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including the credit quality of counterparties, foreign exchange spot and forward rates, interest rate curves and forward rate curves.

(c) **Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value**

*Cash and cash equivalents, outstanding contracts receivable, trade and other receivables, amounts due from ultimate holding company, related companies, investments in subsidiaries, outstanding contracts payable, trade and other payables, borrowings, amounts due to ultimate holding company, amounts due to immediate holding company and amount due to related companies.*

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the end of the reporting period.

**28. Financial risk management**

The Company, which operates in the stockbroking industry, is exposed to market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. Financial risk management of the Company is carried out by the credit department and finance department under the supervision of the directors. The Company aims to minimise any risks that would adversely affect its balance sheet.

(a) **Market risk**

(i) **Currency risk**

The Company is exposed to currency risks arising from various currency exposures as it deals in non-Singapore dollars denominated securities and regularly transacts in currencies other than Singapore dollars. The Company uses external forward currency contracts to hedge the net positions in foreign currencies. They are normally of short duration of less than six months. Such forward contracts are used as pure economic hedges to minimise its financial risk and are not designated as hedging instruments:

2014	MYR S\$'000	USD S\$'000	HKD S\$'000	GBP S\$'000	EUR S\$'000	Others S\$'000	Total S\$'000
<b>Financial assets</b>							
Cash and bank deposits	1,995	14,083	461	1,208	2,958	5,978	26,683
Outstanding contracts receivable	12,971	16,983	73,852	33	–	46,154	149,993
Trade and other receivables	484	15,751	10,554	(12)	283	1,023	28,083
Financial assets, at fair value through profit or loss	431	52,772	17,049	936	4,905	10,187	86,280
Derivative financial instruments	–	27	3	–	3	–	33
Amounts due from ultimate holding company (non trade)	–	1,988	–	–	–	–	1,988
Amounts due from related companies (non-trade)	–	124	487	21	–	177	809
Amounts due from subsidiaries of ultimate holding company (non-trade)	–	17	–	–	–	–	17
	15,881	101,745	102,406	2,186	8,149	63,519	293,886
<b>Financial liabilities</b>							
Outstanding contracts payable	13,057	14,993	72,787	33	–	46,919	147,789
Trade and other payables	10	53,829	17,989	(242)	2,174	9,464	83,224
Derivative financial instruments	–	11	95	16	–	165	287
Amounts due to related companies (non-trade)	–	1,816	30	–	–	–	1,846
	13,067	70,649	90,901	(193)	2,174	56,548	233,146
<b>Net financial assets</b>	2,814	31,096	11,505	2,379	5,975	6,971	60,740
Add/(less): Currency forwards	–	80	–	–	–	889	969
<b>Currency exposure on net financial assets</b>	2,814	31,176	11,505	2,379	5,975	7,860	61,709

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28. Financial risk management (cont'd)

(a) Market risk (cont'd)

(i) Currency risk (cont'd)

2013	MYR S\$'000	USD S\$'000	HKD S\$'000	GBP S\$'000	EUR S\$'000	Others S\$'000	Total S\$'000
<b>Financial assets</b>							
Cash and bank deposits	1,184	4,136	512	209	70	4,584	10,695
Outstanding contracts receivable	8,887	13,258	18,481	101	–	92,853	133,580
Trade and other receivables	2,089	4,198	13,442	(77)	1	691	20,344
Financial assets, at fair value through profit or loss	2,481	–	1	–	–	–	2,482
Derivative financial instruments	(1)	1	–	–	–	1	1
Amounts due from ultimate holding company (trade)	1	–	–	–	–	–	1
Amounts due from related companies (non-trade)	21	779	–	–	–	756	1,556
Amounts due from subsidiaries of ultimate holding company (non-trade)	–	4	–	–	–	–	4
	14,662	22,376	32,436	233	71	98,885	168,663
<b>Financial liabilities</b>							
Outstanding contracts payable	8,580	12,889	18,274	–	–	92,519	132,262
Trade and other payables	2	596	19	–	–	–	617
Amounts due to related companies (non-trade)	–	39	823	429	–	–	1,291
	8,582	13,524	19,116	429	–	92,519	134,170
<b>Net financial assets</b>	6,080	8,852	13,320	(196)	71	6,366	34,493
Add/(less): Currency forwards	(423)	(1,616)	–	–	–	(564)	(2,603)
<b>Currency exposure on net financial assets</b>	5,657	7,236	13,320	(196)	71	5,802	31,890

28. Financial risk management (cont'd)

(a) **Market risk (cont'd)**

(i) *Currency risk (cont'd)*

If the MYR, USD, HKD, GBP and EUR change against the SGD by 2%, 1%, 1%, 4% and 4% (2013: 2%, 3%, 3%, 4% and 2%), respectively with all other variables including tax rate being held constant, the effects arising from the net financial asset/liability position will be as follows:

