IMPORTANT NOTICE

NOT FOR DISTRIBUTION IN THE UNITED STATES OR TO U.S. PERSONS

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached information memorandum. You are advised to read this disclaimer carefully before accessing, reading or making any other use of the attached information memorandum. In accessing the attached information memorandum, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

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

The attached information memorandum has been made available to you in electronic form. You are reminded that documents or information transmitted via this medium may be altered or changed during the process of transmission and consequently none of United Engineers Limited ("**UEL**"), Oversea-Chinese Banking Corporation Limited ("**OCBC**") 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.

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

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

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

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

You are reminded that you have accessed the attached information memorandum on the basis that you are a person into whose possession this information memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorised to, deliver this 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 notes 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 notes 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.

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

UNITED ENGINEERS LIMITED

(Incorporated in Singapore on 12 July 1912)
(Unique Entity Number: 191200018G)

S$1,000,000,000
Multicurrency Debt Issuance Programme
(the "Programme")

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

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

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

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

(1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or (in the case of 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.

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

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

Arranger

OCBC Bank

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NOTICE

Oversea-Chinese Banking Corporation Limited (the "**Arranger**") has been authorised by United Engineers Limited (the "**Issuer**") to arrange the Programme described herein. Under the Programme, the Issuer may, subject to compliance with all relevant laws, regulations and directives, from time to time issue Securities denominated in Singapore dollars and/or any other currencies.

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

Notes may be issued in series having one or more issue dates and the same maturity date, and on identical terms (including as to listing) except (in the case of Notes other than variable rate notes (as described under the section "*Summary of the Programme*")) for the issue dates, issue prices and/or the dates of the first payment of interest, or (in the case of variable rate notes) for the issue prices and rates of interest. Each series may be issued in one or more tranches on the same or different issue dates.

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

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

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

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

The Securities have not been, and will not be, registered under the Securities Act (as defined herein) or with any securities regulatory authority of any state or other jurisdiction of the United States and the Securities are subject to U.S. tax law requirements and restrictions. Subject to certain exceptions, the Securities 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 the 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 Programme shall be deemed to constitute an offer of, or an invitation by or on behalf of the Issuer, the Arranger, any of the Dealer(s) or the Trustee to subscribe for or purchase, any of the Securities.

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

Neither the delivery of this Information Memorandum (or any part thereof) nor the issue, offering, purchase or sale of the Securities shall, under any circumstances, constitute a representation, or give rise to any implication, that there has been no change in the prospects, results of operations or general affairs of the Issuer or any of its subsidiaries or associated companies (if any) or in the information herein since the date hereof or the date on which this Information Memorandum has been most recently amended or supplemented.

The Arranger, the Dealer(s) and the Trustee have not separately verified the information contained in this Information Memorandum. None of the Issuer, the Arranger, any of the Dealer(s), the Trustee or any of their respective officers or employees is making any representation or warranty express or implied as to the merits of the Securities or the subscription for, purchase or acquisition thereof, the creditworthiness or financial condition or otherwise of the Issuer or its subsidiaries or associated companies (if any). Further, none of the Arranger, the Dealer(s) or the Trustee makes any representation or warranty as to the Issuer, its subsidiaries or associated companies (if any) or as to the accuracy, reliability or completeness of the information set out herein (including the legal and regulatory requirements pertaining to Sections 274, 275 and 276 or any other provisions of the SFA) and the documents which are incorporated by reference in, and form part of, this Information Memorandum.

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme or the issue of the Securities is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Arranger, any of the Dealer(s) or the Trustee that any recipient of this Information Memorandum or such other document or information (or such part thereof) should subscribe for or purchase any of the Securities. A prospective purchaser shall make its own assessment of the foregoing and other relevant matters including the financial condition and affairs and the creditworthiness of the Issuer, its subsidiaries and associated companies (if any), and obtain its own independent legal or other advice thereon, and its investment shall be deemed to be based on its own independent investigation of the financial condition and affairs and its appraisal of the creditworthiness of the Issuer. Accordingly, notwithstanding anything herein, none of the Issuer, the Arranger, any of the Dealer(s), the Trustee or any of their respective officers, employees or agents shall be held responsible for any loss or damage suffered or incurred by the recipients of this Information Memorandum or such other document or information (or such part thereof) as a result of or arising from anything expressly or implicitly contained in or referred to in this Information Memorandum or such other document or information (or such part thereof) and the same shall not constitute a ground for rescission of any purchase or acquisition of any of the Securities by a recipient of this Information Memorandum or such other document or information (or such part thereof).

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

The following documents published or issued from time to time after the date hereof shall be deemed to be incorporated by reference in, and to form part of, this Information Memorandum: (1) any annual reports, audited consolidated accounts and/or publicly announced unaudited financial statements of the Issuer and its subsidiaries and associated companies (if any), and (2) any supplement or amendment to this Information Memorandum issued by the Issuer. This Information Memorandum is to be read in conjunction with (a) all such documents which are incorporated by reference herein and (b) with respect to any series or tranche of Securities, any Pricing Supplement (as defined herein) 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 Issuer and the Singapore Issuing and Paying Agent (as defined herein).

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

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

The attention of recipients of this Information Memorandum is drawn to the restrictions on the resale of the Securities set out under the section "*Subscription, Purchase and Distribution*" on pages 163 and 164 of this Information Memorandum.

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

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

Prospective purchasers of Securities are advised to consult their own tax advisers concerning the tax consequences of the acquisition, ownership or disposition of Securities.

In connection with the issue of any series or tranche of Securities, one or more Dealers designated as stabilising manager(s) in the relevant Pricing Supplement (the "**Stabilising Manager(s)**") (or persons acting on behalf of any Stabilising Manager) may over-allot the Securities or effect transactions with a view to supporting the market price of the Securities at a higher level than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager) will undertake any stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant series or tranche of Securities is made and, if begun, may be discontinued at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant series or tranche of Securities and 60 days after the date of the allotment of the relevant series or tranche of Securities. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager(s) (or person(s) acting on behalf of any Stabilising Manager) in accordance with all applicable laws and rules.

FORWARD-LOOKING STATEMENTS

All statements contained in this Information Memorandum that are not statements of historical fact constitute "forward-looking statements". Some of these statements can be identified by forward-looking terms such as "expect", "believe", "plan", "intend", "estimate", "anticipate", "may", "will", "would" and "could" or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the expected financial position, business strategy, plans and prospects of the Issuer and/or the Group, if any, are forward-looking statements and, accordingly, are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Issuer and/or the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors are discussed in greater detail in this Information Memorandum, in particular, but not limited to, the discussion under the section "*Risk Factors*".

Given the risks and uncertainties that may cause the actual future results, performance or achievements of the Issuer and/or the Group to be materially different from the results, performance or achievements expected, expressed or implied by the financial forecasts, profit projections and forward-looking statements in this Information Memorandum, undue reliance must not be placed on those forecasts, projections and statements. The Issuer, the Arranger, the Dealer(s) and the Trustee do not represent or warrant that the actual future results, performance or achievements of the Issuer and/or the Group will be as discussed in those statements. Such forward-looking statements speak only as of the date which they are made.

Neither the delivery of this Information Memorandum (or any part thereof) nor the issue of any Securities by the Issuer shall, under any circumstances, constitute a continuing representation, or create any suggestion or implication, that there has been no change in the affairs of the Issuer or any of the subsidiaries or associated companies (if any) of the Issuer or any statement of fact or information contained in this Information Memorandum since the date of this Information Memorandum or the date on which this Information Memorandum has been most recently amended or supplemented.

Further, the Issuer, the Group, the Arranger, the Dealer(s) 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

"**1Q**"	:	First quarter ended 31 March
"**Agency Agreement**"	:	The agency agreement dated 16 May 2016 made between (1) the Issuer, as issuer, (2) The Bank of New York Mellon, acting through its Singapore Branch, as issuing and paying agent, transfer agent and registrar in respect of Securities cleared through CDP, (3) The Bank of New York Mellon, acting through its London Branch, as issuing and paying agent in respect of Securities cleared through Euroclear and/or Clearstream, Luxembourg, (4) The Bank of New York Mellon (Luxembourg) S.A., as transfer agent and registrar in respect of Securities cleared through Euroclear and/or Clearstream, Luxembourg, (5) The Bank of New York Mellon, acting through its London Branch, as calculation agent, and (6) the Trustee, as trustee, as amended, varied or supplemented from time to time
"**Arranger**"	:	Oversea-Chinese Banking Corporation Limited
"**BCA**"	:	The Building and Construction Authority of Singapore
"**Bearer Securities**"	:	Securities that are in bearer form
"**BTS**"	:	Build-to-suit
"**Business Day**"	:	(in the context of Securities denominated in Singapore dollars) a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore; (in the context of Securities denominated in euro) a day on which the TARGET System is open for settlement of payment in euro; (in the context of Securities denominated in a currency other than Singapore dollars and euro) a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore and the principal financial centre for that currency; and (in the context of Securities that are cleared through Euroclear and/or Clearstream, Luxembourg), a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore and Luxembourg
"**Calculation Agent**"	:	The Bank of New York Mellon, acting through its London Branch
"**CDP**"	:	The Central Depository (Pte) Limited
"**CEO**"	:	Chief Executive Officer
"**Certificate**"	:	A registered certificate representing one or more Registered Securities of the same Series and, save as provided in the Conditions of the Notes or, as the case may be, the Conditions of the Perpetual Securities, comprising the entire holding by a Securityholder of his Registered Securities of that Series
"**Clearstream, Luxembourg**"	:	Clearstream Banking S.A., and includes a reference to its successors and permitted assigns

"**Common Depositary**"	:	In relation to a Series of the Securities, a depositary common to Euroclear and Clearstream, Luxembourg
"**Companies Act**"	:	The Companies Act (Chapter 50 of Singapore), as amended or modified from time to time
"**Conditions**"	:	(in relation to the Notes of any Series) the terms and conditions applicable thereto, which shall be substantially in the form set out in Part III of Schedule 1 to the Trust Deed, as modified, with respect to any Notes represented by a Global Security or a Global Certificate, by the provisions of such Global Security or, as the case may be, Global Certificate, shall incorporate any additional or amendment provisions forming part of such terms and conditions set out in the Pricing Supplement(s) relating to the Notes of such Series and shall be endorsed on the Definitive Securities or, as the case may be, Certificates, subject to amendment and completion as referred to in the first paragraph appearing after the heading "Terms and Conditions of the Notes" as set out in Part III of Schedule 1 to the Trust Deed, and any reference to a particularly numbered Condition shall be construed accordingly; and (in relation to the Perpetual Securities of any Series) the terms and conditions applicable thereto, which shall be substantially in the form set out in Part III of Schedule 5 to the Trust Deed, as modified, with respect to any Perpetual Securities represented by a Global Security or a Global Certificate, by the provisions of such Global Security or, as the case may be, Global Certificate, shall incorporate any additional or amendment provisions forming part of such terms and conditions set out in the Pricing Supplement(s) relating to the Perpetual Securities of such Series and shall be endorsed on the Definitive Securities or, as the case may be, Certificates, subject to amendment and completion as referred to in the first paragraph appearing after the heading "Terms and Conditions of the Perpetual Securities" as set out in Part III of Schedule 5 to the Trust Deed, and any reference to a particularly numbered Condition shall be construed accordingly
"**Couponholders**"	:	The holders of the Coupons
"**Coupons**"	:	The interest or distribution coupons appertaining to an interest or distribution bearing Definitive Security
"**Dealers**"	:	Persons appointed as dealers under the Programme
"**Definitive Security**"	:	A definitive Bearer Security having, where appropriate, Coupons and/or a Talon relating to it attached on issue
"**Directors**"	:	The directors (including alternate directors, if any) of the Issuer as at the date of this Information Memorandum
"**Euro**"	:	The currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from the time to time
"**Euroclear**"	:	Euroclear Bank S.A./N.V., and includes a reference to its successors and permitted assigns
"**FPC**"	:	Flexible printed circuits

"**FY**"	:	Financial year ended 31 December
"**Global Certificate**"	:	A Certificate representing Registered Securities of one or more Tranches of the same Series that are registered in the name of or in the name of a nominee of (1) CDP, (2) the Common Depositary, and/or (3) any other clearing system
"**Global Security**"	:	A global Security representing Bearer Securities of one or more Tranches of the same Series, being a Temporary Global Security and/or, as the context may require, a Permanent Global Security, in each case without Coupons or a Talon
"**Group**"	:	The Issuer and its subsidiaries
"**Issuer**" or "**UEL**"	:	United Engineers Limited
"**Issuing and Paying Agent**"	:	(in the context of Securities cleared through CDP) the Singapore Issuing and Paying Agent, (in the context of Securities cleared through Euroclear and/or Clearstream, Luxembourg) the London Issuing and Paying Agent or (in the context of Securities cleared through any clearing system other than Euroclear, Clearstream, Luxembourg or CDP) such other person appointed as the issuing and paying agent by the Issuer and shall include any successor issuing and paying agent appointed in respect of such Securities
"**IRAS**"	:	Inland Revenue Authority of Singapore
"**ITA**"	:	The Income Tax Act (Chapter 134 of Singapore), as amended or modified from time to time
"**Latest Practicable Date**"	:	30 April 2016
"**London Issuing and Paying Agent**"	:	The Bank of New York Mellon, acting through its London Branch
"**LPG**"	:	Liquefied Petroleum Gas
"**Luxembourg Registrar**"	:	The Bank of New York Mellon (Luxembourg) S.A.
"**Luxembourg Transfer Agent**"	:	The Bank of New York Mellon (Luxembourg) S.A.
"**MAS**"	:	The Monetary Authority of Singapore
"**MFLEX**"	:	Multi-Fineline Electronix, Inc.
"**Noteholders**"	:	The holders of the Notes
"**Notes**"	:	The notes issued or to be issued under the Programme
"**O'Connor's Group**"	:	O'Connor's Holdings Pte Ltd and its group of subsidiaries
"**OEM**"	:	Original equipment manufacturer
"**PCB**"	:	Printed circuit board
"**Permanent Global Security**"	:	A Global Security representing Bearer Securities of one or more Tranches of the same Series, either on issue or upon exchange of interests in a Temporary Global Security
"**Perpetual Securities**"	:	The perpetual securities issued or to be issued under the Programme

“**Perpetual Securityholders**” : The holders of the Perpetual Securities

“**PRC**” : The People’s Republic of China

“**Pricing Supplement**” : In relation to a Series or Tranche, a pricing supplement, to be read in conjunction with this Information Memorandum, specifying the relevant issue details in relation to such Series or, as the case may be, Tranche

“**Principal Subsidiary**” : At any particular time any subsidiary of the Issuer whose profits before tax or total assets, as shown by the accounts (consolidated, in the case of a corporation which itself has subsidiaries and which is required by any applicable law to cause to be made out consolidated accounts of itself and its 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 or total assets, as the case may be, of the Group as shown by such audited consolidated accounts, provided that if any such subsidiary (the “**transferor**”) shall at any time transfer the whole or a substantial part of its business, undertaking or assets to another subsidiary or the Issuer (the “**transferee**”) then:

(1) 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 a Issuer) shall thereupon become a Principal Subsidiary; and

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

A subsidiary which becomes a Principal Subsidiary by virtue of (1) above or which remains or becomes a Principal Subsidiary by virtue of (2) 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, the total assets of such subsidiary (consolidated in the case of a corporation which itself has subsidiaries and which is required by any applicable law to cause to be made out consolidated accounts of itself and its subsidiaries), 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, total assets of the Group as shown by such audited consolidated accounts, provided always that any reference to Principal Subsidiaries of the Issuer shall not include, (a) any subsidiary whose shares are listed on any stock exchange (each, a “**Listed Subsidiary**”), (b) any subsidiary of a Listed Subsidiary, and (c) any present and future subsidiaries which are incorporated in the PRC. In the event of a dispute, a certificate by the auditors of the Issuer verifying that in their opinion a subsidiary is or is not a Principal Subsidiary shall, in the absence of manifest error, be conclusive. For the avoidance of doubt, in the event that the profit before tax of the Group as shown by the latest audited consolidated accounts of the Group is zero or negative, “Principal Subsidiary” shall be determined solely based upon a subsidiary’s contribution to the total assets of the Group.

"**Programme**"	:	The S$1,000,000,000 Multicurrency Debt Issuance Programme of the Issuer as described in this Information Memorandum
"**Programme Agreement**"	:	The Programme Agreement dated 16 May 2016 and entered into by (1) the Issuer, as issuer and (2) Oversea-Chinese Banking Corporation Limited, as arranger and dealer, as amended, varied or supplemented from time to time
"**Registered Security**"	:	A Security in registered form
"**Registrar**"	:	(in the context of Securities cleared through CDP) the Singapore Registrar, (in the context of Securities cleared through Euroclear and/or Clearstream, Luxembourg) the Luxembourg Registrar or (in the context of Securities cleared through any clearing system other than Euroclear, Clearstream, Luxembourg or CDP) such other person appointed as the registrar by the Issuer and shall include any successor registrar appointed in respect of such Securities
"**Securities**"	:	The Notes and the Perpetual Securities
"**Securities Act**"	:	Securities Act of 1933 of the United States, as amended or modified from time to time
"**Securityholders**"	:	The Noteholders and the Perpetual Securityholders
"**Senior Perpetual Securities**"	:	Perpetual Securities which are expressed to rank as senior obligations of the Issuer pursuant to Condition 3(a) of the Perpetual Securities
"**Series**"	:	(in relation to Securities other than variable rate notes) a Tranche, together with any further Tranche or Tranches, which are (1) expressed to be consolidated and forming a single series and (2) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of interest; and (in relation to variable rate notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest
"**SFA**"	:	Securities and Futures Act (Chapter 289 of Singapore), as amended or modified from time to time
"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited
"**Shares**"	:	Ordinary shares in the capital of the Issuer (including ordinary stock units of the Issuer)
"**Shenyang Huaxin**"	:	Shenyang Huaxin International Realty Co., Ltd
"**Singapore Issuing and Paying Agent**"	:	The Bank of New York Mellon, acting through its Singapore Branch
"**Singapore Registrar**"	:	The Bank of New York Mellon, acting through its Singapore Branch
"**Singapore Transfer Agent**"	:	The Bank of New York Mellon, acting through its Singapore Branch

"**<u>Subordinated Perpetual Securities</u>**"	Perpetual Securities which are expressed to rank as subordinated obligations of the Issuer pursuant to Condition 3(b) of the Perpetual Securities
"**<u>Talons</u>**"	Talons for further Coupons or, as the context may require, a specific number of them and includes any replacement Talons issued pursuant to the relevant Conditions
"**<u>TARGET System</u>**"	The Trans-European Automated Real Time Gross settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto
"**<u>Temporary Global Security</u>**"	A Global Security representing Bearer Securities of one or more Tranches of the same Series on issue
"**<u>Tranche</u>**"	Securities which are identical in all respects (including listing)
"**<u>Transfer Agent</u>**"	(in the context of Securities cleared through CDP) the Singapore Transfer Agent, (in the context of Securities cleared through Euroclear and/or Clearstream, Luxembourg) the Luxembourg Transfer Agent or (in the context of Securities cleared through any clearing system other than Euroclear, Clearstream, Luxembourg or CDP) such other person appointed as the transfer agent by the Issuer and shall include any successor transfer agent appointed in respect of such Securities
"**<u>Trust Deed</u>**"	The Trust Deed dated 16 May 2016 made between (1) the Issuer, as issuer and (2) the Trustee, as trustee, as amended, varied or supplemented from time to time
"**<u>Trustee</u>**"	The Bank of New York Mellon, acting through its Singapore Branch
"**<u>UE Square</u>**"	The property located at 81 and 83 Clemenceau Avenue, Singapore
"**<u>United States</u>**" or "**<u>U.S.</u>**"	United States of America
"**<u>VI-REIT</u>**"	Viva Industrial Real Estate Investment Trust
"**<u>WBL</u>**"	WBL Corporation Limited
"**<u>WBL Group</u>**"	WBL and its group of subsidiaries
"**<u>WED</u>**"	WBL Engineering & Distribution Pte. Ltd., a wholly-owned subsidiary of WBL
"**<u>WSH</u>**"	Workplace Safety and Health
"**<u>S$</u>**"	Singapore dollars
"**<u>%</u>**"	Per cent.

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

CORPORATE INFORMATION

Board of Directors	:	Mr Tan Ngiap Joo (Chairman, Independent and Non-Executive Director) Mr Norman Ip Ka Cheung (Group Managing Director, Non-Independent and Executive Director) Mr Koh Beng Seng (Independent and Non-Executive Director) Mr Koh Poh Tiong (Independent and Non-Executive Director) Dr Michael Lim Chun Leng (Independent and Non-Executive Director) Mr David Wong Cheong Fook (Independent and Non-Executive Director)
Company Secretary	:	Ms Tan Swee Hong
Registered Office	:	12 Ang Mo Kio Street 64 #01-01 UE BizHub CENTRAL Singapore 569088
Auditors to the Issuer	:	Ernst & Young LLP Public Accountants and Chartered Accountants One Raffles Quay Level 18 North Tower Singapore 048583
Arranger of the Programme	:	Oversea-Chinese Banking Corporation Limited 63 Chulia Street #03-05 OCBC Centre East Singapore 049514
Solicitors to the Arranger	:	WongPartnership LLP 12 Marina Boulevard, Level 28 Marina Bay Financial Centre Tower 3 Singapore 018982
Solicitors to the Issuer	:	Lee & Lee 50 Raffles Place #06-00 Singapore Land Tower Singapore 048623
Solicitors to the Trustee, the Issuing and Paying Agent, the Calculation Agent, the Transfer Agent and the Registrar	:	Shook Lin & Bok LLP 1 Robinson Road #18-00 AIA Tower Singapore 048542
Singapore Issuing and Paying Agent, Singapore Transfer Agent and Singapore Registrar	:	The Bank of New York Mellon, acting through its Singapore Branch One Temasek Avenue #03-01 Millenia Tower Singapore 039192
London Issuing and Paying Agent	:	The Bank of New York Mellon, acting through its London Branch One Canada Square London E14 5AL United Kingdom

Luxembourg Transfer Agent and Luxembourg Registrar	:	The Bank of New York Mellon (Luxembourg) S.A. Vertigo Building – Polaris 2-4 rue Eugène Ruppert L-2453 Luxembourg
Calculation Agent	:	The Bank of New York Mellon, acting through its London Branch One Canada Square London E14 5AL United Kingdom
Trustee for the Securityholders	:	The Bank of New York Mellon, acting through its Singapore Branch One Temasek Avenue #03-01 Millenia Tower Singapore 039192

SUMMARY OF THE PROGRAMME

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

Issuer	:	United Engineers Limited.
Arranger	:	Oversea-Chinese Banking Corporation Limited.
Dealer(s)	:	Oversea-Chinese Banking Corporation Limited and/or such other Dealer(s) as may be appointed by the Issuer in accordance with the Programme Agreement.
Singapore Issuing and Paying Agent, Singapore Transfer Agent and Singapore Registrar	:	The Bank of New York Mellon, acting through its Singapore Branch.
London Issuing and Paying Agent	:	The Bank of New York Mellon, acting through its London Branch.
Luxembourg Transfer Agent and Luxembourg Registrar	:	The Bank of New York Mellon (Luxembourg) S.A.
Calculation Agent	:	The Bank of New York Mellon, acting through its London Branch.
Trustee	:	The Bank of New York Mellon, acting through its Singapore Branch.
Description	:	Multicurrency Debt Issuance Programme.
Programme Size	:	The maximum aggregate principal amount of the Securities outstanding at any time shall be S$1,000,000,000 (or its equivalent in other currencies) or such higher amount as may be increased in accordance with the provisions of the Programme Agreement.
Currency	:	Subject to compliance with all relevant laws, regulations and directives, Securities may be issued in Singapore dollars or any other currency agreed between the Issuer and the relevant Dealer(s).
Method of Issue	:	Securities may be issued from time to time under the Programme on a syndicated or non-syndicated basis. Each Series may be issued in one or more Tranches, on the same or different issue dates. The specific terms of each Series or Tranche will be specified in the relevant Pricing Supplement.
Issue Price	:	Securities may be issued at par or at a discount, or premium, to par.
Form and Denomination of the Securities	:	The Securities will be issued in bearer form or registered form and in such denominations as may be agreed between the Issuer and the relevant Dealer(s). Each Tranche or Series of Bearer Securities may initially be represented by a Temporary Global Security or a Permanent Global Security. Each Temporary Global

Security may be deposited on the relevant issue date with CDP, a Common Depositary and/or any other agreed clearing system and will be exchangeable, upon request as described therein, either for a Permanent Global Security or Definitive Securities (as indicated in the applicable Pricing Supplement), provided that, in the case of any part of a Security submitted for exchange for a Permanent Global Security, there shall have been Certification (as defined below) with respect to such nominal amount submitted for such exchange dated no earlier than the Exchange Date (as defined below). Each Permanent Global Security may be exchanged, unless otherwise specified in the applicable Pricing Supplement, upon request as described therein, in whole (but not in part) for Definitive Securities upon the terms therein.

For the purposes of the above paragraph:

"**Certification**" means the presentation to the Issuing and Paying Agent of a certificate or certificates with respect to one or more interests in the Temporary Global Security, signed by Euroclear, Clearstream, Luxembourg or CDP (as the case may be), substantially to the effect set out in Exhibit A of Schedule 2 to the Trust Deed to the effect that it has received a certificate or certificates substantially to the effect set out in Exhibit B of Schedule 2 to the Trust Deed with respect thereto and that no contrary advice as to the contents thereof has been received by Euroclear, Clearstream, Luxembourg or CDP, as the case may be; and

"**Exchange Date**" means such date falling not later than three (3) calendar months after the date of issue of the Temporary Global Security.

Each Tranche or Series of Registered Securities will initially be represented by a Global Certificate. Each Global Certificate may be registered in the name of, or in the name of a nominee of, a Common Depositary, CDP and/or any other agreed clearing system. Each Global Certificate may be exchanged, upon request as described therein, in whole (but not in part) for Certificates upon the terms therein. A Certificate shall be issued in respect of each Securityholder's entire holding of Registered Securities of one Series.

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

Taxation : Payments of principal and interest or, as the case may be, distribution on the Securities will be 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 or levied by or on behalf of Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as will result in the receipt by the Securityholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, save for certain exceptions. For further details, see the section on "*Singapore Taxation*" below.

Listing	:	Each Series of the Securities may, if so agreed between the Issuer and the relevant Dealer(s), be listed on the SGX-ST or any stock exchange(s) as may be agreed between the Issuer and the relevant Dealer(s), subject to all necessary approvals having been obtained. If the application to the SGX-ST to list a particular Series of Securities is approved, for so long as such Securities are listed on the SGX-ST and the rules of the SGX-ST so require, such Securities will be traded on the SGX-ST in a minimum board lot size of at least S$200,000 (or its equivalent in foreign currencies).
Selling Restrictions	:	For a description of certain restrictions on offers, sales and deliveries of Securities and the distribution of offering material relating to the Securities, see the section on "*Subscription, Purchase and Distribution*" below. Further restrictions may apply in connection with any particular Series or Tranche of Securities.
Non-Disposal Covenant	:	The Issuer has covenanted with the Trustee in the Trust Deed that, so long as any of the Securities remains outstanding, the Issuer shall not, and will ensure that none of its Principal Subsidiaries will, whether by a single transaction or a number of related or unrelated transactions and whether at one time or over a length of time, sell or transfer, lease out, lend or otherwise dispose of (whether outright, by a sale-and-repurchase or sale-and-leaseback arrangement, or otherwise) any part of its assets which, either alone or when aggregated with all other disposals required to be taken into account under this sub-clause, would have a material adverse effect on the Issuer and/or the Group as a whole or would result in the Consolidated Tangible Net Worth to be less than S$1,000,000,000, save that the following shall not be taken into account: (1) disposals in the ordinary course of business on arm's length basis, in each case, on normal commercial terms and as permitted by applicable laws and regulations; (2) any disposal in connection with the transfer of any of its assets to a joint venture company, where it will retain an equity interest in the joint venture company which is proportionate to its asset contribution to the joint venture company (taking into account any cash adjustments by way of any payment between the joint venture parties and/or any investment of capital into the joint venture company); (3) the disposal of MFLEX and UES Holdings Pte. Ltd., including their respective subsidiaries, if any; and (4) any disposal which the Securityholders by way of Extraordinary Resolution have agreed shall not be taken into account.

Governing Law	:	The Programme and any Securities issued under the Programme will be governed by, and construed in accordance with, the laws of Singapore.

<u>NOTES</u>

Maturities	:	Subject to compliance with all relevant laws, regulations and directives, Notes may have maturities of such tenor as may be agreed between the Issuer and the relevant Dealer(s).
Mandatory Redemption	:	Unless previously redeemed or purchased and cancelled, each Note will be redeemed at its Redemption Amount on the maturity date shown on its face.
Interest Basis	:	Notes may bear interest at fixed, floating, variable or hybrid rates or such other rates as may be agreed between the Issuer and the relevant Dealer(s) or may not bear interest.
Fixed Rate Notes	:	Fixed Rate Notes will bear a fixed rate of interest which will be payable in arrear on specified dates and at maturity.
Floating Rate Notes	:	Floating Rate Notes which are denominated in Singapore dollars will bear interest to be determined separately for each Series by reference to S$ SIBOR or S$ SWAP RATE (or in any other case such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin. Interest periods in relation to the Floating Rate Notes will be agreed between the Issuer and the relevant Dealer(s) prior to their issue. Floating Rate Notes which are denominated in other currencies will bear interest to be determined separately for each Series by reference to such other benchmark as may be agreed between the Issuer and the relevant Dealer(s).
Variable Rate Notes	:	Variable Rate Notes will bear interest at a variable rate determined in accordance with the Conditions of the Notes. Interest periods in relation to the Variable Rate Notes will be agreed between the Issuer and the relevant Dealer(s) prior to their issue.
Hybrid Notes	:	Hybrid Notes will bear interest, during the fixed rate period to be agreed between the Issuer and the relevant Dealer(s), at a fixed rate of interest which will be payable in arrear on specified dates and at maturity and, during the floating rate period to be agreed between the Issuer and the relevant Dealer(s), at the rate of interest to be determined by reference to S$ SIBOR or S$ SWAP RATE (or such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin (provided that if Hybrid Notes are denominated in a currency other than Singapore dollars, such Hybrid Notes will bear interest to be determined separately by reference to such benchmark as may be agreed between the Issuer and the relevant Dealer(s)), in each case payable at the end of each interest period to be agreed between the Issuer and the relevant Dealer(s).

Zero-Coupon Notes	:	Zero-Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest other than in the case of late payment.
Status of the Notes	:	The Notes and Coupons of all Series will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* and rateably, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer from time to time outstanding.
Redemption and Purchases	:	If so provided on the face of the Notes and the relevant Pricing Supplement, Notes may be redeemed (either in whole or in part) prior to their stated maturity at the option of the Issuer and/or the holders of the Notes. Further, if so provided on the face of the Notes and the relevant Pricing Supplement, Notes may be purchased by the Issuer (either in whole or in part) prior to their stated maturity at the option of the Issuer and/or the holders of the Notes.
Redemption for Taxation Reasons	:	The Notes will be redeemable at the option of the Issuer prior to maturity for tax reasons.
Redemption at the Option of Noteholders upon Cessation or Suspension of Trading of Shares	:	If on any date, (1) the Shares cease to be traded on the SGX-ST or (2) trading of the Shares on the SGX-ST is suspended for more than seven (7) consecutive Exchange Business Days, the Issuer shall, at the option of the holder of any Note, redeem all (and not some only) of such holder's Notes at its Redemption Amount (together with interest accrued to the date fixed for redemption) on the date falling 45 calendar days after (in the case of (1) above) the date of cessation of trading or (in the case of (2) above) the Business Day immediately following the expiry of the period of seven (7) consecutive Exchange Business Days during which trading of the shares of the Issuer is suspended. For the purposes of this paragraph, "**Exchange Business Day**" means any day on which the SGX-ST is open for trading during its regular trading hours.
Negative Pledge	:	The Issuer has covenanted with the Trustee in the Trust Deed that, so long as any of the Notes remains outstanding (as defined in the Trust Deed), the Issuer will not, and will ensure that none of its Principal Subsidiaries will, create or have outstanding any security (as defined in the Trust Deed) over the whole or any part of its undertakings, assets, property or revenues, present or future, unless such security is given to secure any indebtedness of, or guaranteed by, the Issuer and such security is forthwith extended equally and rateably to the indebtedness of the Issuer in respect of the Notes, except for: (1) liens or rights of set-off arising solely by operation of law (or by an agreement evidencing the same) in the ordinary course of its business in respect of indebtedness which either (a) has been due for less than 14 Business Days or (b) is being contested in good faith and by appropriate means;

(2) any security created on any asset acquired or developed after the date of the Trust Deed for the main purpose of securing moneys used to finance the acquisition, development, redevelopment or subsequent development of such asset, in each case whether wholly or partially, as the case may be, not exceeding:

(a) in respect of any project which is a property development, 80 per cent. of (i) the cost of that acquisition or development, or (ii) the Gross Development Value, whichever is higher at the relevant time (of the proposed creation of the security) as the case may be; and

(b) in respect of any project which is not a property development, (i) the cost of that acquisition or development, or (ii) the valuation of the project as determined by an independent Approved Valuer, whichever is higher at the relevant time (of the proposed creation of the security) as the case may be;

(3) any security created or to be created with the prior consent in writing of the Trustee, such consent not to be unreasonably withheld, or the prior approval of Noteholders by way of Extraordinary Resolution (as defined in the Trust Deed);

(4) any security in connection with any refinancing of the indebtedness secured by such security referred to in sub-paragraphs (2), (3), (4), (5), (6) or (7) notwithstanding that the principal amount secured may be increased, provided that the principal amount does not exceed:

(a) in respect of any project which is a property investment or development, 80 per cent. of the Gross Development Value; and

(b) in respect of any project which is not a property investment or development, the valuation of the project as determined by an independent Approved Valuer;

(5) any security over any asset existing on or prior to the date of the Trust Deed and as disclosed in writing to the Trustee on or prior to the date of the Trust Deed. For the purpose of this Condition, "any asset existing on or prior to the date of the Trust Deed" shall include (but shall not be limited to) any asset under development on or prior to the date of the Trust Deed;

(6) any security created over the property known as UE BizHub CENTRAL or any part thereof. For the avoidance of doubt, "**UE BizHub CENTRAL**" shall include:

(a) the existing development, the subsequent development, re-development and/or extension of UE BizHub CENTRAL; and/or

		(b) subsequent phases of development of UE BizHub CENTRAL; and (7) any security created on the property known as UE Square or any part thereof for the sole purpose of financing the redevelopment of such property, provided always that notwithstanding any of the above paragraphs, the secured amount shall not at any time exceed 50 per cent. of the Gross Development Value of such property. Capitalised terms in this paragraph have the meanings ascribed to them in Condition 4 of the Notes.
Financial Covenants	:	The Issuer has covenanted with the Trustee in the Trust Deed that so long as any of the Notes remains outstanding, it will ensure that, as at each Test Date: (1) the minimum positive Consolidated Tangible Net Worth (excluding non-controlling interests) will not at any time be less than S$1,000,000,000; and (2) the ratio of Consolidated Total Borrowings to Consolidated Tangible Net Worth of the Group will not at any time be more than 1.5 : 1, where such ratio shall be calculated by reference to the latest audited and/or unaudited consolidated financial statements of the Group for the relevant financial period ending on that Test Date. Capitalised terms in this paragraph have the meanings ascribed to them in Condition 4 of the Notes.
Events of Default	:	See Condition 10 of the Notes.
<u>PERPETUAL SECURITIES</u>		
No Fixed Maturity	:	The Perpetual Securities are perpetual securities in respect of which there is no fixed redemption date and the Issuer shall only have the right (but not the obligation) to redeem or purchase them in accordance with the provisions of the Conditions of the Perpetual Securities.
Distribution Basis	:	Perpetual Securities may confer a right to distribution at fixed or floating rates.
Fixed Rate Perpetual Securities	:	Fixed Rate Perpetual Securities will confer a right to distribution at a fixed rate which will be payable in arrear on specified dates. If so provided on the face of the Fixed Rate Perpetual Securities, the distribution rate may be subject to reset on such date and bases as may be set out in the relevant Pricing Supplement.
Floating Rate Perpetual Securities	:	Floating Rate Perpetual Securities which are denominated in Singapore dollars will confer a right to distribution at a rate to be determined separately for each Series by reference to S$ SIBOR or S$ SWAP RATE (or in any other case such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin. Distribution periods in relation to the Floating Rate Perpetual Securities will be agreed between the Issuer and the relevant Dealer(s) prior to their issue.

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

Distribution Discretion	:	If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Issuer may, at its sole discretion, elect not to pay a distribution (or to pay only part of a distribution) which is scheduled to be paid on a Distribution Payment Date (as defined in the Conditions of the Perpetual Securities) by giving notice (an "**Optional Payment Notice**") to the Trustee, the Issuing and Paying Agent and the Perpetual Securityholders (in accordance with Condition 15 of the Perpetual Securities) not more than 15 nor less than five (5) Business Days (or such other notice period as may be specified on the face of the Perpetual Security and the relevant Pricing Supplement) prior to a scheduled Distribution Payment Date.

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

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

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

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

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

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

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

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

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

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

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

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

Status of the Senior Perpetual Securities	:	The Senior Perpetual Securities and Coupons relating to them constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu* and rateably without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer from time to time outstanding.
Status of the Subordinated Perpetual Securities	:	The Subordinated Perpetual Securities and Coupons relating to them constitute direct, unconditional, subordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves and *pari passu* with any Parity Obligations of the Issuer.
Subordination of Subordinated Perpetual Securities	:	Subject to the insolvency laws of Singapore and other applicable laws, in the event of the Winding-Up (as defined in Condition 9(b) of the Perpetual Securities) of the Issuer, the rights of the Perpetual Securityholders and Couponholders in respect of Subordinated Perpetual Securities to payment of principal of and distribution on the Subordinated Perpetual Securities and the Coupons relating to them are expressly subordinated and subject in right of payment to the prior payment in full of all claims of senior creditors of the Issuer but at least *pari passu* with all other subordinated obligations of the Issuer that are not expressed by their terms to rank junior to the Subordinated Perpetual Securities and in priority to the claims of shareholders of the Issuer and/or as otherwise specified in the applicable Pricing Supplement.

No set-off in relation to Subordinated Perpetual Securities	:	Subject to applicable law, no holder of Subordinated Perpetual Securities or any Coupons relating to them may exercise, claim or plead any right of set-off, deduction, withholding or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them, and each holder of Subordinated Perpetual Securities or any Coupons relating to them shall, by virtue of his holding of any Subordinated Perpetual Securities or Coupons relating to them, be deemed to have waived all such rights of set-off, deduction, withholding or retention against the Issuer. Notwithstanding the preceding sentence, if any of the amounts owing to any holder of Subordinated Perpetual Securities or any Coupons relating to them by the Issuer in respect of, or arising under or in connection with the Subordinated Perpetual Securities or Coupons relating to them is discharged by set-off, such holder of Subordinated Perpetual Securities or any Coupons relating to them shall, subject to applicable law, immediately pay an amount equal to the amount of such discharge to the Issuer (or, in the event of its Winding-Up or administration, the liquidator or, as appropriate, administrator of the Issuer) and, until such time as payment is made, shall hold such amount in trust for the Issuer (or the liquidator or, as appropriate, administrator of the Issuer) and accordingly any such discharge shall be deemed not to have taken place.
Redemption at the Option of the Issuer	:	If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Issuer may, on giving irrevocable notice to the Perpetual Securityholders falling within the Issuer's Redemption Option Period shown on the face thereof, redeem all or, if so provided, some of the Perpetual Securities at their Redemption Amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Perpetual Securities shall be at their Redemption Amount, together with distribution accrued (including any Arrears of Distribution and any Additional Distribution Amount) (if any) to (but excluding) the date fixed for redemption.
Redemption for Taxation Reasons	:	If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including Arrears of Distribution and any Additional Distribution Amount) accrued (if any) to (but excluding) the date fixed for redemption), if: (1) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 of the Perpetual Securities, or increase the payment of such additional amounts, as a result of: (A) any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any

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

(B) the Issuer receiving a ruling by the Comptroller of Income Tax (or other relevant authority) which confirms that:

(i) the Perpetual Securities will not be regarded as "debt securities" for the purposes of Section 43N(4) and Section 13 of the ITA and Regulation 2 of the Income Tax (Qualifying Debt Securities) Regulations; or

(i) the distributions (including any Arrears of Distribution and any Additional Distribution Amount) will not be regarded as interest payable by the Issuer for the purposes of the withholding tax exemption and/or concessionary tax rate on interest for "qualifying debt securities" under the ITA; and

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

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

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

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

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

(B) any amendment to, or change in, an official and binding interpretation of any such laws, rules or regulations by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination) which is enacted, promulgated, issued or becomes effective otherwise on or after the Issue Date; or

(C) any generally applicable official interpretation or pronouncement which is issued or announced on or after the Issue Date that provides for a position with respect to such laws or regulations that differs from the previous generally accepted position which is issued or announced before the Issue Date, or

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

payments by the Issuer are no longer, or would in the Distribution Period immediately following that Distribution Payment Date no longer be, fully deductible by the Issuer for Singapore income tax purposes.

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

Redemption in the case of Minimal Outstanding Amount	:	If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including Arrears of Distribution and any Additional Distribution Amount) accrued (if any) to (but excluding) the date fixed for redemption) if, immediately before giving such notice, the aggregate principal amount of the Perpetual Securities outstanding is less than 10 per cent. of the aggregate principal amount originally issued.
Limited right to institute proceedings in relation to Perpetual Securities	:	Notwithstanding any of the provisions in Condition 9 of the Perpetual Securities, the right to institute proceedings for Winding-Up is limited to circumstances where an Enforcement Event (as defined below) has occurred. In the case of any distribution or Arrears of Distribution, such payment will not be due if the Issuer has elected to defer that payment pursuant to Condition 4 of the Perpetual Securities, provided that nothing in Condition 9 of the Perpetual Securities, including any restriction on commencing proceedings, shall in any way restrict or limit any rights of the Trustee or any of its directors, officers, employees or agents to claim from or to otherwise take any action against the Issuer in respect of any costs, charges, fees, expenses or liabilities incurred by such party pursuant to or in connection with the Trust Deed or the Perpetual Securities.
Proceedings for winding-up	:	If (i) the Issuer fails to pay the principal of or any distributions (including any Arrears of Distribution (if applicable) and any Additional Distribution Amount (if applicable)) on any of the Perpetual Securities when due and such failure continues for a period of seven (7) Business Days or more after the date on which such payment is due; or (ii) an order is made or an effective resolution is passed for the Winding-Up or dissolution of the Issuer (each an "**Enforcement Event**"), the Issuer shall be deemed to be in default under the Trust Deed and the Perpetual Securities and the Trustee may, subject to the provisions of Condition 9(b) of the Perpetual Securities, institute proceedings for the Winding-Up of the Issuer and/or prove in the Winding-Up of the Issuer and/or claim in the liquidation of the Issuer for payment of the Perpetual Securities at their principal amount together with any distributions (including any outstanding Arrears of Distribution and any Additional Distribution Amount) accrued to such date.

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

The Notes are constituted by a trust deed (as amended, varied or supplemented, the "**Trust Deed**") dated 16 May 2016 made between (1) United Engineers Limited, as issuer (the "**Issuer**", which expression shall include its successors and permitted assigns), and (2) The Bank of New York Mellon, acting through its Singapore Branch (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 of the Noteholders (as defined below), and (where applicable) the Notes are issued with the benefit of a deed of covenant (as amended, varied or supplemented, the "**Deed of Covenant**") dated 16 May 2016 relating to the Notes executed by the Issuer. These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Coupons and Talons referred to below. The Issuer has entered into an agency agreement (as amended, varied or supplemented, the "**Agency Agreement**") dated 16 May 2016 made between (1) the Issuer, as issuer, (2) The Bank of New York Mellon, acting through its Singapore Branch, as issuing and paying agent (the "**Singapore Issuing and Paying Agent**"), transfer agent (the "**Singapore Transfer Agent**") and registrar (the "**Singapore Registrar**") in respect of Notes that are cleared through CDP (as defined below), (3) The Bank of New York Mellon, acting through its London Branch, as issuing and paying agent (the "**London Issuing and Paying Agent**") in respect of Notes that are cleared through Euroclear and/or Clearstream, Luxembourg (each as defined below), (4) The Bank of New York Mellon (Luxembourg) S.A., as registrar (the "**Luxembourg Registrar**") and transfer agent (the "**Luxembourg Transfer Agent**") in respect of Notes that are cleared through Euroclear and/or Clearstream, Luxembourg (each as defined below), (5) The Bank of New York Mellon, acting through its London Branch, as calculation agent (the "**Calculation Agent**"), and (6) the Trustee, as trustee. In these Conditions, "**Issuing and Paying Agent**" shall refer to, as the context may require, the Singapore Issuing and Paying Agent, the London Issuing and Paying Agent or any other issuing and paying agent as may be appointed by the Issuer from time to time under the Agency Agreement; "**Registrar**" shall refer to, as the context may require, the Singapore Registrar, the Luxembourg Registrar or any other registrar as may be appointed by the Issuer from time to time under the Agency Agreement; and "**Transfer Agent**" shall refer to, as the context may require, the Singapore Transfer Agent, the Luxembourg Transfer Agent or any other transfer agent as may be appointed by the Issuer from time to time under the Agency Agreement. The Issuing and Paying Agent, which expression shall, wherever the context so admits, include any successor for the time being as Issuing and Paying Agent, (in the case of any Floating Rate Note, Variable Rate Note, Hybrid Note or Zero-Coupon Note) the Calculation Agent, which expression shall, wherever the context so admits, include any successor for the time being as Calculation Agent, (in the case of Registered Notes) the Registrar, which expression shall, wherever the context so admits, include any successor for the time being as Registrar and (in the case of Registered Notes) the Transfer Agent, which expression shall, wherever the context so admits, include any successor for the time being as Transfer Agent, for the Notes shall be the entity specified hereon as the Issuing and Paying Agent, the Calculation Agent, the Registrar and the Transfer Agent.

The Noteholders and the holders (the "**Couponholders**") of the coupons (the "**Coupons**") appertaining to the interest-bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the "**Talons**") are bound by and are deemed to have notice of all of the provisions of the Trust Deed, the Agency Agreement and the Deed of Covenant.

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

1. FORM, DENOMINATION AND TITLE

(a) Form and Denomination

(i) The Notes of the Series of which this Note forms part (in these Conditions, the "**Notes**") are issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**") in each case in the Denomination Amount shown hereon.

(ii) This Note is a Fixed Rate Note, a Floating Rate Note, a Variable Rate Note, a Hybrid Note or a Note that does not bear interest (a "**Zero-Coupon Note**"), a combination of any of the foregoing or any other type of Note (depending upon the Interest and Redemption/Payment Basis shown on its face).

(iii) Bearer Notes are serially numbered and issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero-Coupon Notes in which case references to interest (other than in relation to default interest referred to in Condition 7(h)) in these Conditions are not applicable.

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

(b) Title

(i) Subject as set out below, title to the Bearer Notes and the Coupons and Talons appertaining thereto shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**").

(ii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note, Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Note, Coupon or Talon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Note, Coupon or Talon shall be overdue and notwithstanding any notice of ownership, theft, loss or forgery thereof or any writing thereon made by anyone, and no person shall be liable for so treating the holder.