	Profit after taxation Increase/(decrease)	
	2014 S\$'000	2013 S\$'000
MYR against SGD:		
- Strengthened	47	94
- Weakened	(47)	(94)
USD against SGD:		
- Strengthened	259	180
- Weakened	(259)	(180)
HKD against SGD:		
- Strengthened	95	332
- Weakened	(95)	(332)
GBP against SGD:		
- Strengthened	79	7
- Weakened	(79)	(7)
EUR against SGD:		
- Strengthened	198	1
- Weakened	(198)	(1)

Changes in the rates used for the sensitivity analysis is because the Company uses average currency rate movement over the preceding 7 years. The movement in percentage for observable market environment shows lower volatility for USD, HKD and high volatility for EUR as against past year, and a relatively stable volatility for MYR and GBP.

28. Financial risk management (cont'd)

(a) **Market risk (cont'd)**

(ii) *Price risk*

The Company is exposed to equity securities price risk arising from the investments which are classified as fair value through profit or loss. These securities are mainly listed in Singapore, Hong Kong and United States. The Company is not exposed to commodity price risk. An appropriate spread of investments is entered into in order to reduce risks arising from factors specific to a particular sector. The Company has policies in place to limit the concentration of securities placed as collateral with the Company.

The movement in percentage for prices risk sensitivity analysis is based on the currently observable market environment, showing a lower volatility as in past year. If the prices for equity securities listed in Singapore, Hong Kong United States and Australia change by 5%, 5%, 12% and 5% (2013: 10%, 10%, Nil% and Nil %), respectively with all other variables including tax rate being held constant, the profit/(loss) after taxation and equity will be:

	<b>Profit after taxation Increase/(decrease)</b>	
	<b>2014</b>	<b>2013</b>
	S\$'000	S\$'000
Listed in Singapore:		
- Increased by	696	1,248
- Decreased by	(696)	(1,248)
Listed in Hong Kong:		
- Increased by	708	-
- Decreased by	(708)	-
Listed in United States:		
- Increased by	5,165	-
- Decreased by	(5,165)	-
Listed in Australia:		
- Increased by	400	-
- Decreased by	(400)	-

(b) **Cash flow and fair value interest rate risk**

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The Company is exposed to various risks associated with fluctuations in market interest rates. The financial assets and liabilities that potentially subject the Company to interest rate risk consist mainly of short-term bank deposits, margin debts, overdue trade debts, amount due to immediate holding company and borrowings from financial institutions. Changes in market interest rates are closely monitored to ensure that the Company's interest rates are in line with the market.

The Company is not significantly affected by fair value interest rate risk as the interest bearing borrowings are carried at amortised cost, and is also not significantly affected by cash flow interest rate risk as there are no variable rate borrowings as at the end of the reporting period.

28. Financial risk management (cont'd)

(c) **Credit risk**

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has no significant concentration of credit risk. The Company has policies in place to ensure that it trades with clients with appropriate credit history. The Credit Department sets trading limits and collateral levels for clients and trading representatives. The Company's is not exposed to concentration risk on its funds as they are placed with various reputable financial institutions.

(i) *Exposure to credit risk*

Analysis of maximum exposure to credit risk and collateral and other credit enhancements

The following table shows the maximum exposure to credit risk by class of financial asset and the portion subject to potential credit mitigation arrangements:

<b>31 December 2014</b>	<b>Maximum exposure to credit risk</b>	<b>Fully subject to collateral or credit enhancement</b>	<b>Partially subject to collateral or credit enhancement</b>	<b>Unsecured and not subject to any additional credit enhancement</b>
	S\$'000	%	%	%
<b>On-balance sheet items</b>				
Cash and bank deposits	43,323	–	–	100
Outstanding contracts - receivable	211,371	–	–	100
Trade and other receivables	301,420	81	–	19
Derivative financial instruments	35	–	–	100
Amounts due from ultimate holding company (non trade)	2,007	–	–	100
Amounts due from subsidiaries of ultimate holding company (non trade))	676	–	–	100
Amounts due from related companies (non-trade)	1,140	–	–	100
<hr/>				
<b>31 December 2013</b>				
<b>On-balance sheet items</b>				
Cash and bank deposits	73,710	–	–	100
Outstanding contracts - receivable	281,285	–	–	100
Trade and other receivables	367,631	77	–	23
Derivative financial instruments	1	–	–	100
Amounts due from ultimate holding company (trade)	2	–	–	100
Amounts due from related companies (non-trade)	12	–	–	100
Amounts due from related companies (non-trade)	1,582	–	–	100

28. Financial risk management (cont'd)

(c) Credit risk (cont'd)

(i) Exposure to credit risk (cont'd)

Collaterals and other credit enhancements

As at 31 December 2014, S\$702,432,644 (2013: S\$778,196,520) of cash and securities were received as collateral.