(iii) For so long as any of the Notes is represented by a Global Security (as defined in the Trust Deed) or, as the case may be, a Global Certificate (as defined in the Trust Deed) and such Global Security or Global Certificate is held by The Central Depository (Pte) Limited ("**CDP**"), each person who is for the time being shown in the records of CDP as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by CDP as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Issuing and Paying Agent, the Calculation Agent, the Transfer Agent, the Registrar and all other agents of the Issuer and the Trustee as the holder of such principal amount of Notes other than with respect to the payment of principal, premium, interest, distribution, redemption, purchase and/or any other amounts in respect of the Notes, for which purpose the bearer of the Global Security or, as the case may be, the person whose name is shown on the Register shall be treated by the Issuer, the Issuing and Paying Agent, the Calculation Agent, the Transfer Agent, the Registrar and all other agents of the Issuer and the Trustee as the holder of such Notes in accordance with and subject to the terms of the Global Security or, as the case may be, the Global Certificate (and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions, where the context requires, shall be construed accordingly). Notes which are represented by the Global Security or, as the case may be, the Global Certificate and held by CDP will be transferable only in accordance with the rules and procedures for the time being of CDP. For so long as any of the Notes is represented by a Global Security or, as the case may be, a Global Certificate and such Global Security or Global Certificate is held by CDP, the record date for the purposes of determining entitlements to any payment of principal, interest and any other amounts in respect of the Notes shall, unless otherwise specified by the Issuer, be the date falling five (5) business days prior to the relevant payment date (or such other date as may be prescribed by CDP).

(iv) For so long as any of the Notes is represented by a Global Security or, as the case may be, a Global Certificate and such Global Security or Global Certificate is held by a common depositary for Euroclear Bank S.A./N.V. ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**"), each person who is for the time being shown in the records of Euroclear and/or Clearstream, Luxembourg as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by Euroclear and/or Clearstream, Luxembourg as to the principal amount of such Notes (as the case may be) standing to the account of any person shall be conclusive and binding for all purposes, save in the case of manifest error) shall be treated by the Issuer, the Issuing and Paying Agent, the Calculation Agent, the Transfer Agent, the Registrar and all other agents of the Issuer and the Trustee as the holder of such principal amount of such Notes other than with respect to the payment of principal, premium, interest, distribution, redemption, purchase and/or any other amounts in respect of such Notes, for which purpose the bearer of the Global Security or, as the case may be, the person whose name is shown on the Register shall be treated by the Issuer, the Issuing and Paying Agent, the Calculation Agent, the Transfer Agent, the Registrar and all other agents of the Issuer and the Trustee as the holder of such Notes in accordance with and subject to the terms of the Global Security or, as the case may be, the Global Certificate (and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions, where the context requires, shall be construed accordingly). Notes which are represented by a Global Security or, as the case may be, a Global Certificate and held by Euroclear and/or Clearstream, Luxembourg will be transferable only in accordance with the rules and procedures for the time being of Euroclear and/or Clearstream, Luxembourg. For so long as any of the Notes is represented by a Global Security or, as the case may be, a Global Certificate and such Global Security or Global Certificate is held by a common depositary for Euroclear and/or Clearstream, Luxembourg, the record date for the purposes of determining entitlements to any payment of principal, interest and any other amounts in respect of the Notes shall be the close of business on the Clearing System Business Day immediately prior to the relevant payment date, where "**Clearing System Business Day**" means Monday to Friday inclusive except 25 December and 1 January (or such other date as may be prescribed by Euroclear and/or Clearstream, Luxembourg).

(v) In these Conditions, "**Global Security**" means the relevant Temporary Global Security representing each Series or the relevant Permanent Global Security representing each Series, "**Noteholder**" means the bearer of any Bearer Note or the person in whose name a Registered Note is registered (as the case may be) and "**holder**" (in relation to a Note, Coupon or Talon) means the bearer of any Bearer Note, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be), "**Series**" means (A) (in relation to Notes other than Variable Rate Notes) a Tranche, together with any further Tranche or Tranches, which are (1) expressed to be consolidated and forming a single series and (2) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first 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).

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

2. NO EXCHANGE OF NOTES AND TRANSFERS OF REGISTERED NOTES

(a) No Exchange of Notes

Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Denomination Amount may not be exchanged for Bearer Notes of another Denomination Amount. Bearer Notes may not be exchanged for Registered Notes.

(b) Transfer of Registered Notes

Subject to Condition 2(f) below, one or more Registered Notes may be transferred (in the authorised denominations set out herein) upon the surrender (at the specified office of the Registrar or the Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer) duly completed and executed and any other evidence as the Registrar or the Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals that have executed the form of transfer. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer and the Registrars, with the prior approval (in the case of any regulation proposed by the Issuer) of the Trustee, the Registrars and the Transfer Agents and (in the case of any regulation proposed by any Registrar) of the Issuer, the Trustee and the other Registrar. A copy of the current regulations will be made available by the Registrars, at the expense of the Issuer, to any Noteholder upon request.

(c) Exercise of Options or Partial Redemption in Respect of Registered Notes

In the case of an exercise of an Issuer's or Noteholders' option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or the Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) Delivery of New Certificates

Each new Certificate to be issued pursuant to Condition 2(b) or 2(c) shall be available for delivery within five (5) business days of receipt of the form of transfer or Exercise Notice (as defined in Condition 6(b)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Registrar or the Transfer Agent (as the case may be) to whom delivery or surrender of such form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer, Exercise Notice or otherwise in writing, be mailed, at the expense of the Issuer, by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "**business day**" means a day, other than a Saturday or Sunday or a gazetted public holiday, on which banks are open for business in the place of the specified office of the Registrar or the Transfer Agent (as the case may be).

(e) Transfers Free of Charge

Transfers of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agent, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security and/or prefunding as the Registrar or the Transfer Agent may require) in respect of tax or charges.

(f) Closed Periods

No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(c), (ii) after any such Note has been called for redemption, or (iii) during the period of 15 days ending on (and including) any Record Date as defined in Condition 7(b).

3. STATUS

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

4. NEGATIVE PLEDGE, FINANCIAL AND OTHER COVENANTS

(a) The Issuer has covenanted with the Trustee in the Trust Deed that, so long as any of the Notes remains outstanding (as defined in the Trust Deed), the Issuer will not, and will ensure that none of its Principal Subsidiaries will, create or have outstanding any security (as defined in the Trust Deed) over the whole or any part of its undertakings, assets, property or revenues, present or future, unless such security is given to secure any indebtedness of, or guaranteed by, the Issuer and such security is forthwith extended equally and rateably to the indebtedness of the Issuer in respect of the Notes, except for:

(i) liens or rights of set-off arising solely by operation of law (or by an agreement evidencing the same) in the ordinary course of its business in respect of indebtedness which either (A) has been due for less than 14 Business Days or (B) is being contested in good faith and by appropriate means;

(ii) any security created on any asset acquired or developed after the date of the Trust Deed for the main purpose of securing moneys used to finance the acquisition, development, redevelopment or subsequent development of such asset, in each case whether wholly or partially, as the case may be, not exceeding:

(A) in respect of any project which is a property development, 80 per cent. of (1) the cost of that acquisition or development, or (2) the Gross Development Value, whichever is higher at the relevant time (of the proposed creation of the security) as the case may be; and

(B) in respect of any project which is not a property development, (1) the cost of that acquisition or development, or (2) the valuation of the project as determined by an independent Approved Valuer, whichever is higher at the relevant time (of the proposed creation of the security) as the case may be;

(iii) any security created or to be created with the prior consent in writing of the Trustee, such consent not to be unreasonably withheld, or the prior approval of Noteholders by way of Extraordinary Resolution (as defined in the Trust Deed);

(iv) any security in connection with any refinancing of the indebtedness secured by such security referred to in Conditions 4(a)(ii), 4(a)(iii), 4(a)(iv), 4(a)(v), 4(a)(vi) or 4(a)(vii) notwithstanding that the principal amount secured may be increased, provided that the principal amount does not exceed:

(A) in respect of any project which is a property investment or development, 80per cent. of the Gross Development Value; and

(B) in respect of any project which is not a property investment or development, the valuation of the project as determined by an independent Approved Valuer;

(v) any security over any asset existing on or prior to the date of the Trust Deed and as disclosed in writing to the Trustee on or prior to the date of the Trust Deed. For the purpose of this Condition, "any asset existing on or prior to the date of the Trust Deed" shall include (but shall not be limited to) any asset under development on or prior to the date of the Trust Deed;

(vi) any security created over the property known as UE BizHub CENTRAL or any part thereof. For the avoidance of doubt, "**UE BizHub CENTRAL**" shall include:

(A) the existing development, the subsequent development, re-development and/or extension of UE BizHub CENTRAL; and/or

(B) subsequent phases of development of UE BizHub CENTRAL; and

(vii) any security created on the property known as UE Square or any part thereof for the sole purpose of financing the redevelopment of such property, provided always that notwithstanding any of the above paragraphs, the secured amount shall not at any time exceed 50 per cent. of the Gross Development Value of such property.

(b) The Issuer has covenanted with the Trustee in the Trust Deed that for so long as any of the Notes or Coupons remains outstanding, it will ensure that, as at each Test Date:

(i) the minimum positive Consolidated Tangible Net Worth (excluding non-controlling interests) will not at any time be less than S$1,000,000,000; and

(ii) the ratio of Consolidated Total Borrowings to Consolidated Tangible Net Worth of the Group will not at any time be more than 1.5 : 1, where such ratio shall be calculated by reference to the latest audited and/or unaudited consolidated financial statements of the Group for the relevant financial period ending on that Test Date.

For the purposes of these Conditions:

"**Approved Valuer**" means a natural person, company or firm appointed by the Issuer to provide a valuation, provided that the person so appointed shall be (i) a reputable appraiser licensed under the Appraisers Act (Chapter 16 of Singapore) and who is a member of the Singapore Institute of Surveyors and Valuers, or (ii) any recognised body of valuers (whether in Singapore or otherwise).

"**Consolidated Tangible Net Worth**" means at any time 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 share capital of the Issuer for the time being issued and paid-up; and

(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,

all as shown in the then latest audited and/or, as the case may be, unaudited consolidated balance sheet of the Group for the relevant financial period ending on that Test Date but after:

(i) making such adjustments as may be appropriate in respect of any variation in the issued and paid-up share capital and the capital and revenue reserves set out in paragraph (b) above of the Group since the date of the latest audited and/or, as the case may be, unaudited consolidated balance sheet of the Group for the relevant financial period ending on that Test Date;

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

(iii) deducting:

(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 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;

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

(D) any amount in respect of interests of non-Group members in Group subsidiaries; and

(E) any provision for deferred taxation,

and so that no amount shall be included or excluded more than once.

"**Consolidated Total Borrowings**" means, at any time, 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 of any member of the Group (other than the principal amounts outstanding under all agreements or transactions entered into by any member of the Group for leasing or hire purchase);

(b) the principal amount of the Notes or any bonds or debentures of any member of the Group whether issued for cash or a consideration other than cash;

(c) the liabilities of the Issuer under the Trust Deed or the Notes; and

(d) any redeemable preference shares issued by any member of the Group (other than those shares which are regarded as equity as reflected in the latest audited consolidated balance sheet of the Group),

(provided that no amount shall be taken into account more than once in the same calculation) less the aggregate amount of Excluded Liabilities and any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account).

"**Excluded Liabilities**" means any of the following:

(a) all Financial Indebtedness incurred by the Issuer or any subsidiary of the Issuer for or relating to the purpose of the acquisition of any company ("**Target**"), where such Financial Indebtedness has been secured against the shares of the Target; and/or

(b) without limitation or prejudice to (a) above, any stand-alone project related Financial Indebtedness incurred (or which has been agreed to be incurred) by the Issuer or, as the case may be, a special purpose subsidiary of the Issuer, for the sole purpose of financing the acquisition, development, subsequent development and/or re-development by the Issuer or, as the case may be, that subsidiary of immovable property and/or the refinancing of such Financial Indebtedness, except (in the case where the Financial Indebtedness is incurred by the special purpose subsidiary of the Issuer) to the extent that any of the creditors of such Financial Indebtedness has any right of recourse to the Issuer.

"**Financial Indebtedness**" means any indebtedness for or in respect of:

(a) moneys borrowed;

(b) any amount raised by acceptance under any acceptance credit facility;

(c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;

(d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with generally accepted accounting principles in Singapore, be treated as a finance or capital lease;

(e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);

(f) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;

(g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked to market value shall be taken into account);

(h) shares which are expressed to be redeemable;

(i) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and

(j) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (i) above.

"**Gross Development Value**" means the estimated market value (as determined by an independent Approved Valuer) of a proposed development that can be built on a given site assuming completion and issuance of temporary occupation permit and certificate of statutory completion.

"**Test Date**" means the last day of the relevant financial half-year or, as the case may be, the relevant financial year of the Issuer.

"**UE Square**" means the property located at 81 and 83 Clemenceau Avenue, Singapore.

(c) The Issuer has covenanted with the Trustee in the Trust Deed that, so long as any of the Notes remains outstanding, the Issuer shall not, and will ensure that none of its Principal Subsidiaries will, whether by a single transaction or a number of related or unrelated transactions and whether at one time or over a length of time, sell or transfer, lease out, lend or otherwise dispose of (whether outright, by a sale-and-repurchase or sale-and-leaseback arrangement, or otherwise) any part of its assets which, either alone or when aggregated with all other disposals required to be taken into account under this sub-clause, would have a material adverse effect on the Issuer and/or the Group as a whole or would result in the Consolidated Tangible Net Worth to be less than S$1,000,000,000, save that the following shall not be taken into account:

(a) disposals in the ordinary course of business on arm's length basis, in each case, on normal commercial terms and as permitted by applicable laws and regulations;

(b) any disposal in connection with the transfer of any of its assets to a joint venture company, where it will retain an equity interest in the joint venture company which is proportionate to its asset contribution to the joint venture company (taking into account any cash adjustments by way of any payment between the joint venture parties and/or any investment of capital into the joint venture company);

(c) the disposal of Multi-Fineline Electronix, Inc. and UES Holdings Pte. Ltd., including their respective subsidiaries, if any; and

(d) any disposal which the Securityholders by way of Extraordinary Resolution have agreed shall not be taken into account.

5. RATE OF INTEREST

(I) INTEREST ON FIXED RATE NOTES

(a) Interest Rate and Accrual

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

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

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

(b) Calculations

In the case of a Fixed Rate Note, interest in respect of a period of less than one (1) year will be calculated on the Day Count Fraction shown on the face of such Note.

(II) INTEREST ON FLOATING RATE NOTES OR VARIABLE RATE NOTES

(a) Interest Payment Dates

Each Floating Rate Note or Variable Rate Note bears interest on its Calculation Amount from the Interest Commencement Date in respect thereof and as shown on the face of such Note, and such interest will be payable in arrear on each interest payment date ("**Interest Payment Date**"). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Date(s) or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period on the face of the Note (the "**Specified Number of Months**") after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date (and which corresponds numerically with such preceding Interest Payment Date or the Interest Commencement Date, as the case may be), provided that the Agreed Yield (as defined in Condition 5(II)(c)) in respect of any Variable Rate Note for any Interest Period (as defined below) relating to that Variable Rate Note shall be payable on the first day of that Interest Period. If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day, then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding business day and (ii) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

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

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

(b) Rate of Interest - Floating Rate Notes

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

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

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 Calculation Agent on the basis of the following provisions:

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

(A) the Calculation Agent 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 A.M. SINGAPORE TIME" and under the column headed "SGD SIBOR" (or such other replacement page thereof) and as adjusted by the Spread (if any);

(B) if on any Interest Determination Date, no such rate appears on the Reuters Screen ABSIRFIX01 Page under the column headed "SGD SIBOR" (or such other replacement page thereof), the Calculation Agent will, at or about the Relevant Time on such Interest Determination Date, determine the Rate of Interest for such Interest Period which shall be the rate which appears under the caption "SINGAPORE DOLLAR INTERBANK OFFERED RATES - 11:00 A.M." and the row headed "SIBOR SGD" on the Reuters Screen SIBP Page (or such other replacement page thereof), being the offered rate for deposits in Singapore Dollars for a period equal to the duration of such Interest Period and as adjusted by the Spread (if any);

(C) if no such rate appears on the Reuters Screen SIBP Page (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 SIBP Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Calculation Agent will request the principal Singapore offices of each of the Reference Banks to provide the Calculation Agent 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 Calculation Agent;

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

(E) if on any Interest Determination Date, one only or none of the Reference Banks provides the Calculation Agent with such quotations, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent 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 Calculation Agent 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 ABSFIX1 Page under the caption "SGD SOR rates as of 11:00 hrs 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 appears on the Reuters Screen ABSFIX1 Page (or such other replacement page thereof) or the Reuters Screen ABSFIX1 Page (or such other replacement page thereof) is unavailable for any reason, the Calculation Agent 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 Calculation Agent may select and as adjusted by the Spread (if any);

(C) if on any Interest Determination Date the Calculation Agent 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 Calculation Agent 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 Calculation Agent 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 day one only or none of the Singapore offices of the Reference Banks provides the Calculation Agent 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 the Relevant Time on such Interest Determination Date and as adjusted by the Spread (if any);

(D) if paragraph (C) above applies and the Calculation Agent determines that fewer than two Reference Banks are quoting the rate as being their cost of funding or quoting the prime lending rates for Singapore Dollars on such Distribution Determination Date, the Rate of Distribution shall be the Rate of Distribution determined on the previous Distribution Determination Date; 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 Calculation Agent 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 Calculation Agent 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 Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date.

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

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

(c) Rate of Interest - Variable Rate Notes

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

(ii) The Agreed Yield or, as the case may be, the Rate of Interest payable from time to time in respect of each Variable Rate Note for each Interest Period shall, subject as referred to in paragraph (c)(iv) below, be determined as follows:

(1) not earlier than 9.00 a.m. (Singapore time) on the ninth business day nor later than 3.00 p.m. (Singapore time) on the third business day prior to the commencement of each Interest Period, the Issuer and the Relevant Dealer (as defined below) shall endeavour to agree on the following:

(A) whether interest in respect of such Variable Rate Note is to be paid on the first day or the last day of such Interest Period;

(B) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the first day of such Interest Period, an Agreed Yield in respect of such Variable Rate Note for such Interest Period (and, in the event of the Issuer and the Relevant Dealer so agreeing on such Agreed Yield, the Rate of Interest for such Variable Rate Note for such Interest Period shall be zero); and

(C) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the last day of such Interest Period, a Rate of Interest in respect of such Variable Rate Note for such Interest Period (an "**Agreed Rate**") and, in the event of the Issuer and the Relevant Dealer so agreeing on an Agreed Rate, such Agreed Rate shall be the Rate of Interest for such Variable Rate Note for such Interest Period; and

(2) if the Issuer and the Relevant Dealer shall not have agreed either an Agreed Yield or an Agreed Rate in respect of such Variable Rate Note for such Interest Period by 3.00 p.m. (Singapore time) on the third business day prior to the commencement of such Interest Period, or if there shall be no Relevant Dealer during the period for agreement referred to in (1) above, the Rate of Interest for such Variable Rate Note for such Interest Period shall automatically be the rate per annum equal to the Fall Back Rate (as defined below) for such Interest Period.

(iii) The Issuer has undertaken in the Agency Agreement that it will as soon as possible after the Agreed Yield or, as the case may be, the Agreed Rate in respect of any Variable Rate Note is determined but not later than 10.30 a.m. (Singapore time) on the next following business day:

(1) notify the Issuing and Paying Agent and the Calculation Agent of the Agreed Yield or, as the case may be, the Agreed Rate for such Variable Rate Note for such Interest Period; and

(2) cause such Agreed Yield or, as the case may be, Agreed Rate for such Variable Rate Note to be notified by the Issuing and Paying Agent to the relevant Noteholder at its request.

(iv) For the purposes of sub-paragraph (ii) above, the Rate of Interest for each Interest Period for which there is neither an Agreed Yield nor Agreed Rate in respect of any Variable Rate Note or no Relevant Dealer in respect of the Variable Rate Note(s) shall be the rate (the "**Fall Back Rate**") determined by reference to a Benchmark as stated on the face of such Variable Rate Note(s), being (in the case of Variable Rate Notes which are denominated in Singapore Dollars) SIBOR (in which case such Variable Rate Note(s) will be SIBOR Note(s)) or Swap Rate (in which case such Variable Rate Note(s) will be Swap Rate Note(s)) or (in any other case or in the case of Variable Rate Notes which are denominated in a currency other than Singapore Dollars) such other Benchmark as is set out on the face of such Variable Rate Note(s).

Such rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Variable Rate Note. The "**Spread**" is the percentage rate per annum specified on the face of such Variable Rate Note as being applicable to the rate of interest for such Variable Rate Note.

The rate of interest so calculated shall be subject to Condition 5(V)(a).

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

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

(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 5(II)(b) or Condition 5(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 zero per cent.

(e) Definitions

As used in these Conditions:

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

"**business day**" means(a) (in the context of Notes denominated in Singapore Dollars) a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore, (b) (in the context of Notes denominated in euro) a day on which the TARGET SYSTEM is open for settlement of payment in euro, and (c) (in the context of Notes denominated in a currency other than Singapore Dollars and euro) a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks 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;

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

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

(b) if "Actual/360" is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Notes or Hybrid Notes during the Fixed Rate Period) the Fixed Rate Interest Period or (in the case of Floating Rate Notes, Variable Rate Notes or Hybrid Notes during the Floating Rate Period) the Interest Period in respect of which payment is being made divided by 360; and

(c) if "Actual/365 (Fixed)" is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Notes or Hybrid Notes during the Fixed Rate Period) the Fixed Rate Interest Period or (in the case of Floating Rate Notes, Variable Rate Notes or Hybrid Notes during the Floating Rate Period) the Interest Period in respect of which payment is being made divided by 365;

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

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

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

"**Primary Source**" means the Screen Page or, as the case may be, the Reference Banks specified as such in the applicable Pricing Supplement and (in the case of any Screen Page provided by any information service other than the Bloomberg agency or the Reuters Monitor Money Rates Service ("**Reuters**")) agreed by the Calculation Agent;

"**Redemption Amount**" means, in respect of any Note, such amount as may be specified in, or determined in accordance with, the applicable Pricing Supplement;

"**Reference Banks**" means the institutions specified as such in the applicable Pricing Supplement or, if none, three (3) major banks selected by the Calculation Agent (in consultation with the Issuer) in the interbank market that is most closely connected with the Benchmark;

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

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

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

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

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

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

"**TARGET System**" means the Trans-European Automated Real Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

(III) INTEREST ON HYBRID NOTES

(a) Interest Rate and Accrual

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

(b) Fixed Rate Period

(i) In respect of the Fixed Rate Period shown on the face of such Note, each Hybrid Note bears interest on its Calculation Amount from the first day of the Fixed Rate Period at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Note payable in arrear on each Interest Payment Date or Interest Payment Dates shown on the face of the Note in each year and on the last day of the Fixed Rate Period if that date does not fall on an Interest Payment Date.

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

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

(iv) In the case of a Hybrid Note, interest in respect of a period of less than one (1) year will be calculated on the Day Count Fraction specified hereon during the Fixed Rate Period.

(c) Floating Rate Period

(i) In respect of the Floating Rate Period shown on the face of such Note, each Hybrid Note bears interest on its Calculation Amount from the first day of the Floating Rate Period, and such interest will be payable in arrear on each interest payment date ("**Interest Payment Date**"). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Date(s) or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period on the face of the Note (the "**Specified Number of Months**") after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the first day of the Floating Rate Period (and which corresponds numerically with such preceding Interest Payment Date or the first day of the Floating Rate Period, as the case may be). If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day, then if the Business Day Convention specified is (A) 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 (1) such date shall be brought forward to the immediately preceding business day and (2) 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, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (C) 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 (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

(ii) The period beginning (and including) on the first day of the Floating Rate Period and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date is herein called an "**Interest Period**".

(iii) Where the due date of redemption of any Hybrid Note falls within the Floating Rate Period, interest will cease to accrue on the Note from the due date for redemption thereof unless, upon due presentation thereof, payment of principal (or Redemption Amount, as the case may be) is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 5(III) to the Relevant Date.

(iv) The provisions of Condition 5(II)(b) and Condition 5(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 6(g)). As from the Maturity Date, the rate of interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as defined in Condition 6(g)(ii)).

(V) CALCULATIONS IN RESPECT OF FLOATING RATE NOTES, VARIABLE RATE NOTES AND HYBRID NOTES

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

The Calculation Agent 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 Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

(b) Notification

The Calculation Agent 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 Issuer and (in the case of Floating Rate Notes) to be notified to Noteholders in accordance with Condition 16 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 10, the Rate of Interest and Interest Amounts payable in respect of the Floating Rate Notes, Variable Rate Notes or, as the case may be, Hybrid Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest and Interest Amounts need to be made unless the Trustee requires otherwise.

(c) Alternative Calculation Agent

If the Calculation Agent does not at any time for any reason so determine the Rate of Interest for an Interest Period or any Interest Amount, the Issuer shall notify the Trustee and the Issuing and Paying Agent of this failure and promptly appoint an alternative Calculation Agent. If the Issuer fails to so appoint, the Trustee shall, on behalf of the Issuer and at the Issuer's expense, use reasonable endeavours to procure that a financial institution does so (and in this regard the Issuer shall provide such assistance to the Trustee as the Trustee may require), provided at all times that under no circumstances shall the Trustee be liable or responsible for any act or omission whether on its part or on the part of the Issuer or such financial institution or for any loss, liability, action, proceeding, claim, demand, penalty, damages, cost, expense, disbursement and other liability whatsoever which may be incurred, suffered or brought against the Issuer or such financial institution by reason thereof. In doing so, such financial institution shall apply the provisions of this Condition 5, 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) Calculation Agent and Reference Banks

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

6. REDEMPTION AND PURCHASE

(a) Redemption at Maturity Date

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 Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any redemption of Notes.

(b) Redemption at Option of Noteholder

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

(ii) Cessation or Suspension of Trading of the Shares of the Issuer:

(A) In the event that (1) the shares of the Issuer cease to be traded on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") or (2) trading of the shares of the Issuer on the SGX-ST is suspended for more than seven (7) consecutive Exchange Business Days (as defined below) (each, a "**Trading Disruption Event**"), the holder of any Notes shall have the right, at the option of such holder, to require the Issuer to redeem all (and not some only) of such holder's Notes in accordance with the procedures set out in Condition 6(b)(i), on the date falling 45 calendar days after (in the case of (1) above) the date of cessation of trading or (in the case of (2) above) the business day immediately following the expiry of the period of seven (7) consecutive Exchange Business Days during which trading of the shares of the Issuer is suspended. For the purposes of this Condition 6(b)(ii), "**Exchange Business Day**" means any day on which the SGX-ST is open for trading during its regular trading hours.

(B) The Issuer shall give notice to the Trustee, the Issuing and Paying Agent, the Registrar, the Transfer Agent and the Noteholders in accordance with Condition 16 as soon as possible but in any event not later than five (5) business days following the first day on which it becomes aware of the occurrence of the Trading Disruption Event, which notice shall specify:

(1) the date on which the cessation or, as the case may be, suspension, of trading of the shares of the Issuer commenced;

(2) the date by which the Exercise Notice must be given;

(3) the date on which and the method by which the Redemption Amount will be paid;

(4) the names and specified offices of the Issuing and Paying Agent, the Calculation Agent, and (in the case of Registered Notes) the Registrar and the Transfer Agent;

(5) the procedure for exercise by Noteholders of their right to require redemption of the Notes pursuant to this Condition 6(b)(ii); and

(6) such other information as the Trustee may require.

For the avoidance of doubt, the Trustee shall not be required to take any steps to ascertain whether the Trading Disruption Event or any event which could lead to the occurrence of the Trading Disruption Event has occurred and shall not be responsible or liable to Noteholders for any loss arising from any failure to do so.

(c) Redemption at Option of the Issuer

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

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 6(c).

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

(d) Purchase at the Option of the Issuer

If so provided hereon, the Issuer shall have the option to purchase all or any of the Fixed Rate Notes, Floating Rate Notes, Variable Rate Notes or Hybrid Notes at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Noteholders shall be bound to sell such Notes to the Issuer accordingly. To exercise such option, the

Issuer shall give irrevocable notice to the Noteholders within the Issuer's Purchase Option Period shown on the face hereof. Such Notes may be held, resold or surrendered to the Issuing and Paying Agent for cancellation. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.

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

(e) <u>Purchase at the Option of Noteholders</u>

(i) Each Noteholder shall have the option to have all or any of his Variable Rate Notes purchased by the Issuer at their Redemption Amount on any Interest Payment Date and the Issuer will purchase such Variable Rate Notes accordingly. To exercise such option, a Noteholder shall deposit (in the case of Bearer Notes) any Variable Rate Notes to be purchased (together with all unmatured Coupons and unexchanged Telons) with the Issuing and Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Variable Rate Notes to be purchased with the Registrar or the Transfer Agent at its specified office, 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 or Certificates so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. Such Variable Rate Notes may be held, resold or surrendered for cancellation (in the case of Bearer Notes) by surrendering such Variable Rate Notes (together with all unmatured Coupons and unexchanged Talons) to the Issuing and Paying Agent and (in the case of Registered Notes) by surrendering the Certificate representing such Variable Rate Notes to the Registrar. The Variable Rate Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.

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

(f) Redemption for Taxation Reasons

If so provided hereon, the Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount or (in the case of Zero-Coupon Notes) Early Redemption Amount (as determined in accordance with Condition 6(g)) (together with interest accrued to (but excluding) the date fixed for redemption), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement, and (ii) such obligations cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Issuing and Paying Agent and the Trustee a certificate signed by a duly authorised officer of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal or tax advisors of recognised standing to the effect that the Issuer has or is likely to become obliged to pay such additional amounts as a result of such change or amendment.

(g) Early Redemption of Zero-Coupon Notes

(i) The Early Redemption Amount payable in respect of any Zero-Coupon Note, the Early Redemption Amount of which is not linked to an index and/or formula, upon redemption of such Note pursuant to Condition 6(f) or upon it becoming due and payable as provided in Condition 10, shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.

(ii) Subject to the provisions of Condition 6(g)(iii), the Amortised Face Amount of any such Note shall be the scheduled Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

(iii) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(f) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in Condition 6(g)(ii), 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 Condition 6(g)(iii) will continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Redemption Amount of such Note on the Maturity Date together with any interest which may accrue in accordance with Condition 5(IV).

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

(h) Purchases

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

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

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

(i) Cancellation

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

7. PAYMENTS

(a) Principal and Interest in respect of Bearer Notes

Payments of principal (or, as the case may be, Redemption Amounts) and interest in respect of the Bearer Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Notes or Coupons, as the case may be, at the specified office of the Issuing and Paying Agent by a cheque drawn in the currency in which that 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 or, in the case of euro, in a city in which banks have access to the TARGET System.

(b) Principal and Interest in respect of Registered Notes

(i) Payments of principal in respect of Registered Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Certificates at the specified office of the Transfer Agent or of the Registrar and in the manner provided in this Condition 7(b).

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

(c) Payments subject to law etc.

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

(d) Appointment of Agents

The Issuing and Paying Agents, the Calculation Agent, the Transfer Agents and the Registrars initially appointed by the Issuer and their respective specified offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of any of the Issuing and Paying Agents, the Calculation Agent, the Transfer Agents and/or the Registrars in accordance with the terms of the Agency Agreement and to appoint additional or other Agents, provided that it will at all times maintain (i) an Issuing and Paying Agent having a specified office in Singapore, (ii) a Transfer Agent in relation to Registered Notes, (iii) a Registrar in relation to Registered Notes and (iv) a Calculation Agent where the Conditions so require. Any such appointment shall be binding on the Noteholders and Couponholders.

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

The Agency Agreement may be amended by the Issuer, the Trustee and the Agents without the consent of any Noteholder or Couponholder, either (A) for the purpose of curing any ambiguity or curing, correcting or supplementing any defective provision contained therein or complying with any mandatory provision of Singapore law or if required by CDP and/or any other clearing system in which the Securities may be held or (B) in any manner which the Issuer, the Trustee and the Agents may mutually deem necessary or desirable and which is not, in the opinion of the Issuer and the Trustee, materially prejudicial to the interests of the Noteholders and Couponholders.

(e) Unmatured Coupons and unexchanged Talons

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

(ii) Subject to the provisions of the relevant Pricing Supplement, upon the due date for redemption of any Bearer Notes comprising a Floating Rate Note, Variable Rate Note or Hybrid Note, unmatured Coupons relating to such Note (and, in the case of Hybrid Notes, relating to interest payable during the Floating Rate Period) (whether or not attached) shall become void and no payment shall be made in respect of them.

(iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

(iv) Where any Bearer Note comprising a Floating Rate Note, Variable Rate Note or Hybrid Note is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it (and, in the case of the Hybrid Note, relating to interest payable during the Floating Rate Period), redemption shall be made only against the provision of such indemnity as the Issuer may require.

(v) If the due date for redemption or repayment of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate.

(f) Talons

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

(g) Non-business days

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

(h) Default Interest

If on or after the due date for payment of any sum in respect of the Notes, payment of all or any part of such sum is not made against due presentation of the Notes or, as the case may be, the Coupons, the Issuer shall pay interest on the amount so unpaid from such due date up to the day of actual receipt by the relevant Noteholders or, as the case may be, Couponholders (as well after as before judgment) at a rate per annum determined by the Issuing and Paying Agent to be equal to two (2) per cent. per annum above (in the case of a Fixed Rate Note or a Hybrid Note during the Fixed Rate Period) the Interest Rate applicable to such Note, (in the case of a Floating Rate Note or a Hybrid Note during the Floating Rate Period) the Rate of Interest applicable to such Note or (in the case of a Variable Rate Note) the variable rate by which the Agreed Yield applicable to such Note is determined or, as the case may be, the Rate of Interest applicable to such Note, or in the case of a Zero-Coupon Note, as provided for in the relevant Pricing Supplement. So long as the default continues then such rate shall be re-calculated on the same basis at intervals of such duration as the Issuing and Paying Agent may select, save that the amount of unpaid interest at the above rate accruing during the preceding such period shall be added to the amount in respect of which the Issuer is in default and itself bear interest accordingly. Interest at the rate(s) determined in accordance with this paragraph shall be calculated on the Day Count Fraction specified hereon and the actual number of days elapsed, shall accrue on a daily basis and shall be immediately due and payable by the Issuer.

8. TAXATION

(a) Payment after Withholding

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

(i) by or on behalf of a holder who is subject to such Taxes by reason of his being connected with Singapore (including, without limitation, the holder being (A) a resident of, or a permanent establishment in, Singapore for tax purposes or (B) a non-resident of Singapore who has been granted an exemption by the Inland Revenue Authority of Singapore in respect of the requirement to withhold tax on payments made to it) 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; or

(ii) 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.

(b) Interpretation

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 (7) days after that on which notice is duly given to the Noteholders in accordance with Condition 16 that, upon further presentation of the Bearer Note (or relative Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon presentation, and references to "**principal**" shall be deemed to include any premium payable in respect of the Notes, all Redemption Amounts, Early Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 6, "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 and any reference to "**principal**" and/or "**premium**" and/or "**Redemption Amounts**" and/or "**interest**" and/or "**Early Redemption Amounts**" shall be deemed to include any additional amounts which may be payable under these Conditions.

9. PRESCRIPTION

The Notes and Coupons shall become void unless presented for payment within three (3) years from the appropriate Relevant Date for payment.

10. EVENTS OF DEFAULT

If any of the following events ("**Events of Default**") occurs, the Trustee at its discretion may, and if so requested in writing by the 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 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 immediately become due and payable:

(a) the Issuer does not pay any sum payable by it under any of the Notes when due and such default continues for a period of seven (7) business days after the due date;

(b) the Issuer fails to perform or comply with any one or more of its material obligations (other than the payment obligation referred to in Condition 10(a)) under the Trust Deed or any of the Notes and, if the default is capable of remedy, it is not remedied within 21 business days (or such longer period as the Trustee may in writing permit) of its occurrence;

(c) any representation, warranty or statement by the Issuer in the Trust Deed or any of the Notes or in any document delivered under the Trust Deed or any of the Notes is not complied with in any material respect or is or proves to have been incorrect in any material respect when made or deemed repeated;

(d) (i) any other present or future indebtedness of the Issuer or any of its Principal Subsidiaries in respect of borrowed money (other than any indebtedness incurred by the Issuer or any of its Principal Subsidiaries in respect of moneys borrowed from another member of the Group) is or is declared to be or becomes due and payable before its stated maturity by reason of any actual or potential default, event of default or the like (however described) or is not paid when due or, as the case may be, within any applicable grace period in any agreement relating to that indebtedness; or

(ii) the Issuer or any of its Principal Subsidiaries fails to pay when properly called upon to do so any guarantee of indebtedness for borrowed moneys, Provided Always that it shall not be an Event of Default if such failure is by reason of the Issuer or, as the case may be, such Principal Subsidiary in good faith contesting or disputing its liability under such guarantee and the Issuer or, as the case may be, such Principal Subsidiary has a reasonable basis to contest or dispute such liability.

However, no Event of Default will occur under this Condition 10(d)(i) or 10(d)(ii) unless and until the aggregate amount of the indebtedness in respect of which one or more of the events mentioned above in this Condition 10(d) has/have occurred equals or exceeds S$15,000,000 or its equivalent in other currency or currencies;

(e) the Group shall cease or threaten to cease to carry on all or a material part of its Property Business (as defined in the Trust Deed) outside of the People's Republic of China;

(f) (i) any meeting is convened, or any petition is presented or an order is made or a resolution is passed for the winding-up of the Issuer or any of its Principal Subsidiaries (except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by the Noteholders by way of an Extraordinary Resolution before such event occurs), or (ii) a liquidator (including a provisional liquidator), receiver, judicial manager, trustee administrator, agent or similar officer of the Issuer or any of its Principal Subsidiaries or over a material part of the assets of the Issuer or any of its Principal Subsidiaries is appointed, PROVIDED ALWAYS that no Event of Default shall be deemed to have occurred in the event of any voluntary liquidation not involving insolvency and which is not likely to have a material adverse effect on it;

(g) the Issuer or any of its Principal Subsidiaries is (or is deemed by law or a court to be) insolvent or unable to pay its debts as they fall due, stops, suspends or threatens to stop or suspend payment of all or a material part of (or a particular type of) its indebtedness, begins negotiations or takes any other proceeding for the deferral, rescheduling or other readjustment of all or any part of (or a particular type of) its indebtedness (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or scheme or composition with or for the benefit of its creditors or a moratorium is agreed or declared in respect of or affecting all or any part of (or a particular type of) the indebtedness of the Issuer or any of its Principal Subsidiaries, PROVIDED ALWAYS that no Event of Default shall be deemed to have occurred where the Issuer or any of its Principal Subsidiaries begins negotiations or takes any other proceeding for the deferral, rescheduling or other readjustment of all or any part of (or a particular type of) its indebtedness even though such entity is able to pay its debts as they fall due (such ability which, for the avoidance of doubt, shall be deemed to be satisfied if such entity is able to obtain external or internal financing to finance the payment of such debts when due) and is taking such steps in connection with amalgamating existing loans with the view of refinancing them or as a consequence of extending the maturity date of any financing;

(h) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against any material part of the assets of the Issuer or any of its Principal Subsidiaries and no judicial proceedings are commenced within 15 business days from the date such distress, attachment, execution or other legal process is levied, enforced or sued out to remove or discharge such process or where such judicial proceedings have been commenced within 15 business days from the date of such distress, attachment, execution or other legal process being levied, enforced or sued out, as the case may be, such distress, attachment, execution or other legal process is not dismissed, removed or discharged within 30 business days of the date of such distress, attachment, execution or other legal process being levied, enforced or sued out;

(i) any security on or over the whole or any material part of the assets of the Issuer or any of its Principal Subsidiaries becomes enforceable and any formal step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager, or other similar person);

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

(k) any action, condition or thing (including the obtaining of any necessary consent) at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise its rights and perform and comply with its obligations under the Trust Deed and the Notes, (ii) to ensure that those obligations are valid, legally binding and enforceable, (iii) to ensure that those obligations rank and will at all times rank in accordance with Condition 3 or (iv) to make the Transaction Documents and the Notes admissible in evidence in the courts of Singapore is not taken, fulfilled or done;

(l) it is or will become unlawful for the Issuer to perform or comply with any one or more of its obligations under the Notes or the Trust Deed;

(m) any applicable law, directive, order or judgment is enacted, promulgated or entered, the effect of which would be to render the Trust Deed unenforceable;

(n) any litigation, arbitration or administrative proceeding (other than those of a frivolous or vexatious nature) is current or pending against the Issuer or any of its Principal Subsidiaries (i) to restrain the exercise of any of the rights and/or the performance or enforcement of or compliance with any of the obligations of the Issuer under the Trust Deed or any of the Notes or (ii) which if, determined adversely to the Issuer or, as the case may be, such Principal Subsidiary, has or would have a material adverse effect on the Issuer or the Group as a whole;

(o) any event occurs which, under the laws of any relevant jurisdiction, has in the Trustee's opinion, an analogous effect to any of the events referred to in Condition 10(e) to 10(j); and

(p) the Issuer or any of its Principal Subsidiaries is declared by the Minister of Finance to be a declared company under the provisions of Part IX of the Companies Act (as defined in the Trust Deed).

In these Conditions:

"**Principal Subsidiary**" means, at any particular time any subsidiary of the Issuer whose profits before tax or total assets, as shown by the accounts (consolidated, in the case of a corporation which itself has subsidiaries and which is required by any applicable law to cause to be made out consolidated accounts of itself and its 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 or total assets, as the case may be, of the Group as shown by such audited consolidated accounts, provided that if any such subsidiary (the "**transferor**") shall at any time transfer the whole or a substantial part of its business, undertaking or assets to another subsidiary or the Issuer (the "**transferee**") then:

(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 a Issuer) shall thereupon become a Principal Subsidiary; and

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

A 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, the total assets of such subsidiary (consolidated in the case of a corporation which itself has subsidiaries and which is required by any applicable law to cause to be made out consolidated accounts of itself and its subsidiaries), 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, total assets of the Group as shown by such audited consolidated accounts, provided always that any reference to Principal Subsidiaries of the Issuer shall not include, (A) any subsidiary whose shares are listed on any stock exchange (each, a "**Listed Subsidiary**"), (B) any subsidiary of a Listed Subsidiary, and (C) any present and future subsidiaries which are incorporated in the People's Republic of China. In the event of a dispute, a certificate by the Auditors verifying that in their opinion a subsidiary is or is not a Principal Subsidiary shall, in the absence of manifest error, be conclusive. For the avoidance of doubt, in the event that the profit before tax of the Group as shown by the latest audited consolidated accounts of the Group is zero or negative, "Principal Subsidiary" shall be determined solely based upon a subsidiary's contribution to the total assets of the Group.

"**Subsidiary**" or "**subsidiary**" has the meaning ascribed to "**subsidiary**" in Section 5 of the Companies Act; and

"**related corporations**" has the meaning ascribed to it in section 6 of the Companies Act.

11. ENFORCEMENT

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

12. MEETING OF NOTEHOLDERS AND MODIFICATIONS

(a) 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.

(b) The Trustee or the Issuer at any time may, and the Trustee upon the request in writing by Noteholders holding at least one-tenth in 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 (save where provided to the contrary in the Trust Deed and these Conditions), whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution proposed, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Notes, (iii) 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 amount of interest in respect of the Notes, (iv) to vary the currency or currencies of payment or denomination of the Notes, (v) 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, (vi) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, (vii) to vary any method of, or basis for, calculating the Redemption Amount or the Early Redemption Amount including the calculation of the Amortised Face Amount, 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.

(c) The Trustee may agree, without the consent of the Noteholders or Couponholders, to any modification (subject to certain exceptions mentioned in the Trust Deed) of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Trust Deed, or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such, which in any such case is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders or may agree, without any such consent as aforesaid, to any modification, waiver or authorisation which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error or an error which is, in the opinion of the Trustee, proven or to comply with mandatory provisions of Singapore law or is required by Euroclear and/or Clearstream, Luxembourg and/or CDP and/or any other clearing system in which the Notes may be held. Any such modification, waiver or authorisation shall be binding on the Noteholders and the Couponholders and, unless the Trustee otherwise agrees in writing, such modification shall be notified to the Noteholders by the Issuer as soon as practicable.

(d) In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation determination or substitution), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.

(e) 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.

(f) For the purpose of ascertaining the right to attend and vote at any meeting of the Noteholders convened for the purpose of and in relation to Clauses 9.1 and 28, Conditions 10, 11 and 12 and Schedule 9 to the Trust Deed, those Notes (if any) which are beneficially held by, or are held on behalf of the Issuer, and any of its subsidiaries and not cancelled shall (unless and until ceasing to be so held) be disregarded when determining whether the requisite quorum of such meeting has been met and any votes cast or purported to be cast at such meeting in respect of such Notes shall be disregarded and be null and void.

13. REPLACEMENT OF NOTES, COUPONS AND TALONS

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

14. **FURTHER ISSUES**

Subject always to the Issuer's obligations under the Trust Deed, the Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further Notes having the same terms and conditions as the Notes of any Series and so that the same shall be consolidated and form a single Series with such Notes, and references in these Conditions to "**Notes**" shall be construed accordingly.

15. **INDEMNIFICATION OF THE TRUSTEE AND ITS CONTRACTING WITH THE ISSUER**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified, secured and/or pre-funded to its satisfaction.

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or any of its subsidiaries and to act as trustee of the holders of any other securities issued by, or relating to, the Issuer, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders or Couponholders, and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

16. **NOTICES**

Notices to the holders of Bearer Notes will be valid if published in a daily newspaper of general circulation in Singapore (or, if the holders of any Bearer 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 in Singapore will be made in *The Business Times*. Notices will, if published or announced 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.

Notices to the holders of Registered Notes shall be valid if mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing.

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

There may be substituted for such publication in such newspapers (a) (for so long as the Notes are listed on the SGX-ST the announcement of the relevant notice made through the internet-based submission system operated by the SGX-ST, or (b) (for so long as the Notes are represented by a Global Security or a Global Certificate and such Global Security or Global Certificate is held in its entirety on behalf of CDP or, as the case may be, Euroclear and/or Clearstream, Luxembourg) the delivery of the relevant notice to (subject to the agreement of CDP) CDP, or as the case may be, Euroclear and/or Clearstream, Luxembourg for communication by it to the Noteholders, except that if the Notes are listed on the SGX-ST and the rules of the SGX-ST 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 (in the case of an announcement made through the internet-based submission system operated by the SGX-ST) the date on which the said announcement is made, and (ii) (in the case of delivery of the said notice to CDP or, as the case may be, Euroclear and/or Clearstream, Luxembourg) the seventh day after the day on which the said notice was given to CDP, or as the case may be, Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Noteholder pursuant hereto (including to the Issuer) shall be in writing and given by lodging the same, together with the relevant Note or Notes, with (in the case of Bearer Notes) the Issuing and Paying Agent or (in the case of Certificates) the Registrar. Whilst the Notes are represented by a Global Security or a Global Certificate, such notice may be given by any Noteholder to the Issuing and Paying Agent or, as the case may be, the Registrar through

CDP, or as the case may be, Euroclear and/or Clearstream, Luxembourg in such manner as the Issuing and Paying Agent or, as the case may be, the Registrar and CDP, or as the case may be, Euroclear and/or Clearstream, Luxembourg may approve for this purpose.