The Company's exposure to credit risk relating to its stockbroking activities is associated with its clients' contractual positions that arise on trading. As such, the Company requires its stockbroking clients to post collaterals to mitigate such risks.

The types of acceptable instruments that the Company may accept from clients are prescribed by the Stock Exchanges and they are as follows:

- Cash; and
- Listed securities.

Management monitors the market value of collateral and will request additional collateral in accordance with the underlying agreement.

(ii) Credit risk concentration profile

The classification of customer types for outstanding contracts-receivables and trade receivables are as follows:

	2014 S\$'000	2013 S\$'000
By types of customers:		
Clearing House	31,606	14,559
Brokers	103,638	96,518
Institutions and Corporates	35,080	47,397
Individuals	323,180	459,575
	493,504	618,049

The Company monitors the concentration of credit risk by geographic location. The table below analyses the Company's concentration of credit risk by geography:

	2014 S\$'000	2013 S\$'000
Singapore	408,265	535,036
Hong Kong	58,989	37,504
Malaysia	31,968	33,385
Indonesia	19,691	14,163
Thailand	1,138	25,384
Others	39,886	78,750
	559,937	724,222

28. Financial risk management (cont'd)

(c) *Credit risk (cont'd)*

(iii) *Financial assets that are neither past due nor impaired*

Bank deposits that are neither past due nor impaired are mainly deposits with banks with high credit-ratings assigned by international credit-rating agencies.

Trade receivables, outstanding contracts receivable and other receivables that are neither past due nor impaired are substantially companies and individuals with a good collection track record with the Company.

(iv) *Financial assets that are past due but not impaired*

The age analysis of trade receivables and other receivables that are past due but not impaired is as follows:

	2014 S\$'000	2013 S\$'000
Trade receivables:		
Past due 0 month to 3 months	6,222	17,981
Past due 3 to 6 months	37	16
Past due over 6 months	279	150
	6,538	18,147
Other receivables:		
Past due 0 month to 3 months	–	70
	–	70

28. Financial risk management (cont'd)

(d) *Liquidity risk*

The Company has no significant liquidity risk. It maintains a level of cash and cash equivalents that is sufficient for working capital purposes. Short-term funding is obtained mainly from its immediate holding company and credit facilities established with various banks.

The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period from the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances as the impact of discounting is not considered material:

	<b>Less than 1 year S\$'000</b>
<b>2014</b>	
Outstanding contracts - payable	194,858
Trade and other payables	123,066
Financial liabilities, at fair value through profit or loss	6
Borrowings	70,000
Amounts due to:	
- Related companies (non-trade)	4,674
	<hr/>
<b>2013</b>	
Outstanding contracts - payable	247,431
Trade and other payables	47,283
Financial liabilities, at fair value through profit or loss	5
Borrowings	50,000
Amounts due to:	
- Ultimate holding company (non-trade)	13
- Immediate holding company (non-trade)	133,881
- Related companies (non-trade)	5,276
	<hr/>

**28. Financial risk management (cont'd)**

(d) **Liquidity risk (cont'd)**

The table below analyses the Company's derivative financial instruments for which contractual maturities are essential for an understanding of the timing of the cash flows into relevant maturity groupings based on the remaining period from the end of the reporting period to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within twelve months equal their carrying balances as the impact of discounting is not considered material:

<b>2014</b>	<b>Less than 1 year S\$'000</b>
Gross-settled currency forwards:	
- Receipts	1,049
- Payments	(1,049)
	<hr/> <hr/>
<b>2013</b>	
Gross-settled currency forwards:	
- Receipts	2,614
- Payments	(2,603)
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**29. Capital management**

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholders' value. In order to maintain or achieve an optimal structure, the Company may adjust the amount of dividend payment, return of capital to shareholders or issue new shares.

The board of directors monitors its capital based on total capital. Total capital is defined as total equity.

The Company is required to maintain minimum capital requirements as imposed by the regulatory bodies. If not properly monitored and adjusted, the regulatory capital levels could fall below the required minimum amounts set by the regulators, which could expose the Company to various sanctions ranging from fines and censure to imposing partial or complete restrictions on their abilities to conduct business. To mitigate the risk, the Company continuously evaluates the levels of regulatory capital requirements. These may increase or decrease as required by regulatory capital to accommodate periods of unusual or unforeseen market volatility and the Company monitors regulatory developments regarding capital requirements and prepare for increases in the required minimum levels of regulatory capital that may occur from time-to-time in the future.

The Company is in compliance with the externally imposed capital requirements for the financial years ended 31 December 2014 and 2013.

**30. Authorisation of financial statements**

The financial statements of the Company for the financial year ended 31 December 2014 were approved and authorised for issue by the board of directors on 16 February 2015.