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

17. GOVERNING LAW

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

18. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT (CHAPTER 53B OF SINGAPORE)

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

TERMS AND CONDITIONS OF THE PERPETUAL SECURITIES

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

The Perpetual Securities are constituted by a trust deed (as amended, varied or supplemented, the "**Trust Deed**") dated 16 May 2016 made between (1) United Engineers Limited, as issuer (the "**Issuer**", which expression shall include its successors and permitted assigns) and (2) The Bank of New York Mellon, acting through its Singapore Branch (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 of the Perpetual Securityholders (as defined below), and (where applicable) the Perpetual Securities are issued with the benefit of a deed of covenant (as amended, varied or supplemented, the "**Deed of Covenant**") dated 16 May 2016, relating to the Perpetual Securities, executed by the Issuer. These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Perpetual Securities, Certificates, Coupons and Talons referred to below. The Issuer has entered into an agency agreement (as amended, varied or supplemented, the "**Agency Agreement**") dated 16 May 2016 made between (1) the Issuer, as issuer, (2) The Bank of New York Mellon, acting through its Singapore Branch, as issuing and paying agent (the "**Singapore Issuing and Paying Agent**"), transfer agent (the "**Singapore Transfer Agent**") and registrar (the "**Singapore Registrar**") in respect of Perpetual Securities that are cleared through CDP (as defined below), (3) The Bank of New York Mellon, acting through its London Branch, as issuing and paying agent (the "**London Issuing and Paying Agent**") in respect of Perpetual Securities that are cleared through Euroclear and/or Clearstream, Luxembourg (each as defined below), (4) The Bank of New York Mellon (Luxembourg) S.A., as registrar (the "**Luxembourg Registrar**") and transfer agent (the "**Luxembourg Transfer Agent**") in respect of Perpetual Securities that are cleared through Euroclear and/or Clearstream, Luxembourg (each as defined below), (5) The Bank of New York Mellon, acting through its London Branch, as calculation agent (the "**Calculation Agent**"); and (6) the Trustee, as trustee. In these Conditions, "**Issuing and Paying Agent**" shall refer to, as the context may require, the Singapore Issuing and Paying Agent, the London Issuing and Paying Agent or any other issuing and paying agent as may be appointed by the Issuer from time to time under the Agency Agreement; "**Registrar**" shall refer to, as the context may require, the Singapore Registrar, the Luxembourg Registrar or any other registrar as may be appointed by the Issuer from time to time under the Agency Agreement; and "**Transfer Agent**" shall refer to, as the context may require, the Singapore Transfer Agent, the Luxembourg Transfer Agent or any other transfer agent as may be appointed by the Issuer from time to time under the Agency Agreement. The Issuing and Paying Agent, which expression shall, wherever the context so admits, include any successor for the time being as Issuing and Paying Agent, (in the case of any Floating Rate Perpetual Securities) the Calculation Agent, which expression shall, wherever the context so admits, include any successor for the time being as Calculation Agent, (in the case of Registered Perpetual Securities) the Registrar, which expression shall, wherever the context so admits, include any successor for the time being as Registrar and (in the case of Registered Perpetual Securities) the Transfer Agent, which expression shall, wherever the context so admits, include any successor for the time being as Transfer Agent, for the Perpetual Securities shall be the entity specified hereon as the Issuing and Paying Agent, the Calculation Agent, the Registrar and the Transfer Agent.

The Perpetual Securityholders and the holders (the "**Couponholders**") of the distribution coupons (the "**Coupons**") appertaining to the distribution-bearing Perpetual Securities in bearer form and, where applicable in the case of such Perpetual Securities, talons for further Coupons (the "**Talons**") are bound by and are deemed to have notice of all of the provisions of the Trust Deed, the Agency Agreement and the Deed of Covenant.

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

1. FORM, DENOMINATION AND TITLE

(a) Form and Denomination

(i) The Perpetual Securities of the Series of which this Perpetual Security forms part (in these Conditions, the "**Perpetual Securities**") are issued in bearer form ("**Bearer Perpetual Securities**") or in registered form ("**Registered Perpetual Securities**") in each case in the Denomination Amount shown hereon.

(ii) This Perpetual Security is a Fixed Rate Perpetual Security or a Floating Rate Perpetual Security (depending upon the Distribution Basis shown on its face).

(iii) Bearer Perpetual Securities are serially numbered and issued with Coupons (and, where appropriate, a Talon) attached.

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

(b) Title

(i) Subject as set out below, title to the Bearer Perpetual Securities and the Coupons and Talons appertaining thereto shall pass by delivery. Title to the Registered Perpetual Securities shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**").

(ii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Perpetual Security, Coupon or Talon shall be deemed to be and may be treated as the absolute owner of such Perpetual Security, Coupon or Talon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Perpetual Security, Coupon or Talon shall be overdue and notwithstanding any notice of ownership, theft, loss or forgery thereof or any writing thereon made by anyone, and no person shall be liable for so treating the holder.

(iii) For so long as any of the Perpetual Securities is represented by a Global Security (as defined in the Trust Deed) or, as the case may be, a Global Certificate (as defined in the Trust Deed) and such Global Security or Global Certificate is held by The Central Depository (Pte) Limited ("**CDP**"), each person who is for the time being shown in the records of CDP as the holder of a particular principal amount of such Perpetual Securities (in which regard any certificate or other document issued by CDP as to the principal amount of such Perpetual Securities standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Issuing and Paying Agent, the Calculation Agent, the Transfer Agent, the Registrar and all other agents of the Issuer and the Trustee as the holder of such principal amount of Perpetual Securities other than with respect to the payment of principal, premium, interest, distribution, redemption, purchase and/or any other amounts in respect of the Perpetual Securities, for which purpose the bearer of the Global Security or, as the case may be, the person whose name is shown on the Register shall be treated by the Issuer, the Issuing and Paying

Agent, the Calculation Agent, the Transfer Agent, the Registrar and all other agents of the Issuer and the Trustee as the holder of such Perpetual Securities in accordance with and subject to the terms of the Global Security or, as the case may be, the Global Certificate (and the expressions "**Perpetual Securityholder**" and "**holder of Securities**" and related expressions, where the context requires, shall be construed accordingly). Perpetual Securities which are represented by the Global Security or, as the case may be, the Global Certificate and held by CDP will be transferable only in accordance with the rules and procedures for the time being of CDP. For so long as any of the Perpetual Securities is represented by a Global Security or, as the case may be, a Global Certificate and such Global Security or Global Certificate is held by CDP, the record date for the purposes of determining entitlements to any payment of principal, interest and any other amounts in respect of the Perpetual Securities shall, unless otherwise specified by the Issuer, be the date falling five (5) business days prior to the relevant payment date (or such other date as may be prescribed by CDP).

(iv) For so long as any of the Perpetual Securities is represented by a Global Security or, as the case may be, a Global Certificate and such Global Security or Global Certificate is held by a common depositary for Euroclear Bank S.A./N.V. ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**"), each person who is for the time being shown in the records of Euroclear and/or Clearstream, Luxembourg as the holder of a particular principal amount of such Perpetual Securities (in which regard any certificate or other document issued by Euroclear and/or Clearstream, Luxembourg as to the principal amount of such Perpetual Securities (as the case may be) standing to the account of any person shall be conclusive and binding for all purposes, save in the case of manifest error) shall be treated by the Issuer, the Issuing and Paying Agent, the Calculation Agent, the Transfer Agent, the Registrar and all other agents of the Issuer and the Trustee as the holder of such principal amount of such Perpetual Securities other than with respect to the payment of principal, premium, interest, distribution, redemption, purchase and/or any other amounts in respect of such Perpetual Securities, for which purpose the bearer of the Global Security or, as the case may be, the person whose name is shown on the Register shall be treated by the Issuer, the Issuing and Paying Agent, the Calculation Agent, the Transfer Agent, the Registrar and all other agents of the Issuer and the Trustee as the holder of such Perpetual Securities in accordance with and subject to the terms of the Global Security or, as the case may be, the Global Certificate (and the expressions "**Perpetual Securityholder**" and "**holder of Securities**" and related expressions, where the context requires, shall be construed accordingly). Perpetual Securities which are represented by a Global Security or, as the case may be, a Global Certificate and held by Euroclear and/or Clearstream, Luxembourg will be transferable only in accordance with the rules and procedures for the time being of Euroclear and/or Clearstream, Luxembourg. For so long as any of the Perpetual Securities is represented by a Global Security or, as the case may be, a Global Certificate and such Global Security or Global Certificate is held by a common depositary for Euroclear and/or Clearstream, Luxembourg, the record date for the purposes of determining entitlements to any payment of principal, distribution and any other amounts in respect of the Perpetual Securities shall be the close of business on the Clearing System Business Day immediately prior to the relevant payment date, where "**Clearing System Business Day**" means Monday to Friday inclusive except 25 December and 1 January (or such other date as may be prescribed by Euroclear and/or Clearstream, Luxembourg).

(v) In these Conditions, "**Global Security**" means the relevant Temporary Global Security representing each Series or the relevant Permanent Global Security representing each Series, "**Perpetual Securityholder**" means the bearer of any Bearer Perpetual Securities or the person in whose name a Registered Perpetual Security is registered (as the case may be) and "**holder**" (in relation to a Perpetual Security, Coupon or Talon) means the bearer of any Bearer Perpetual Security, Coupon or Talon or the person in whose name a Registered Perpetual Security is registered (as the case may be), "**Series**" means a Tranche, together with any further Tranche or Tranches, which are (1) expressed to be consolidated and forming a single series and (2) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of distribution and "**Tranche**" means Perpetual Securities which are identical in all respects (including as to listing).

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

2. NO EXCHANGE OF PERPETUAL SECURITIES AND TRANSFERS OF REGISTERED PERPETUAL SECURITIES

(a) No Exchange of Perpetual Securities

Registered Perpetual Securities may not be exchanged for Bearer Perpetual Securities. Bearer Perpetual Securities of one Denomination Amount may not be exchanged for Bearer Perpetual Securities of another Denomination Amount. Bearer Perpetual Securities may not be exchanged for Registered Perpetual Securities.

(b) Transfer of Registered Perpetual Securities

Subject to Condition 2(f) below, one or more Registered Perpetual Securities may be transferred (in the authorised denominations set out herein) upon the surrender (at the specified office of the Registrar or the Transfer Agent) of the Certificate representing such Registered Perpetual Securities to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer) duly completed and executed and any other evidence as the Registrar or the Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals that have executed the form of transfer. In the case of a transfer of part only of a holding of Registered Perpetual Securities represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Perpetual Securities and entries on the Register will be made subject to the detailed regulations concerning transfers of Perpetual Securities scheduled to the Agency Agreement. The regulations may be changed by the Issuer and the Registrars, with the prior approval (in the case of any regulation proposed by the Issuer) of the Trustee, the Registrars and the Transfer Agents and (in the case of any regulation proposed by any Registrar) of the Issuer, the Trustee and the other Registrar. A copy of the current regulations will be made available by the Registrars, at the expense of the Issuer, to any Perpetual Securityholder upon request.

(c) Exercise of Options or Partial Redemption in Respect of Registered Perpetual Securities

In the case of an exercise of an Issuer's option in respect of, or a partial redemption of, a holding of Registered Perpetual Securities represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Perpetual Securities of the same holding having different terms, separate Certificates shall be issued in respect of those Perpetual Securities of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or the Transfer Agent. In the case of a transfer of Registered Perpetual Securities to a person who is already a holder of Registered Perpetual Securities, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) Delivery of New Certificates

Each new Certificate to be issued pursuant to Condition 2(b) or 2(c) shall be available for delivery within five (5) business days of receipt of the form of transfer and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Registrar or the Transfer Agent (as the case may be) to whom delivery or surrender of such form of transfer or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer or otherwise in writing, be mailed, at the expense of the Issuer, by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "**business day**" means a day, other than a Saturday or Sunday or a gazetted public holiday, on which banks are open for business in the place of the specified office of the Registrar or the Transfer Agent (as the case may be).

(e) Transfers Free of Charge

Transfers of Perpetual Securities and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer Agent, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security and/or prefunding as the Registrar or the Transfer Agent may require) in respect of tax or charges.

(f) Closed Periods

No Perpetual Securityholder may require the transfer of a Registered Perpetual Security to be registered (i) during the period of 15 days prior to any date on which Perpetual Securities may be called for redemption by the Issuer at its option pursuant to Condition 5(b), (ii) after any such Perpetual Security has been called for redemption, or (iii) during the period of 15 days ending on (and including) any Record Date (as defined in Condition 6(b)(ii)).

3. STATUS

(a) Senior Perpetual Securities

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

(b) Subordinated Perpetual Securities

This Condition 3(b) applies to Perpetual Securities that are Subordinated Perpetual Securities (being the Perpetual Securities that specify their status as subordinated in the applicable Pricing Supplement).

(i) Status

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

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

(ii) <u>Ranking of claims on Winding-Up</u>

Subject to the insolvency laws of Singapore and other applicable laws, in the event of the Winding-Up (as defined in Condition 9(b)) of the Issuer, the rights of the Perpetual Securityholders and Couponholders in respect of Subordinated Perpetual Securities to payment of principal of and distribution on the Subordinated Perpetual Securities and the Coupons relating to them are expressly subordinated and subject in right of payment to the prior payment in full of all claims of senior creditors of the Issuer but at least *pari passu* with all other subordinated obligations of the Issuer that are not expressed by their terms to rank junior to the Subordinated Perpetual Securities and in priority to the claims of shareholders of the Issuer and/or as otherwise specified in the applicable Pricing Supplement.

(iii) <u>Set-off</u>

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

4. <u>DISTRIBUTIONS AND OTHER CALCULATIONS</u>

(I) DISTRIBUTION ON FIXED RATE PERPETUAL SECURITIES

(a) <u>Distribution Rate and Accrual</u>

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

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

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

(b) Distribution Rate

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

(i) (if no Reset Date is specified in the applicable Pricing Supplement),

(A) if no Step-Up Margin is specified in the applicable Pricing Supplement, the rate shown on the face of such Perpetual Security; or

(B) if a Step-Up Margin is specified in the applicable Pricing Supplement, (1) for the period from (and including) the Distribution Commencement Date to (but excluding) the Step-Up Date specified in the applicable Pricing Supplement, the rate shown on the face of such Perpetual Security and (2) for the period from (and including) the Step-Up Date specified in the applicable Pricing Supplement, the rate shown on the face of such Perpetual Security plus the Step-Up Margin (as specified in the applicable Pricing Supplement); and

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

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

For the purposes of these Conditions:

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

"**Swap Offer Rate**" means the rate in per cent. per annum determined and notified by the Calculation Agent to the Issuer:

(a) equal to the prevailing Singapore Dollar swap offer rate for the Reset Period as specified in the applicable Pricing Supplement published by the Association of Banks in Singapore (or such other equivalent body) on the second Business Day preceding the relevant Reset Date (the "**Reset Determination Date**"); or

(b) if on the Reset Determination Date, there is no Singapore Dollar swap offer rate for the Reset Period as specified in the applicable Pricing Supplement published by the Association of Banks in Singapore (or such other equivalent body), the Calculation Agent will determine the swap offer rate which shall be to the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates for a maturity of the Reset Period as specified in the applicable Pricing Supplement (excluding the highest and the lowest rates) which appear on Page TPIS on the monitor of the Bloomberg Agency under the caption "Tullett Prebon – Rates – Interest Rate Swaps – Asia Pac – SGD" and the column headed "Ask" (or if the Calculation Agent determines that such page has ceased to be the commonly accepted page for determining the swap offer rate, such other replacement page as may be specified by the Calculation Agent after taking into account the industry practice at that relevant time and the recommendations by the Association of Banks in Singapore (or such other equivalent body) at the close of business on each of the five (5) consecutive Business Days prior to and ending on the Reset Determination Date, provided however that:

(i) if, at the close of business on any of the said five (5) consecutive Business Day period, there are no such rates for a maturity of the Reset Period as specified in the applicable Pricing Supplement available on Page TPIS on the monitor of the Bloomberg Agency under the caption "Tullett Prebon – Rates – Interest Rate Swaps – Asia Pac – SGD" and the column headed "Ask" (or if the Calculation Agent determines that such page has ceased to be the commonly accepted page for determining the swap offer rate, such other replacement page as may be specified by the Calculation Agent after taking into account the industry practice at that relevant time and the recommendations by the Association of Banks in Singapore (or such other equivalent body), the Calculation Agent will determine the swap offer rate which shall be the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates which are available during the remaining days in that five consecutive Business Day period; or

(ii) if, at the close of business on each day of the said five (5) consecutive Business Day period, there is no such rate for a maturity of the Reset Period as specified in the applicable Pricing Supplement available on Page TPIS on the monitor of the Bloomberg Agency under the caption "Tullett Prebon – Rates – Interest Rate Swaps – Asia Pac – SGD" and the column headed "Ask" (or if the Calculation Agent determines that such page has ceased to be the commonly accepted page for determining the swap offer rate, such other replacement page as may be specified by the Calculation Agent after taking into account the industry practice at that relevant time and the recommendations by the Association of Banks in Singapore (or such other equivalent body), the Calculation Agent will request quotation(s) from the Reference Banks for their Singapore Dollar swap offer rate for the Reset Period as specified in the applicable Pricing Supplement as at the close of business on the Reset Determination Date and the Calculation Agent will determine the swap offer rate which shall be the arithmetic mean (rounded up, if necessary, to four decimal places) of such offered quotations.

(c) <u>Calculation of Reset Distribution Rate</u>

The Calculation Agent will, on the second business day prior to each Reset Date, calculate the applicable Reset Distribution Rate or (if a Change of Control has occurred) the applicable Distribution Rate payable in respect of each Perpetual Security. The Calculation Agent will cause the applicable Reset Distribution Rate determined by it to be notified to the Issuing and Paying Agent, the Trustee and the Issuer as soon as practicable after their determination but in no event later than the fourth business day thereafter. All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 4 by the Calculation Agent will (in the absence of manifest error) be binding on the Issuer, the Issuing and Paying Agent and the Perpetual Securityholders.

(d) Publication of Relevant Reset Distribution Rate

The Issuer shall cause notice of the then applicable Reset Distribution Rate or (if a Change of Control has occurred) the applicable Distribution Rate to be promptly notified to the Perpetual Securityholders in accordance with Condition 15 after having been duly notified by the Calculation Agent of such applicable Reset Distribution Rate.

(e) Alternative Calculation Agent

If the Calculation Agent for a Series of Perpetual Securities does not at any time for any reason so determine the applicable Reset Distribution Rate or (if a Change of Control has occurred) the applicable Distribution Rate, the Issuer shall notify the Trustee and the Issuing and Paying Agent of this failure and promptly appoint an alternative Calculation Agent. If the Issuer fails to so appoint, the Trustee shall, on behalf of the Issuer and at the Issuer's expense, use reasonable endeavours to procure that a financial institution does so (and in this regard the Issuer shall provide such assistance to the Trustee as the Trustee may require), provided at all times that under no circumstances shall the Trustee be liable or responsible for any act or omission whether on its part or on the part of the Issuer or such financial institution or for any loss, liability, action, proceeding, claim, demand, penalty, damages, cost, expense, disbursement and other liability whatsoever which may be incurred, suffered or brought against the Issuer or such financial institution by reason thereof. In doing so, such financial institution shall apply the provisions of this Condition 4(I), with any necessary consequential amendments, to the extent that, in its opinion, it can do so and, in all other respects, it shall do so in such manner as it shall deem fair and reasonable in all the circumstances.

(f) Calculations in relation to Fixed Rate Perpetual Securities

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

(II) DISTRIBUTION ON FLOATING RATE PERPETUAL SECURITIES

(a) Distribution Payment Dates

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

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

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

(b) Rate of Distribution - Floating Rate Perpetual Securities

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

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

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

(ii) The Rate of Distribution payable from time to time in respect of each Floating Rate Perpetual Security will be determined by the Calculation Agent on the basis of the following provisions:

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

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

(B) if on any Distribution Determination Date, no such rate appears on Reuters Screen ABSIRFIX01 Page under the column headed "SGD SIBOR" (or such other replacement page thereof), the Calculation Agent will, at or about the Relevant Time on such Distribution Determination Date, determine the Rate of Distribution for such Distribution Period which shall be the rate which appears under the caption "SINGAPORE DOLLAR INTERBANK OFFERED RATES - 11:00 A.M." and the row headed "SIBOR SGD" on the Reuters Screen SIBP Page (or such other replacement page thereof), being the offered rate for deposits in Singapore dollars for a period equal to the duration of such Distribution Period and as adjusted by the Spread (if any);

(C) if no such rate appears on the Reuters Screen SIBP Page (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 SIBP Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Calculation Agent will request the principal Singapore offices of each of the Reference Banks to provide the Calculation Agent with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Distribution Determination Date to prime banks in the Singapore interbank market for a period equivalent to the duration of such Distribution Period commencing on such Distribution Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Perpetual Securities. The Rate of Distribution for such Distribution Period shall be the arithmetic mean (rounded up, if necessary, to four decimal places) of such offered quotations and as adjusted by the Spread (if any), as determined by the Calculation Agent;

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

(E) if on any Distribution Determination Date, one only or none of the Reference Banks provides the Calculation Agent with such quotations, the Rate of Distribution for the relevant Distribution Period shall be the rate per annum which the Calculation Agent 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 Distribution Determination Date and as adjusted by the Spread (if any);

(2) in the case of Floating Rate Perpetual Securities which are Swap Rate Perpetual Securities:

(A) the Calculation Agent will, at or about the Relevant Time on the relevant Distribution Determination Date in respect of each Distribution Period, determine the Rate of Distribution for such Distribution Period as being the rate which appears on the Reuters Screen ABSFIX1 Page under the caption "SGD SOR rates as of 11:00 hrs London Time" under the column headed "SGD SOR" (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Distribution Determination Date and for a period equal to the duration of such Distribution Period and as adjusted by the Spread (if any);

(B) if on any Distribution Determination Date no such rate appears on the Reuters Screen ABSFIX1 Page (or such other replacement page thereof) or the Reuters Screen ABSFIX1 Page (or such other replacement page thereof) is unavailable for any reason, the Calculation Agent will determine the Rate of Distribution for such Distribution Period as being the rate (or, if there is more than one rate which is published, the arithmetic mean of those rates (rounded up, if necessary, to four decimal places)) for a period equal to the duration of such Distribution Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as the Calculation Agent may select and as adjusted by the Spread (if any);

(C) if on any Distribution Determination Date the Calculation Agent is otherwise unable to determine the Rate of Distribution under paragraphs (b)(ii)(2)(A) and (b)(ii)(2)(B) above, the Rate of Distribution shall be determined by the Calculation Agent 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 Calculation Agent at or about the Relevant Time on such Distribution Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Distribution Period, an amount equal to the aggregate principal amount of the relevant Floating Rate Perpetual Securities for such Distribution Period by whatever means they determine to be most appropriate and as adjusted by the Spread (if any), or if on such day one only or none of the Singapore offices of the Reference Banks provides the Calculation Agent with such quotation, the Rate of Distribution for the relevant Distribution Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore dollars quoted by the Singapore offices of the Reference Banks at or about the Relevant Time on such Distribution Determination Date and as adjusted by the Spread (if any);

(D) if paragraph (C) above applies and the Calculation Agent determines that fewer than two Reference Banks are quoting the rate as being their cost of funding or quoting the prime lending rates for Singapore Dollars on such Distribution Determination Date, the Rate of Distribution shall be the Rate of Distribution determined on the previous Distribution Determination Date; and

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

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

(aa) the Relevant Rate (as defined below) (where such Relevant Rate on such Screen Page is a composite quotation or is customarily supplied by one entity); or (bb) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Screen Page, in each case appearing on such Screen Page at the Relevant Time on the Distribution Determination Date,

and as adjusted by the Spread (if any);

(B) if the Primary Source for the Floating Rate is Reference Banks or if paragraph (b)(ii)(3)(A)(aa) applies and no Relevant Rate appears on the Screen Page at the Relevant Time on the Distribution Determination Date or if paragraph (b)(ii)(3)(A)(bb) applies and fewer than two Relevant Rates appear on the Screen Page at the Relevant Time on the Distribution Determination Date, subject as provided below, the Rate of Distribution shall be the rate per annum which the Calculation Agent 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 Distribution Determination Date and as adjusted by the Spread (if any); and

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

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

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

(c) Definitions

As used in these Conditions:

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

"**business day**" means (a) (in the context of Perpetual Securities denominated in Singapore Dollars) a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks are open for business in Singapore, (b) (in the context of Perpetual Securities denominated in euro) a day on which the TARGET SYSTEM is open for settlement of payment in euro, and (c) (in the context of Perpetual Securities denominated in a currency other than Singapore Dollars and euro) a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks 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 Perpetual Security, or if no such amount is so specified, the Denomination Amount of such Perpetual Security as shown on the face thereof;

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

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

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

"**Primary Source**" means the Screen Page or, as the case may be, the Reference Banks specified as such in the applicable Pricing Supplement and (in the case of any Screen Page provided by any information service other than the Bloomberg agency or the Reuters Monitor Money Rates Service ("**Reuters**")) agreed by the Calculation Agent;

"**Redemption Amount**" means, in respect of any Perpetual Security, such amount as may be specified in, or determined in accordance with, the applicable Pricing Supplement;

"**Reference Banks**" means the institutions specified as such in the applicable Pricing Supplement or, if none, three (3) major banks selected by the Calculation Agent (in consultation with the Issuer) in the interbank market that is most closely connected with the Benchmark;

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

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

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

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

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

"**TARGET System**" means the Trans-European Automated Real Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto.

(III) CALCULATIONS

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

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

(b) Notification

The Calculation Agent will cause the Rate of Distribution and the Distribution Amounts for each Distribution Period and the relevant Distribution Payment Date to be notified to the Issuing and Paying Agent, the Trustee and the Issuer as soon as possible after their determination but in no event later than the fourth business day thereafter. In the case of Floating Rate Perpetual Securities, the Calculation Agent will also cause the Rate of Distribution and the Distribution Amounts for each Distribution Period and the relevant Distribution Payment Date to be notified to Perpetual Securityholders in accordance with Condition 15 as soon as possible after their determination. The Distribution Amounts and the Distribution Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Distribution Period by reason of any Distribution Payment Date not being a business day. If an Enforcement Event occurs in relation to the Floating Rate Perpetual Securities, the Rate of Distribution and Distribution Amounts payable in respect of the Floating Rate Perpetual Securities shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Distribution and Distribution Amounts need to be made unless the Trustee requires otherwise.

(c) Alternative Calculation Agent

If the Calculation Agent does not at any time for any reason so determine or calculate the Rate of Distribution for a Distribution Period or any Distribution Amount, the Issuer shall notify the Trustee and the Issuing and Paying Agent of this failure and promptly appoint an alternative Calculation Agent. If the Issuer fails to so appoint, the Trustee shall, on behalf of the Issuer and at the Issuer's expense, use reasonable endeavours to procure that a financial institution does so (and in this regard the Issuer shall provide such assistance to the Trustee as the Trustee may require), provided at all times that under no circumstances shall the Trustee be liable or responsible for any act or omission whether on its part or on the part of the Issuer or such financial institution or for any loss, liability, action, proceeding, claim, demand, penalty, damages, cost, expense, disbursement and other liability whatsoever which may be incurred, suffered or brought against the Issuer or such financial institution by reason thereof. In doing so, such financial institution shall apply the provisions of this Condition 4, 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) Calculation Agent and Reference Banks

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

(IV) DISTRIBUTION DISCRETION

(a) Optional Payment

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

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

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

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

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

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

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

(b) No Obligation to Pay

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

(c) Non-Cumulative Deferral and Cumulative Deferral

(i) If Non-Cumulative Deferral is set out hereon, any distribution deferred pursuant to this Condition 4(IV) is non-cumulative and will not accrue distribution. The Issuer is not under any obligation to pay that or any other distributions that have not been paid in whole or in part. The Issuer may, at its sole discretion, and at any time, elect to pay an amount up to the amount of distribution which is unpaid (the "**Optional Distributions**") (in whole or in part) by complying with the notice requirements in Condition 4(IV)(e). There is no limit on the number of times or the extent of the amount with respect to which the Issuer can elect not to pay distributions pursuant to this Condition 4(IV). Any partial payment of outstanding Optional Distribution by the Issuer shall be shared by the holders of all outstanding Perpetual Securities and the Coupons related to them on a pro-rata basis.

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

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

(d) <u>Distribution and Capital Stopper</u>

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

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

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

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

(e) <u>Satisfaction of Optional Distribution or Arrears of Distribution</u>

The Issuer:

(i) may, at its sole discretion, satisfy an Optional Distribution or Arrears of Distribution, as the case may be (in whole or in part) at any time by giving notice of such election to the Trustee, the Agents and the Perpetual Securityholders (in accordance with Condition 15) not more than 20 nor less than 10 business days (or such other notice period as may be specified hereon) prior to the relevant payment date specified in such notice (which notice is irrevocable and shall oblige the Issuer to pay the relevant Optional Distribution or Arrears of Distribution on the payment date specified in such notice); and

(ii) in any event shall satisfy any outstanding Arrears of Distribution (in whole but not in part) on the earliest of (1) the date of redemption of the Perpetual Securities in accordance with the redemption events set out in Condition 5 (as applicable); (2) the next Distribution Payment Date on the occurrence of a breach of Condition 4(IV)(d) or the occurrence of a Compulsory Distribution Payment Event; and (3) the date such amount becomes due under Condition 9 or on a Winding-Up of the Issuer.

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

(f) No default

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

5. REDEMPTION AND PURCHASE

(a) No Fixed Redemption Date

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

(b) Redemption at the Option of the Issuer

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

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

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

(c) Redemption for Taxation Reasons

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

(i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7, or increase the payment of such additional amounts, as a result of:

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

(B) the Issuer receiving a ruling by the Comptroller of Income Tax (or other relevant authority) which confirms that:

(1) the Perpetual Securities will not be regarded as "debt securities" for the purposes of Section 43N(4) and Section 13 of the Income Tax Act, Chapter 134 of Singapore ("**ITA**") and Regulation 2 of the Income Tax (Qualifying Debt Securities) Regulations; or

(2) the distributions (including any Arrears of Distribution and any Additional Distribution Amount) will not be regarded as interest payable by the Issuer for the purposes of the withholding tax exemption and/or concessionary tax rate on interest for "qualifying debt securities" under the ITA; and

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

Prior to the publication of any notice of redemption pursuant to this Condition 5(c), the Issuer shall deliver to the Issuing and Paying Agent and the Trustee a certificate signed by a duly authorised officer of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or is likely to become obliged to pay such additional amounts as a result of such change, amendment or ruling by the Comptroller of Income Tax (or other relevant authority).

(d) Redemption for Accounting Reasons

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

Prior to the publication of any notice of redemption pursuant to this Condition 5(d), the Issuer shall deliver to the Trustee (i) a certificate signed by a duly authorised officer of the Issuer stating that the circumstances referred to above prevail and setting out the details of such circumstances; and (ii) an opinion of the Issuer's independent auditors stating that the circumstances referred to above prevail and the date on which the relevant change or amendment to the Relevant Accounting Standard is due to take effect.

(e) Redemption for Tax Deductibility Reasons

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

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

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

(B) any amendment to, or change in, an official and binding interpretation of any such laws, rules or regulations by any legislative body, court, governmental agency or regulatory authority (including the enactment of any legislation and the publication of any judicial decision or regulatory determination) which is enacted, promulgated, issued or becomes effective otherwise on or after the Issue Date; or

(C) any generally applicable official interpretation or pronouncement which is issued or announced on or after the Issue Date that provides for a position with respect to such laws or regulations that differs from the previous generally accepted position which is issued or announced before the Issue Date, or

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

payments by the Issuer are no longer, or would in the Distribution Period immediately following that Distribution Payment Date no longer be, fully deductible by the Issuer for Singapore income tax purposes. Prior to the publication of any notice of redemption pursuant to this Condition 5(e), the Issuer shall deliver or procure that there is delivered to the Trustee (x) a certificate signed by a duly authorised officer of the Issuer stating that the circumstances referred to above prevail and setting out the details of such circumstances and (y) an opinion of the Issuer's independent tax or legal adviser of recognised standing stating that the circumstances referred to above prevail and the date on which the relevant change or amendment to the tax regime or ruling from the Comptroller of Income Tax (or other relevant authority) is due to take effect.

(f) Redemption upon a Change of Control

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

(g) Redemption in the case of Minimal Outstanding Amount

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

(h) Purchase

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

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

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

(i) Cancellation

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

6. PAYMENTS

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

Payments of principal and distribution in respect of the Bearer Perpetual Securities will, subject as mentioned below, be made against presentation and surrender of the relevant Perpetual Securities or Coupons, as the case may be, at the specified office of the relevant 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 or, in the case of euro, in a city in which banks have access to the TARGET System.

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

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

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

(c) Payments subject to law etc.

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

(d) Appointment of Agents

The Issuing and Paying Agents, the Calculation Agent, the Transfer Agents and the Registrars initially appointed by the Issuer and their respective specified offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of any of the Issuing and Paying Agents, the Calculation Agent, the Transfer Agents and the Registrars in accordance with the terms of the Agency Agreement and to appoint additional or other Agents, provided that it will at all times maintain (i) an Issuing and Paying Agent having a specified office in Singapore, (ii) a Transfer Agent in relation to Registered Perpetual Securities, (iii) a Registrar in relation to Registered Perpetual Securities and (iv) a Calculation Agent where the Conditions so require. Any such appointment shall be binding on the Perpetual Securityholders and Couponholders.

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

The Agency Agreement may be amended by the Issuer, the Trustee and the Agents without the consent of any Perpetual Securityholder or Couponholder, either (A) for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or complying with any mandatory provision of Singapore law or if required by CDP and/or any other clearing system in which the Securities may be held or (B) in any manner which the Issuer, the Trustee and the Agents may mutually deem necessary or desirable and which is not, in the opinion of the Issuer and the Trustee, materially prejudicial to the interests of the Perpetual Securityholders and Couponholders.

(e) Unmatured Coupons and unexchanged Talons

(i) Bearer Perpetual Securities which comprise Fixed Rate Perpetual Securities should be surrendered for payment together with all unmatured Coupons (if any) relating to such Perpetual Securities, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of five years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 8).

(ii) Subject to the provisions of the relevant Pricing Supplement, upon the due date for redemption of any Bearer Perpetual Security comprising a Floating Rate Perpetual Security, unmatured Coupons relating to such Perpetual Security (whether or not attached) shall become void and no payment shall be made in respect of them

(iii) Upon the due date for redemption of any Bearer Perpetual Security, any unexchanged Talon relating to such Perpetual Security (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.

(iv) Where any Bearer Perpetual Security comprising a Floating Rate Perpetual Security is presented for redemption without all unmatured Coupons, and where any Bearer Perpetual Security is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

(v) If the due date for redemption or repayment of any Perpetual Security is not a due date for payment of distribution, distribution accrued (if any) from the preceding due date for payment of distribution or the Distribution Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Perpetual Security or Certificate.

(f) Talons

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

(g) Non-business days

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

7. TAXATION

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

(a) by or on behalf of a holder who is subject to such Taxes by reason of his being connected with Singapore (including, without limitation, the holder being (A) a resident of, or a permanent establishment in, Singapore for tax purposes or (B) a non-resident of Singapore who has been granted an exemption by the Inland Revenue Authority of Singapore in respect of the requirement to withhold tax on payments made to it) otherwise than by reason only of the holding of such Perpetual Security or Coupon or the receipt of any sums due in respect of such Perpetual Security or Coupon; or

(b) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days.

As used in these Conditions, "**Relevant Date**" in respect of any Perpetual Security or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven (7) days after that on which notice is duly given to the Perpetual Securityholders in accordance with Condition 15 that, upon further presentation of the Perpetual Security (or relative Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon presentation, and references to "**principal**" shall be deemed to include any premium payable in respect of the Perpetual Securities, all Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 5, "**distribution**" shall be deemed to include all Distribution Amounts and all other amounts payable pursuant to Condition 4 and any reference to "**principal**" and/or "**premium**" and/or "**Redemption Amounts**" and/or "**distribution**" shall be deemed to include any additional amounts which may be payable under these Conditions.

8. PRESCRIPTION

The Perpetual Securities and Coupons shall become void unless presented for payment within three (3) years from the appropriate Relevant Date for payment.

9. ENFORCEMENT EVENTS

(a) Non-payment when due

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

(b) Enforcement Events

If any of the following events ("**Enforcement Events**") occurs, the Trustee at its discretion may, and if so requested in writing by the holders of at least 25 per cent. in principal amount of the Perpetual Securities then outstanding or if so directed by an Extraordinary Resolution shall institute proceedings for the Winding-Up of the Issuer and/or prove in the Winding-Up of the Issuer and/or claim in the liquidation of the Issuer for payment of the Perpetual Securities at their principal amount together with any distributions (including any outstanding Arrears of Distribution and any Additional Distribution Amount) accrued to such date:

(i) Non-Payment: the Issuer fails to pay the principal of or any distributions (including any Arrears of Distribution (if applicable) and any Additional Distribution Amount (if applicable)) on any of the Perpetual Securities when due and such failure continues for a period of seven (7) business days or more after the date on which such payment is due; or

(ii) Winding-up: an order is made or an effective resolution is passed for the Winding-Up or dissolution of the Issuer.

As used in these Conditions:

"**Winding-Up**" means, with respect to the Issuer, a final and effective order or resolution for the bankruptcy, winding up, liquidation, receivership or similar proceedings in respect of the Issuer.

(c) Extent of Holder's Remedy

No remedy against the Issuer, other than as referred to under this Condition 9 and Condition 10, shall be available to the Trustee or the holders, whether for the recovery of amounts owing in respect of the Perpetual Securities or under the Trust Deed or in respect of any breach by the Issuer of any of its other obligations under or in respect of the Perpetual Securities or under the Trust Deed.

10. ENFORCEMENT OF RIGHTS

Subject always to Condition 9, at any time after the Perpetual Securities shall have become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce any term or condition binding on the Issuer under the Perpetual Securities or the Trust Deed (other than any payment obligation of the Issuer under or arising from the Perpetual Securities, including, without limitation, payment of any principal or premium or satisfaction of any distributions (including any damages awarded for breach of any obligations)) and in no event shall the Issuer, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it. The Trustee shall not be bound to take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Perpetual Securityholders holding not less than 25 per cent. in principal amount of the Perpetual Securities outstanding, and (b) it shall have been indemnified, secured and/or pre-funded to its satisfaction. No Perpetual Securityholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound to do so, fails to do so within a reasonable period and such failure or neglect shall be continuing.

11. MEETING OF PERPETUAL SECURITYHOLDERS AND MODIFICATIONS

(a) Meetings of Perpetual Securityholders

The Trust Deed contains provisions for convening meetings of Perpetual Securityholders of a Series to consider any matter affecting their interests, including modification by Extraordinary Resolution of the Perpetual Securities of such Series (including these Conditions insofar as the same may apply to such Perpetual Securities) or any of the provisions of the Trust Deed. The Trustee or the Issuer at any time may, and the Trustee upon the request in writing by Perpetual Securityholders holding at least one-tenth in principal amount of the Perpetual Securities of any Series for the time being outstanding shall, convene a meeting of the Perpetual Securityholders of the Series. An Extraordinary Resolution duly passed at any such meeting shall be binding on all the Perpetual Securityholders of the relevant Series (save where provided to the contrary in the Trust Deed and these Conditions), whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution proposed, *inter* alia, (i) to amend the dates of redemption of the Perpetual Securities or any date for payment of distribution or Distribution Amounts on the Perpetual Securities, (ii) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Perpetual Securities, (iii) to reduce the rate or rates of distribution in respect of the Perpetual Securities or to vary the method or basis of calculating the rate or rates of distribution or the basis for calculating any Distribution Amount in respect of the Perpetual Securities, (iv) to vary any method of, or basis for, calculating the Redemption Amount, (v) to vary the currency or currencies of payment or denomination of the Perpetual Securities, (vi) 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, (vii) to modify the provisions concerning the quorum required at any meeting of Perpetual Securityholders or the majority required to pass an Extraordinary Resolution will only be binding if passed at a meeting of the Perpetual Securityholders of the relevant Series (or at any adjournment thereof) at which a special quorum (provided for in the Trust Deed) is present.

(b) Modification of the Trust Deed

The Trustee may agree, without the consent of the Perpetual Securityholders or Couponholders, to any modification (subject to certain exceptions mentioned in the Trust Deed) of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Trust Deed, or determine, without any such consent as aforesaid, that any Enforcement Event shall not be treated as such, which in any such case is not, in the opinion of the Trustee, materially prejudicial to the interests of the Perpetual Securityholders or may agree, without any such consent as aforesaid, to any modification, waiver or authorisation which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error or an error which is, in the opinion of the Trustee, proven or to comply with mandatory provisions of Singapore law or is required by Euroclear and/or Clearstream, Luxembourg and/or CDP and/or any other clearing system in which the Perpetual Securities may be held. Any such modification, waiver or authorisation shall be binding on the Perpetual Securityholders and the Couponholders and, unless the Trustee otherwise agrees in writing, such modification shall be notified to the Perpetual Securityholders as soon as practicable.

(c) Entitlement of the Trustee

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation determination or substitution), the Trustee shall have regard to the general interests of the Perpetual Securityholders as a class but shall not have regard to any interests arising from circumstances particular to individual Perpetual Securityholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Perpetual Securityholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Perpetual Securityholder or Couponholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Perpetual Securityholders or Couponholders.

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

For the purpose of ascertaining the right to attend and vote at any meeting of the Perpetual Securityholders convened for the purpose of and in relation to Clauses 9.2 and 28, Conditions 9, 10 and 11 and Schedule 9 to the Trust Deed, those Perpetual Securities (if any) which are beneficially held by, or are held on behalf of the Issuer, and any of its subsidiaries and not cancelled shall (unless and until ceasing to be so held) be disregarded when determining whether the requisite quorum of such meeting has been met and any votes cast or purported to be cast at such meeting in respect of such Perpetual Securities shall be disregarded and be null and void.

12. REPLACEMENT OF PERPETUAL SECURITIES, CERTIFICATES, COUPONS AND TALONS

Should any Perpetual Security, Certificate, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, during usual business hours at the specified office of the Issuing and Paying Agent (in the case of Bearer Perpetual Securities, Coupons or Talons) and of the Registrar (in the case of Certificates), or at the specified office of such other Issuing and Paying Agent, or as the case may be, Registrar as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Perpetual Securityholders in accordance with Condition 15, upon payment by the claimant of the costs, expenses and duties incurred in connection with the replacement and on such terms as to evidence, undertaking, security and indemnity (which may provide, *inter alia,* that if the allegedly lost, stolen or destroyed Perpetual Security, Certificate, Coupon or Talon is subsequently presented for payment, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Perpetual Security, Certificate, Coupon or Talon) or otherwise as the Issuer may reasonably require. Mutilated or defaced Perpetual Securities, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

13. FURTHER ISSUES

Subject always to the Issuer's obligations under the Trust Deed, the Issuer may from time to time without the consent of the Perpetual Securityholders or Couponholders create and issue further Perpetual Securities having the same terms and conditions as the Perpetual Securities of any Series and so that the same shall be consolidated and form a single Series with such Perpetual Securities, and references in these Conditions to "**Perpetual Securities**" shall be construed accordingly.

14. INDEMNIFICATION OF THE TRUSTEE AND ITS CONTRACTING WITH THE ISSUER

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified, secured and/or pre-funded to its satisfaction.

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or any of its subsidiaries and to act as trustee of the holders of any other securities issued by, or relating to, the Issuer, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Perpetual Securityholders or Couponholders, and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

15. NOTICES

Notices to the holders of Bearer Perpetual Securities will be valid if published in a daily newspaper of general circulation in Singapore (or, if the holders of any Bearer Perpetual Securities can be identified, notices to such holders will also be valid if they are given to each of such holders). It is expected that such publication in Singapore will be made in *The Business Times*. Notices will, if published or announced 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.

Notices to the holders of Registered Perpetual Securities shall also be valid if mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing.

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

There may be substituted for such publication in such newspapers (a) (for so long as the Perpetual Securities are listed on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**")) the announcement of the relevant notice made through the internet-based submission system operated by the SGX-ST, or (b) (for so long as the Perpetual Securities are represented by a Global Security or a Global Certificate and such Global Security or Global Certificate is held in its entirety on behalf of CDP or, as the case may be, Euroclear and/or Clearstream, Luxembourg) the delivery of the relevant notice to (subject to the agreement of CDP) CDP, or as the case may be, Euroclear and/or Clearstream, Luxembourg for communication by it to the Perpetual Securityholders, except that if the Perpetual Securities are listed on the SGX-ST and the rules of the SGX-ST 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 Perpetual Securityholders on (in the case of an announcement made through the internet-based submission system operated by the SGX-ST) the date on which the said announcement is made, and (ii) (in the case of delivery of the said notice to CDP or, as the case may be, Euroclear and/or Clearstream, Luxembourg) the seventh day after the day on which the said notice was given to CDP, or as the case may be, Euroclear and/or Clearstream, Luxembourg.

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

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

16. GOVERNING LAW

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

17. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT (CHAPTER 53B OF SINGAPORE)

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

SUMMARY OF PROVISIONS RELATING TO THE SECURITIES WHILE IN GLOBAL FORM

1. Initial Issue of Securities

Global Securities and Global Certificates may be delivered on or prior to the original issue date of the Tranche to the Common Depositary or CDP.

Upon the initial deposit of a Global Security with the Common Depositary or CDP, or registration of a Global Certificate in the name of (i) any nominee for Euroclear and/or Clearstream, Luxembourg, and/or (ii) CDP and delivery of the relevant Global Certificate to the Common Depositary or CDP (as the case may be), the relevant clearing system will credit each subscriber with a nominal amount of Securities equal to the nominal amount thereof for which it has subscribed and paid.

Securities that are initially deposited with the Common Depositary may also be credited to the accounts of subscribers with (if indicated in the relevant Pricing Supplement) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Securities that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

2. Relationship of Accountholders with Clearing Systems

Save as provided in the following paragraph, each of the persons shown in the records of Euroclear, Clearstream, Luxembourg, CDP or any other clearing system (each an "**Alternative Clearing System**") as the holder of a Security represented by a Global Security or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg, CDP or such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Security or the holder of the underlying Registered Securities, as the case may be, and in relation to all other rights arising under the Global Securities or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, CDP or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Securities for so long as the Securities are represented by such Global Security or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Security or the holder of the underlying Registered Securities, as the case may be, in respect of each amount so paid.

3. Exchange

3.1 Temporary Global Securities

Each Temporary Global Security will be exchangeable, free of charge to the holder:

(i) not later than the Exchange Date, for bearer Securities in definitive form ("**Definitive Securities**") in an aggregate principal amount equal to the principal amount of the Temporary Global Security submitted for exchange; and

(ii) on or after the Exchange Date, in whole or in part from time to time by its presentation and, on exchange in full, surrender to or to the order of the Issuing and Paying Agent for interests in the Permanent Global Security in an aggregate principal amount equal to the principal amount of the Temporary Global Security submitted for exchange provided that, in the case of any part of a Security submitted for exchange for a Permanent Global Security, there shall have been Certification (as defined in the Trust Deed) with respect to such nominal amount submitted for such exchange dated no earlier than the Exchange Date.

3.2 Permanent Global Securities

Each Permanent Global Security will be exchangeable, on or after its Exchange Date, in whole but not in part, free of charge to the holder, for Definitive Securities:

(i) if the Permanent Global Security is held by or on behalf of Euroclear or Clearstream, Luxembourg or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or in fact does so; or

(ii) if the Permanent Global Security is held by or on behalf of CDP and (a) an event of default, enforcement event or analogous event entitling an Accountholder (as defined in the Trust Deed) or the Trustee to declare the Securities to be due and payable as provided in the Conditions of the Securities has occurred and is continuing, (b) CDP is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise), (c) CDP has announced an intention to permanently cease business and no alternative clearing system is available or (d) CDP has notified the Issuer that it is unable or unwilling to act as depository for the Securities and to continue performing its duties as set out in the conditions for the provision of depository services and no alternative clearing system is available.

In the event that a Global Security is exchanged for Definitive Securities, such Definitive Securities shall be issued in Specified Denomination(s) only. A Securityholder who holds a principal amount of less than the minimum Specified Denomination will not receive a Definitive Security in respect of such holding and would need to purchase a principal amount of Securities such that it holds an amount equal to one or more Specified Denominations.

3.3 Global Certificates

The following will apply in respect of transfers of Securities held in Euroclear, Clearstream, Luxembourg, CDP or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Securities within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Securities may be withdrawn from the relevant clearing system.

Transfers of the holding of Securities represented by a Global Certificate pursuant to Condition 2(b) of the Securities may only be made:

(a) in whole but not in part, if the Securities represented by the Global Certificate are held on behalf of Euroclear, Clearstream, Luxembourg, or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so;

(b) in whole but not in part if the Securities represented by the Global Certificate are held by or on behalf of CDP and:

  (i) an event of default, enforcement event or analogous event entitling an Accountholder (as defined in the Trust Deed) or the Trustee to declare the Securities to be due and payable as provided in the Conditions of the Securities has occurred and is continuing,

  (ii) CDP is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise);

  (iii) CDP has announced an intention to permanently cease business and no alternative clearing system is available; or

  (iv) CDP has notified the Issuer that it is unable or unwilling to act as depository for the Securities and to continue performing its duties as set out in the Conditions of the Securities for the provision of depository services and no alternative clearing system is available;

(c) in whole or in part, with the consent of the Issuer,

provided that, in the case of a transfer pursuant to paragraph 3.3(a) or 3.3(c) above, the holder of the Securities represented by the Global Certificate has given the Registrar not less than 60 days' notice at its specified office of such holder's intention to effect such transfer. Where the holding of Securities represented by the Global Certificate is only transferable in whole, the Certificate issued to the transferee upon transfer of such holding shall be a Global Certificate. Where transfers are permitted in part, Certificates issued to transferees shall not be Global Certificates unless the transferee so requests and certifies to the relevant Registrar that it is, or is acting as a nominee for, Euroclear or Clearstream, Luxembourg, CDP or an Alternative Clearing System.

3.4 Delivery of Securities

Any exchange for a Permanent Global Security may be effected on or after an Exchange Date by the holder of the Permanent Global Security surrendering the Permanent Global Security to or to the order of the Issuing and Paying Agent. In exchange for the Permanent Global Security, the Issuer shall deliver, or procure the delivery of, duly executed and authenticated Definitive Securities in an aggregate principal amount equal to the principal amount of the Permanent Global Security submitted for exchange (if appropriate, having attached to them all Coupons in respect of interest or, as the case may be, distribution that has not already been paid on the Permanent Global Security), security printed in accordance with any applicable legal and stock exchange requirements and substantially in the form set out in the Trust Deed. Upon exchange (or payment) in whole the Permanent Global Security shall be deemed fully paid and shall be cancelled by the Issuing and Paying Agent and, unless otherwise instructed by the Issuer, the cancelled Permanent Global Security shall be returned to the Issuer.

Upon the whole or part of a Temporary Global Security being exchanged for a Permanent Global Security, the Permanent Global Security shall be exchangeable in accordance with its terms for Definitive Securities. The Definitive Securities for which the Temporary Global Security may be exchangeable shall be duly executed and authenticated, shall have attached to them all Coupons in respect of interest or, as the case may be, distribution that has not already been paid on the Temporary Global Security and shall be substantially in the form set out in the Trust Deed. Upon any exchange of a Temporary Global Security for an equivalent interest in the Permanent Global Security or Definitive Securities, the portion of the principal amount so exchanged shall be endorsed by or on behalf of the Issuing and Paying Agent in the relevant Schedule to the Temporary Global Security, whereupon the principal amount hereof shall be reduced for all purposes by the amount so exchanged and endorsed. Upon exchange (or payment) in whole, the Temporary Global Security shall be deemed fully paid and shall be cancelled by the Issuing and Paying Agent and, unless otherwise instructed by the Issuer, the cancelled Temporary Global Security shall be returned to the Issuer.

3.5 Exchange Date

"**Exchange Date**" means, in relation to a Temporary Global Security (a) the date falling three (3) calendar months after its issue date where exchangeable for Definitive Securities; or (b) the day falling after the expiry of 40 days after its issue date where exchangeable for interests in the Permanent Global Security; and, in relation to a Permanent Global Security, a day falling not less than 60 days after that on which the notice requiring exchange is given and on which commercial banks are open for business in Singapore and in the case of exchange pursuant to paragraph 3.2(i) above, a day on which commercial banks are open for business in the cities in which Euroclear, Clearstream, Luxembourg, CDP or, if relevant, the Alternative Clearing System, are located.

4. Amendment to Conditions

The Temporary Global Securities, Permanent Global Securities and Global Certificates contain provisions that apply to the Securities that they represent, some of which modify the effect of the terms and conditions of the Securities set out in this Information Memorandum. The following is a summary of certain of those provisions:

4.1 Payments

(a) Permanent Global Security

No person shall be entitled to receive any payment in respect of the Securities represented by a Permanent Global Security that falls due on or after the Exchange Date unless, upon due presentation of the Permanent Global Security for exchange, delivery of Definitive Securities is improperly withheld or refused by or on behalf of the Issuer or the Issuer does not perform or comply with any one or more of what are expressed to be its obligations under any Definitive Securities.

Payments in respect of the Permanent Global Security shall be made to its holder against presentation and (if no further payment falls to be made on it) surrender of it and at the specified office of the Issuing and Paying Agent or of any paying agent provided for in the Conditions of the Securities. A record of each such payment shall be endorsed on the Principal Schedule or the Interest or, as the case may be, Distribution Schedule to the Permanent Global Security, as appropriate, by the Issuing and Paying Agent, which endorsement shall (until the contrary is proved) be *prima facie* evidence that the payment in question has been made.

(b) Temporary Global Security

No person shall be entitled to receive any payment in respect of the Securities represented by a Temporary Global Security that falls due on or after the Exchange Date unless, upon due presentation of the Temporary Global Security for exchange, delivery of (or, in the case of a subsequent exchange, due endorsement of) the Permanent Global Security or the Definitive Securities is improperly withheld or refused by or on behalf of the Issuer.

Payments due in respect of a Security before the Exchange Date shall only be made in relation to such principal amount of the Temporary Global Security with respect to which there shall have been Certification (as defined in the Trust Deed) dated no earlier than such due date for payment.

Any payments that are made in respect of the Temporary Global Security shall be made to its holder against presentation and (if no further payment falls to be made on it) surrender of it at the specified office of the Issuing and Paying Agent or of any other paying agent provided for in the Conditions.

If any payment in full of principal is made in respect of any Security represented by the Temporary Global Security, the portion of the Temporary Global Security representing such Security shall be cancelled and the amount so cancelled shall be endorsed by or on behalf of the Issuing and Paying Agent in the Principal Schedule to the Temporary Global Security (such endorsement being *prima facie* evidence that the payment in question has been made) whereupon the principal amount hereof shall be reduced for all purposes by the amount so cancelled and endorsed. If any other payments are made in respect of the Securities represented by the Temporary Global Security, a record of each such payment shall be endorsed by or on behalf of the Issuing and Paying Agent on such Payment Schedule to the Temporary Global Security (such endorsement being *prima facie* evidence that the payment in question has been made).

(c) Global Certificate

All payments in respect of Securities represented by a Global Certificate (other than a Global Certificate held through CDP) will be made to, or to the order of, the person whose name is entered on the Register on the record date (as described in the Conditions).

All payments in respect of Securities represented by a Global Certificate held through CDP will be made to, or to the order of, the person whose name is entered on the Register on the record date (as described in the Conditions).

4.2 Prescription

Claims in respect of principal and interest or, as the case may be, distribution (as defined in the Conditions) for Securities that are represented by a Permanent Global Security shall become void unless it is presented for payment within a period of three (3) years from the relevant Relevant Date (as defined in Condition 9 of the Notes or, as the case may be, Condition 8 of the Perpetual Securities).

4.3 Meetings

The holder of a Permanent Global Security shall (unless such Permanent Global Security represents only one Security) be treated as two (2) persons, and the holder of the Securities represented by a Global Certificate shall (unless such Global Certificate represents only one Security) be treated as two (2) persons, for the purposes of any quorum requirements of a meeting of Securityholders and, at any such meeting, the holder of a Permanent Global Security or the Securities represented by a Global Certificate shall be treated as having one vote in respect of each principal amount of Securities equal to the minimum Denomination Amount of the Securities for which the Permanent Global Security or the Securities represented by a Global Certificate may be exchanged.

4.4 Cancellation

Cancellation of any Security represented by a Permanent Global Security or Temporary Global Security that is required by the Conditions to be cancelled will be effected by reduction in the principal amount of the Permanent Global Security or Temporary Global Security representing such Security on its presentation to or to the order of the Issuing and Paying Agent for endorsement in the Principal Schedule to the Permanent Global Security or Temporary Global Security.

4.5 Purchase

Securities represented by a Permanent Global Security may only be purchased by the Issuer or any of its subsidiaries if they are purchased together with the right to receive all future payments of interest or, as the case may be, distribution thereon.

4.6 Issuer's Option

Any option of the Issuer provided for in the Conditions while such Securities are represented by a Permanent Global Security shall be exercised by the Issuer giving notice to the Securityholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Securities drawn in the case of a partial exercise of an option and accordingly no drawing of Securities shall be required.

4.7 Securityholders' Options

Any option of the Securityholders provided for in the Conditions while such Securities are represented by a Permanent Global Security may be exercised by the holder of the Permanent Global Security giving notice to the Issuing and Paying Agent within the time limits relating to the deposit of Securities with the Issuing and Paying Agent set out in the Conditions substantially in the form of the notice available from the Issuing and Paying Agent, except that the notice shall not be required to contain the certificate numbers of the Securities in respect of which the option has been exercised, and stating the principal amount of Securities in respect of which the option is exercised and at the same time presenting the Permanent Global Security to the Issuing and Paying Agent for notation accordingly in the Option Schedule to the Permanent Global Security.

4.8 Trustee's Powers

The Trustee may call for any letter of confirmation, certificate, report or other document to be issued by Euroclear, Clearstream, Luxembourg, CDP or an Alternative Clearing System as to the principal amount of Securities held in such clearing system standing to the account of any person. Any such letter of confirmation, certificate or other document shall be conclusive and binding for all purposes. The Trustee shall not be liable to any person by reason of having accepted as valid or not having rejected any letter of confirmation, certificate or other document to such effect purporting to be issued by such clearing system and subsequently found to be forged or not authentic.

In considering the interests of Securityholders while any Global Security is held on behalf of, or any Global Certificate is registered in the name of any nominee for, a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Security or Global Certificate and may consider such interests as if such accountholders were the holders of the Securities represented by such Global Security or Global Certificate.

4.9 Notices

Notices required to be given in respect of the Securities represented by a Global Security or a Global Certificate may be given by their being delivered (so long as the Global Security or Global Certificate is held on behalf of Euroclear, Clearstream, Luxembourg, CDP or any other clearing system) to Euroclear, Clearstream, Luxembourg or (subject to the agreement of CDP) CDP or, as the case may be, such other clearing system or otherwise to the holder of the Global Security or Global Certificate rather than by publication as required by the Conditions, except that so long as the Securities are listed on the SGX-ST and the rules of that exchange so require, notices in respect of such Securities shall also be published in a leading daily newspaper in the English language having general circulation in Singapore.

4.10 General

Any reference herein to the Issuing and Paying Agent and the Registrar shall be deemed to refer to The Bank of New York Mellon, acting through its Singapore Branch as issuing and paying agent and registrar in relation to Securities cleared through CDP; to The Bank of New York Mellon, acting through its London Branch, as issuing and paying agent in relation to Securities cleared through Euroclear and/or Clearstream, Luxembourg; and to The Bank of New York Mellon (Luxembourg) S.A., as registrar, in relation to Securities cleared through Euroclear and/or Clearstream, Luxembourg.

THE ISSUER

1. HISTORY AND INTRODUCTION

The Issuer was incorporated with limited liability under the Companies Act (Chapter 50 of Singapore) on 12 July 1912 under the name of United Engineers Limited. The Issuer's shares are listed on the Mainboard of the SGX-ST. As at 29 April 2016, the market capitalisation of the Issuer amounted to approximately S$1,491.2 million and the Group employs more than 9,000[1] staff, with operations in over 11 countries across Asia, Europe, North America and Australia.

The Group has developed numerous iconic buildings that define the Singapore landscape including *orchardgateway*, UE Square, UE BizHub EAST, as well as the mixed-use development at one-north comprising The Rochester, Rochester Mall and Park Avenue Rochester. The Group also owns a stable of shopping malls which comprises Rochester Mall, The Seletar Mall[2] and UE Square Shopping Mall as well as manages Changi Link and the Park Avenue chain of hotels, serviced apartments, serviced offices and convention centre.

On 30 January 2013, the Issuer announced its intention to launch an all-cash pre-conditional voluntary general offer for WBL. The offer was made by the Issuer's wholly-owned subsidiary, UE Centennial Venture Pte. Ltd. (as offeror) for the remaining 61.7% of WBL's issued ordinary shares and all the outstanding 2.5% convertible bonds due on 10 June 2014 issued by WBL on 10 June 2009, other than those already owned, controlled or agreed to be acquired by the offeror and its concert parties. The concert parties comprising the OCBC Group, the Great Eastern Group, the Lee Group and directors of the offeror owned a combined 38.3% stake in WBL. The original offer price was at an approximately 19.0% premium over the competing cash offer price of S$3.36 after adjusting for dividend. The offer, being a major transaction under Chapter 10 of the SGX-ST Listing Manual, was subject to the Issuer's shareholders' approval at an extraordinary general meeting. This was granted on 12 March 2013 and accordingly, the offeror announced on the same day an intention to make mandatory conditional cash offers for all the issued WBL shares and all the outstanding convertible bonds other than those already owned, controlled or agreed to be acquired by the offeror and its concert parties in accordance with Rules 14.1 and 19 of the Singapore Code on Take-overs and Mergers. On 9 May 2013, the offeror revised the original offer price to S$4.50 in cash as a final offer price. On 13 May 2013, the offer was declared unconditional in all respects.

At the time of the offer, the rationale of the offer was to:

(i) expand and diversify the Group's development property portfolio and to a lesser extent, its investment property portfolio by acquiring an interest in an attractive mix of properties under development;

(ii) gain exposure to long-term growth opportunities in the property market of the PRC;

(iii) harness synergies, particularly between properties, construction and engineering, which would strengthen the Group's presence across the infrastructure value chain;

(iv) acquire an interest in the WBL Group's automotive business, which would be another potential engine of growth for the Group as well as an additional source of recurring income; and

(v) explore opportunities to enhance value across the WBL Group's diverse portfolio of businesses.

[1] Based on 31 December 2015 headcount

[2] Held through a joint venture with a subsidiary of Singapore Press Holdings Ltd, in which the Issuer has an effective equity interest of 30%

On 19 November 2013, WBL and the offeror made a joint announcement for a proposed voluntary delisting of WBL from the Official List of the SGX-ST pursuant to Rules 1307 and 1309 of the Listing Manual. On 14 January 2014, the offeror made exit offers for (i) all the issued ordinary shares in the capital of WBL, and (ii) all the outstanding 2.5% convertible bonds due 10 June 2014 issued by WBL, other than those already owned, controlled or agreed to be acquired by the offeror and its concert parties. As of 11 February 2014, including valid acceptances of the share offer and the convertible bonds offer, the offeror and its concert parties owned, controlled or agreed to acquire an aggregate of:

(i) 274,303,727 shares, representing approximately 98.93% of the total number of issued ordinary shares; and

(ii) S$8,887,476 in principal amount of convertible bonds, which are convertible into conversion shares representing approximately 1.40% of the total number of issued ordinary shares.

The shares and convertible bonds of WBL were delisted from the Official List of the SGX-ST with effect from 9.00 a.m. on 18 February 2014.

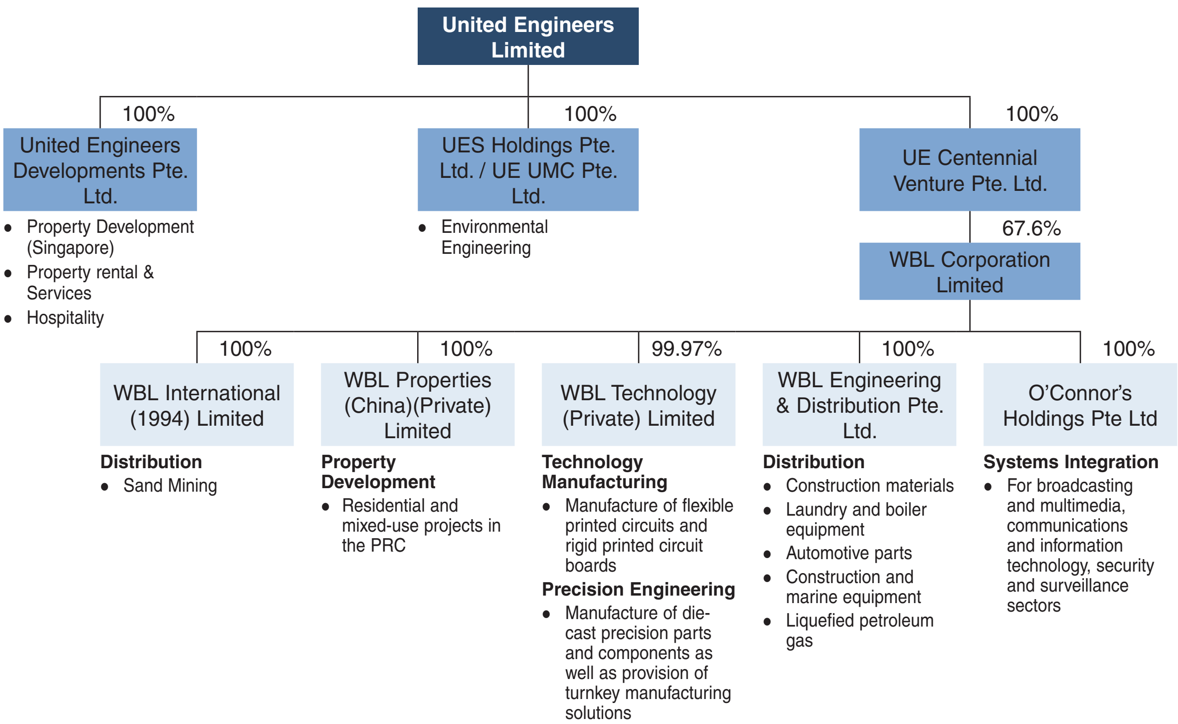
The Issuer is one of Singapore's pioneer companies that played an integral role in the country's physical and economic transformation. From its initial roots in the engineering business, the Group has dynamically evolved over the years and, currently, its key business activities are in property, engineering and distribution as well as technology and manufacturing, following the acquisition of the WBL Group in 2013. The Group was honoured as the 11th oldest company by the Singapore International Chamber of Commerce in 2007, and its flagship building, UE Square, was marked a historic site in 2002 by the Singapore National Heritage Board.

2. REGISTERED OFFICE

The Issuer's registered office is located at 12 Ang Mo Kio Street 64, #01-01, UE BizHub CENTRAL, Singapore 569088.

3. GROUP STRUCTURE

The corporate structure of the Issuer and its key operating subsidiaries as at the Latest Practicable Date is as follows:



Operational businesses are held either directly or indirectly by their entities

UEL Group

Property

Property Development
- Residential, commercial, industrial, mixed-use and build-to-suit projects in Singapore

- Residential and mixed-use projects in the PRC

华新国际

Property Rental & Services
- Project management
- Asset management

Hospitality
- Hotels
- Serviced suites
- Serviced offices
- Convention centre

park avenue

Engineering & Distribution

Environmental Engineering
- Engineering, Procurement and Construction for water-related and waste-to-energy projects
- Build-operate-transfer assets for medical waste and waste water treatment in the PRC

Systems Integration
- For broadcasting and multimedia, communications and information technology, security and surveillance sectors

O'CONNOR'S

Distribution
- Construction materials
- Laundry and boiler equipment
- Automotive parts
- Construction and marine equipment
- Liquefied petroleum gas
- Sand mining

Technology & Manufacturing

Technology Manufacturing
- Manufacture of flexible printed circuits and rigid printed circuit boards

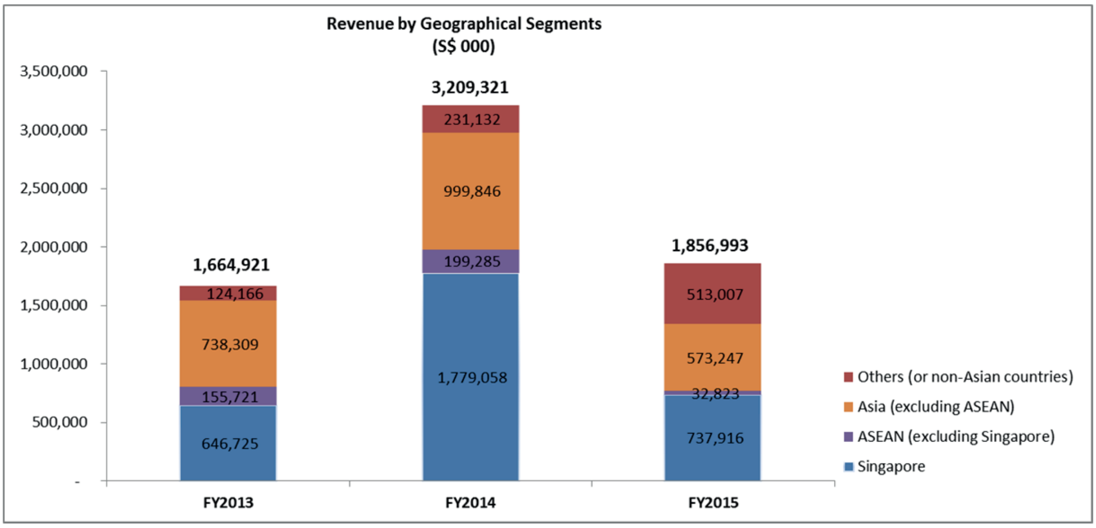
MFLEX
Smaller, Smarter Electronics

Precision Engineering
- Manufacture of die-cast precision parts and components as well as provision of turnkey manufacturing solutions

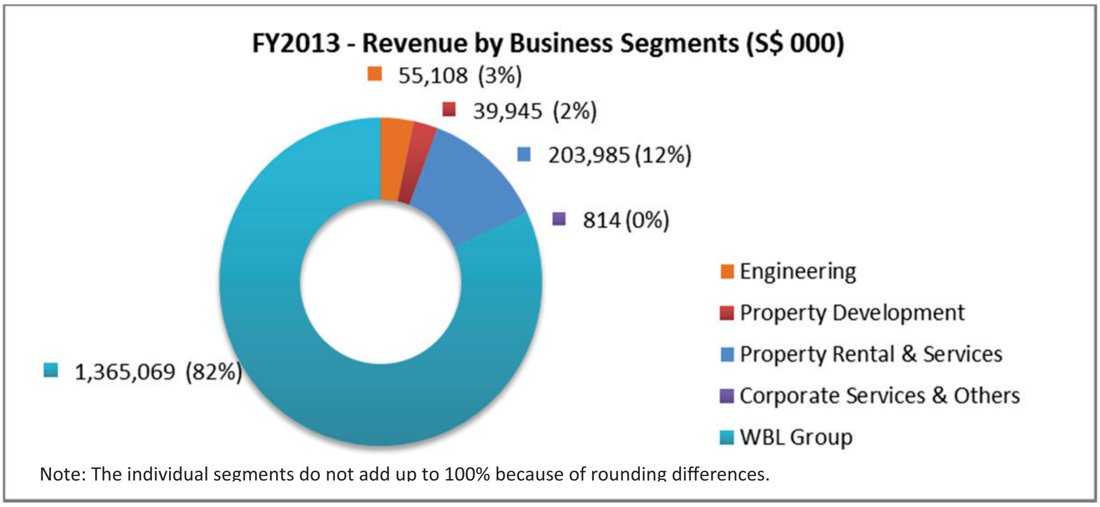
4. PRINCIPAL BUSINESS ACTIVITIES

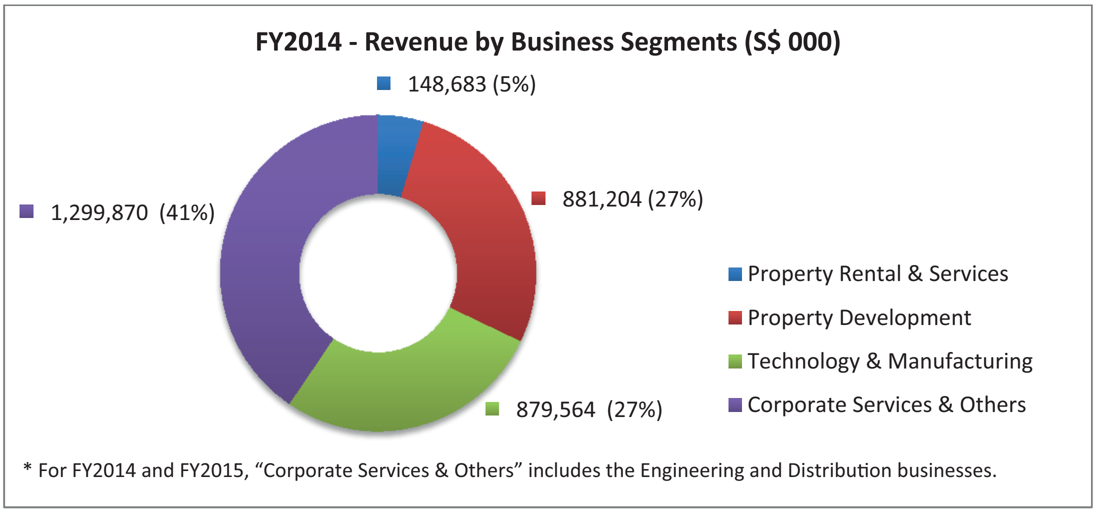
Please refer to the following graphical illustrations for the revenue and profit breakdown of the Group's principal businesses over the last three financial years by (i) geographical and (ii) business segments:

(i) Geographical segments

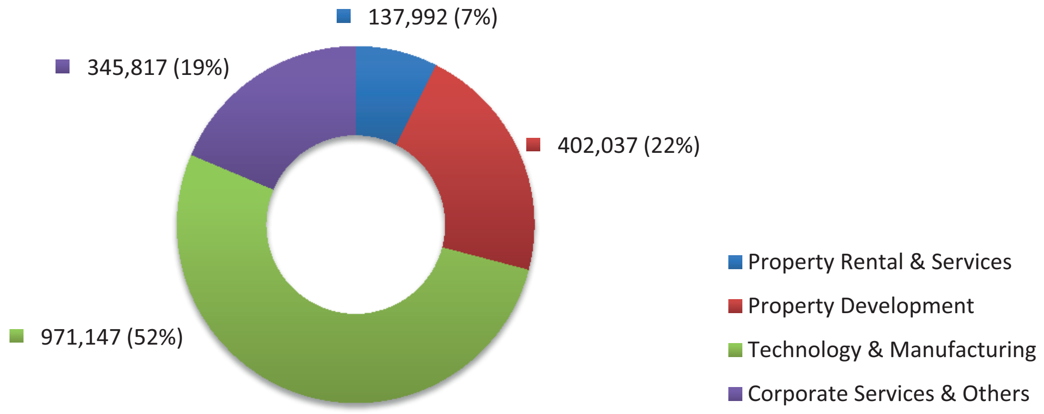


(ii) Business segments





FY2015 - Revenue by Business Segments (S$ 000)



* For FY2014 and FY2015, "Corporate Services & Others" includes the Engineering and Distribution businesses.

The Group is in the business of integrated property services, engineering and distribution, and technology and manufacturing.

(I) **Property**

The Group is an integrated property services provider with capabilities including property development and property rental and services (comprising project management and asset management services for shopping malls, office buildings, mixed-use developments, as well as hospitality management services for hotels, serviced apartments, serviced offices and convention centres). The Group's property development track record extends across commercial, residential and industrial projects in Singapore, Malaysia and the PRC. Its competitive edge is in undertaking BTS projects and mixed-use developments.

(A) Property Development

The Group develops a wide range of projects, such as condominiums, residential housing, shopping malls, office buildings, industrial buildings, business parks and serviced apartments, or a combination of them within a mixed-use development. Property development, typically greenfield projects, encompasses activities such as bidding for land, project financing, design, overseeing construction progress, project management, property marketing and sales, and the overall co-ordination of all these activities. The Group expands its property portfolio by acquiring niche, strategically-located completed developments with good redevelopment potential, such as (i) a freehold commercial building at 79 Anson Road, and (ii) a freehold commercial office tower and industrial building at Alexandra Road, both of which are under leaseback arrangements with Hewlett-Packard.

The Group continues to explore property investment opportunities in key gateway cities of countries like Malaysia, the PRC, United Kingdom and Australia. Since the acquisition of the WBL Group, the Group's property portfolio in the PRC has expanded to include WBL Group's Property Division, which operates under the brand name "Huaxin International". Huaxin International has been investing in properties in the PRC since the 1990s and now has a sizeable land bank in four cities, namely Chengdu, Shanghai, Shenyang and Suzhou. It will continue to build and expand its portfolio of quality high-end property developments.

The Group's current major projects under development are a premium residential project on a 3,437,605 square feet site in a prime area in Chengdu, and a prime mixed-use commercial-residential property with a total gross floor area of 2,680,894 square feet in Shenyang as further elaborated below.

(i) Chengdu

The property business in Chengdu started in 1992, with the development of Orchard Garden through a joint venture company, Chengdu Huaxin International Urban Development Co. Ltd. The WBL Group has since shifted its focus to developing high-end residential projects, such as Chengdu Orchard Villa, a project comprising semi-detached villas and terrace houses, with a gross floor area of 3,171,102 square feet, through its wholly-owned subsidiary, Chengdu Huaxin International Realty Co., Ltd.

(ii) Shenyang

Through its wholly-owned subsidiary, Shenyang Huaxin, the WBL Group was one of the first Singapore companies to invest in Shenyang and has an established presence in the city.

Shenyang Huaxin has been involved in a number of notable property developments, including residential developments such as the Riverside Garden, as well as commercial developments such as the Huaxin International Building and the Wulihe Plaza. Another subsidiary, Shenyang Huaxin International City Development Co., Ltd developed the Shenyang Orchard Manor Villas.

In April 2009, the WBL Group broke new ground for its latest project, the Shenyang Orchard Summer Palace project, a prime mixed-use development boasting a total gross floor area of 2,680,894 square feet, comprising a shopping mall, an office block, serviced apartments and residential apartments. The project sits on the former Summer Palace Theme Park site, which is located in the heart of the city along Shenyang's "Golden Corridor". The office units have been launched for sale and lease in the third quarter of 2015, with the project due for completion in December 2019.

Other than the Shenyang Orchard Summer Palace project, the Group has another residential land bank of 789,070 square feet owned by Shenyang Huaxin International City Development Co., Ltd, which is designated for the development of the remaining phases of the Shenyang Orchard Manor Villas project. The company is currently negotiating with the Shenyang government on the plot ratio for the remaining development.

With its varied experience and portfolio, the Group is a one-stop real estate solutions provider. It has a strong track record in property development, particularly in mixed-use developments in Singapore and quality high-end residential developments in the PRC. UE Square, the Group's flagship building, is one of the earliest mixed-use developments in Singapore with up to four (4) approved uses, namely, serviced apartments, offices, retail mall and condominium.

The Group also provides BTS development services to customers where it either develops new projects or redevelops and/or redesigns existing buildings for particular end-user requirement(s). This allows the Group to cross-market business space, as well as help its tenants expand throughout Singapore.

Over the years, the Group has won several awards and accreditations. The Group's property development arm, United Engineers Developments Pte. Ltd., won the WSH Performance (Silver) Award for their good WSH performance and sound WSH management systems at the annual WSH Awards in 2010, 2012 and 2014. The annual WSH Awards are organised by WSH Council and supported by the Ministry of Manpower.

The Group also strives to achieve the BCA Green Mark award for its developments under the BCA Green Mark Scheme which is intended to drive Singapore's construction industry towards more environment-friendly buildings. Hence, many of the Group's developments were awarded the Green Mark by the BCA. In particular, the *orchardgateway* project won the Green Mark Platinum rating, the highest attainable Green Mark rating, the UE BizHub EAST project won the Green Mark Gold^{Plus} rating, the next highest attainable Green Mark rating and The Rochester project received a Green Mark Gold rating.

Completed in 2011, The Rochester is a mixed-use development comprising a hotel tower, a residential tower and a shopping mall located at one-north's Vista Exchange and designed by Tange Associates. Recently, The Rochester was selected to receive the International Architecture Award 2015, which is the most prestigious building award program, honouring new and cutting-edge designs with finalists spanning the globe, from South America and North America to Europe and Asia.

In the PRC, Huaxin International has won awards such as the National Classic Dwelling Design award (Chengdu Orchard Villa), the Most Liveable Eco-estate in Suzhou (Suzhou Horizon Manor) and the Most Appreciated Value of Commercial Real Estate For A New Landmark in China (Shenyang Orchard Summer Palace) for setting high standards in design, construction, technological innovation, brand recognition, environmental protection and property management.

The Group also intends to incorporate more green features in its property developments in the PRC. The Shenyang Orchard Summer Palace project received the international standard certification for Leadership in Energy and Environmental Design for its office block and retail mall in July 2011.

From time to time, the Group also divests its developments to unlock value from its investments in properties, including its BTS projects. This is part of the Group's ongoing strategy to free up its resources for investing in new projects. In line with this strategy, on 4 November 2013, the Group completed the divestment of its BTS mixed-use development, UE BizHub EAST, to VI-REIT. The divestment is part of the Group's move to streamline and refresh its property portfolio.

Development Projects

Set out below is a list of major developments that the Group (a) has completed for the past 10 years, (b) is currently being developed and/or (c) is planning to develop, where each development is either wholly-owned or held by the Group on a joint-venture basis:

Major developments that have been completed						
Singapore						
Description	**Location**	**Property Type**	**Land Area (square feet) / Total Gross Floor Area (square feet)**	**Year of Completion**	**Nature / Status of Ownership**	**Status of the Property**
UE Tech Park[(1)]	Pandan Crescent, Singapore	Industrial	348,497.7/ 871,230.9	1996	Divested	Divested
UE Square	81 and 83 Clemenceau Avenue, Singapore	Mixed-use development: Serviced apartments, offices, retail mall and condominium	355,015.3/ 1,381,842.0	1997	100% directly-owned by the Issuer. Residential portion fully sold.	Held for investment
UE Print Media Hub[(2)]	61 Tai Seng Avenue, Singapore	Industrial	131,578.0/ 254,749.5	2007	Fully sold	Fully sold

Major developments that have been completed						
Singapore						
Description	**Location**	**Property Type**	**Land Area (square feet) / Total Gross Floor Area (square feet)**	**Year of Completion**	**Nature / Status of Ownership**	**Status of the Property**
Sui Generis	9 Balmoral Crescent, Singapore	Residential	51,085.5/ 81,728.2	2010	Fully sold	Fully sold
The Rochester	Buona Vista Road/ North Buona Vista Road, Singapore	Mixed-use development: Hotel/serviced apartments, retail mall and condominium	154,255.0/ 824,838.0	2011	Wholly-owned. Residential portion fully sold.	Held for investment
Park Central@AMK	Ang Mo Kio Street 52, Singapore	Residential: HDB Design, Build & Sell Scheme	180,716.4/ 632,508.9	2011	Fully sold	Fully sold
UE BizHub EAST[(3)]	Changi Business Park, Singapore	Mixed-use development: Business park, convention centre, offices, hotel/serviced apartments and retail	312,164.0/ 780,404.0	2012	Divested	Divested
Redevelopment of the former Specialists' Centre and Hotel Phoenix now known as *orchardgateway*[(4)]	277 Orchard Road, Singapore	Commercial: Retail and hotel	72,942.7/ 538,809.1	2014	Redevelopment was undertaken by two wholly-owned special purpose vehicles which have been divested upon completion.	Divested
Austville Residences	Sengkang East Avenue/Buangkok Drive, Singapore	Residential: Executive condominium	183,000.5/ 549,001.4	2014	Held through a joint venture with LMG Realty Pte Ltd and Maxdin Pte Ltd, in which the Issuer has an effective equity interest of 35%.	539 units sold, out of total 540 units
The Seletar Mall[(5)]	Sengkang West Avenue, Singapore	Retail mall	94,619.0/ 283,853.7	2014	Held through a joint venture with a subsidiary of Singapore Press Holdings, in which the Issuer has an effective equity interest of 30%.	Held for investment
Eight Riversuites	Bendemeer Road/ Whampoa East, Singapore	Residential	200,402.0/ 701,416.0	2016	Wholly-owned	846 units sold, out of total 862 units

Major developments that have been completed						
PRC						
Description	**Location**	**Property Type**	**Land Area (square feet) / Total Gross Floor Area (square feet)**	**Year of Completion**	**Nature / Status of Ownership**	**Status of the Property**
Huaxin International Building	Shenyang, PRC	Commercial Office	43,884.4/ 186,793.6	2000	Held through an indirect subsidiary of WBL, in which the Issuer has an effective equity interest of 67.6%.	Held for investment
Riverside Garden	Shenyang, PRC	Residential	1,288,671.3/ 2,461,003.4	2001	Fully sold	Fully sold
Wulihe Plaza	Shenyang, PRC	Mixed-use development: Serviced apartments and retail mall	116,874.4/ 709,953.2	2005	Held through an indirect subsidiary of WBL, in which the Issuer has an effective equity interest of 67.6%.	Held for investment
Chongqing Orchard Manor	Yubei district, Chongqing, PRC	Residential	1,584,360.0/ 971,162.1	2009	Fully sold	Fully sold
Lakeside Garden	Tongjiaxi town, Beibei district, Chongqing, PRC	Residential	3,922,750.5/ 2,299,004.0	2011	Fully sold	Fully sold
Suzhou Horizon Manor[6]	Suzhou Industrial Park, PRC	Residential	1,584,856.6/ 1,849,757.9	2013-2016	Divested	Divested

Major developments that are currently being developed						
Description	**Location**	**Property Type**	**Land Area (square feet) / Total Gross Floor Area (square feet)**	**Year of Expected Completion**	**Nature / Status of Ownership**	**Status of the Property**
The Manhattan	Jalan Raja Chulan, Kuala Lumpur, Malaysia	Residential	20,322.0/ 256,000.0	2017	Wholly-owned	For sale
Shenyang Orchard Summer Palace	Wulihe central business district, Shenyang, PRC	Mixed-use development: Serviced apartments, offices, retail mall and condominium	360,784.7/ 2,680,894.0	2019	Held through an indirect subsidiary of WBL, in which the Issuer has an effective equity interest of 67.6%.	For sale
Chengdu Orchard Villa[7]	Mumashan, Shuangliu County, Chengdu, PRC	Residential	3,437,605.3/ 3,171,102.0	2019	Held through an indirect subsidiary of WBL, in which the Issuer has an effective equity interest of 67.6%.	For sale

Major developments the Group is planning to develop						
Description	**Location**	**Property Type**	**Land Area (square feet) / Total Gross Floor Area (square feet)**	**Year of Expected Completion**	**Nature / Status of Ownership**	**Status of the Property**
Shanghai Olympic Garden	Jiuting town, Songjiang district, Shanghai, PRC	Mixed-use development: Commercial and residential	360,278.5/ 581,040.0	To be determined	Held through a joint venture with China Sports Industry Group, in which the Issuer has an effective equity interest of 30.5%.	For sale
Shenyang Orchard Manor Villas	Hunan District, Shenyang, PRC	Residential	789,070.0/ To be determined	To be determined	Held through an indirect subsidiary of WBL, in which the Issuer has an effective equity interest of 67.6%.	For sale

Notes:

(1) UE Tech Park was divested by the Group to MacarthurCook Industrial Real Estate Investment Trust (now known as AIMS AMP Capital Industrial Real Estate Investment Trust) in April 2007.

(2) This project was fully sold, of which 58 units out of a total of 61 units in UE Print Media Hub were sold by the Group on an en-bloc basis in January 2011 to the Crescendas Group. The project was first launched for sale in 2005.

(3) This development was divested to VI-REIT on 4 November 2013.

(4) This relates to the turnkey arrangement awarded to the Issuer by OCBC, where the Issuer redeveloped the former Specialists' Centre and the Hotel Phoenix site, as described in its announcement dated 7 June 2010. In relation to this project, known as the *orchardgateway* project, the Issuer incorporated two wholly-owned special purpose vehicles, UE Orchard Pte Ltd and UE Somerset Pte Ltd, to undertake the development. Upon the project's completion, the special purpose vehicles were both sold to OCBC, and henceforth ceased to be the Group's subsidiaries with the completed development handed over to OCBC. The sale transaction was completed in September 2014.

(5) The Group has a 30% stake in the development with a subsidiary of Singapore Press Holdings Ltd. The Seletar Mall was opened for business in November 2014.

(6) The Group's stake in this project was divested to Suzhou Genway Development Group in 2014.

(7) This project is a low-density, high-end residential development offering buyers a variety of housing types, including semi-detached and terrace houses. The plot sits on a total land area of 3,437,605 square feet, with 1,358 housing units planned for completion in 2019. The Chengdu Orchard Villa project won the National Classic Dwelling Design award by the PRC's Urban Planning, Architectural and Landscape Planning Associations in 2008.

(B) Property Rental and Services

(i) Asset Management Services for Commercial and Industrial Properties

The Group manages a stable of property assets mostly through its own development activities, and its strategy is to maintain a core asset portfolio of mostly commercial and industrial properties which includes offices, industrial and business parks and retail malls for rental income. With a team of professionals, the Group performs its own marketing functions as well as the management of leasing and tenancy administration. As at the Latest Practicable Date, the Group has an aggregate leasable space of approximately 1,674,052 square feet.

The Group currently provides asset management services for the following properties:

Description	Location	Property Type	Estimated Net Lettable Area (square feet)	Remaining land tenure (years)
UE BizHub CITY (part of UE Square)	83 Clemenceau Avenue, Singapore	Commercial (office)	310,404.0	866
UE Square Shopping Mall (part of UE Square)	81 Clemenceau Avenue, Singapore	Commercial (retail)	79,705.0	866
UE BizHub CENTRAL	12 Ang Mo Kio Street 64, Singapore	Industrial	288,814.0	29
Rochester Mall	Buona Vista Road / North Buona Vista Road, Singapore	Commercial (retail)	72,345.0	88
UE BizHub EAST – Business Park and Retail(1)	Changi Business Park, Singapore	Business park and retail	503,439.0	Not relevant

Note:

(1) The Group entered into a services agreement with the trustee of VI-REIT to operate, manage, maintain and market the business park and retail spaces of the property for a term of 5 years from 4 November 2013.

The following table sets out the information on major properties held by the Group:

Description	Address	Net Lettable Area (square feet)	Remaining land tenure (years)	Group's Effective Interest (%)	Cost / Valuation as at 31 December 2015 (millions)
Commercial Retail					
UE Square Shopping Mall	81 Clemenceau Avenue, Singapore	79,705.0	866	100	(1)
Rochester Mall	Buona Vista Road / North Buona Vista Road, Singapore	72,345.0	88	100	S$122.0
Wulihe Plaza	No. 211 Qingnian Street, Shenhe District, Shenyang, PRC	59,230.0	27	67.6	S$7.3
Commercial Office					
UE BizHub CITY	83 Clemenceau Avenue, Singapore	310,404.0	866	100	(1)
UE BizHub Tower	79 Anson Road, Singapore	199,964.0	Freehold	100	S$423.0(2)
UE BizHub WEST (Commercial office tower)	450 Alexandra Road, Singapore	117,200.0	Freehold	100	(3)
WBL Technology (Shenyang) Building	No 82 Sanhao Street, Heping District, Shenyang, Liaoning Province, PRC	104,323.1	25	54.1	S$12.3

Description	Address	Net Lettable Area (square feet)	Remaining land tenure (years)	Group's Effective Interest (%)	Cost / Valuation as at 31 December 2015 (millions)
	Industrial / Business Park				
UE BizHub CENTRAL	12 Ang Mo Kio Street 64, Singapore	288,814.0	29	100	S$36.0
UE BizHub WEST	452 Alexandra Road, Singapore	345,101.0	Freehold	100	(3)
WBL Building	801 Lorong 7 Toa Payoh, Singapore	96,966.0	13	67.6	S$20.0
WEM (Pontian)	99 Jalan Parit Mesjid, 82000, Pontian, Johor, Malaysia	N.A.	Freehold	65.9	S$5.8
	Hotels / Serviced Apartments				
Park Avenue Clemenceau	81 Clemenceau Avenue, Singapore	150 serviced apartments	866	100	(1)
Park Avenue Rochester	Buona Vista Road / North Buona Vista Road, Singapore	311 hotel suites	88	100	S$165.0
Park Avenue Robertson	80 Kim Yam Road, Singapore	36 serviced apartments and townhouses	80	100	S$32.5

Notes:

(1) UE Square comprises a 15-storey block containing 150 units of serviced apartments (known as Park Avenue Clemenceau), a 4-storey shopping podium (known as UE Square Shopping Mall) and UE BizHub CITY, an 18-storey office building with two basement car park levels. Its valuation as at 31 December 2015 was S$676.5 million.

(2) The property is a 23-storey commercial development with Kellog Brown & Root as its anchor tenant.

(3) The combined valuation of the properties comprising the freehold commercial office tower and eight-storey industrial building as at 31 December 2015 amounted to S$418 million.

The following are the major tenants by rental size in respect of properties managed by the Group, as at the Latest Practicable Date:

COMMERCIAL RETAIL		COMMERCIAL OFFICE		INDUSTRIAL / BUSINESS PARK	
S/N	**Tenant Name**	**S/N**	**Tenant Name**	**S/N**	**Tenant Name**
1	Cold Storage	1	Estee Lauder Cosmetics	1	CISCO Systems (USA) Pte Ltd
2	Z'en Japanese Cuisine Pte Ltd	2	Kao Singapore Pte Ltd	2	Motorola Solutions Singapore Pte Ltd
3	Shin Minori Japanese Restaurant Pte Ltd	3	Smallwood, Reynolds, Stewart	3	Hi-P Electronics Pte Ltd
4	Powerkids Tumbles Int'l Pte Ltd	4	Moet-Hennessy Asia Pte Ltd	4	Esko-Graphics Pte Ltd

COMMERCIAL RETAIL		COMMERCIAL OFFICE		INDUSTRIAL / BUSINESS PARK	
S/N	**Tenant Name**	**S/N**	**Tenant Name**	**S/N**	**Tenant Name**
5	New En Grill & Bar Pte Ltd	5	Texas Instruments S'pore Pte Ltd	5	Vodoke Pte Ltd
6	Gaebaek Enterprise Pte Ltd	6	Beeconomic Singapore Pte Ltd	6	BT Singapore Pte Ltd
7	En Holdings Pte Ltd	7	Travelmob Pte Ltd	7	International SOS Pte Ltd
8	Fine Gourmet Pte Ltd	8	Bridgestone Asia Pacific Pte Ltd	8	CSC Technology Singapore Pte Ltd
9	REINS Int'l (S) Pte Ltd	9	WL Gore & Associates (Pacific) Pte Ltd	9	DISM Solutions Pte Ltd
10	Teka Singapore Pte Ltd	10	MOL Coal & Iron Ore Carriers (S) Pte Ltd	10	Apple South Asia Pte Ltd
11	Superland Pre-school (UE Square) Pte Ltd	11	Heerema Marine Contractors Singapore Pte Ltd	11	Johnson Controls (S) Pte Ltd
12	The Learning Lab Education Centre	12	KrisEnergy Pte Ltd	12	Abacus Travel Systems Pte Ltd
13	Ippudo Singapore	13	Ginga Petroleum (S) Pte Ltd	13	Ruckus Wireless International Inc.
14	Modern Chinese Restaurant Pte Ltd	14	Grass Valley Singapore Pte Ltd	14	Hewlett-Packard Enterprise Singapore Pte Ltd
15	Nomade Pte Ltd	15	Rohm Semiconductor Singapore Pte Ltd		
16	Royal Brunei Airlines Sdn Bhd	16	Kentz MEPC (Singapore) Pte Ltd		
17	Singapore Straits Wine Co Ltd	17	Mabanaft Singapore Pte Ltd		
18	Delifrance Singapore Pte Ltd	18	Haribo Asia Pacific Pte Ltd		
19	Kosho Singapore Pte Ltd	19	Kimberly-Clark (Singapore) Finance Pte Ltd		
20	The Pacific Cigar Co (S) Pte Ltd	20	Maritime 24 (Pte) Ltd		
Total aggregate lease area of the tenants mentioned above is 56,183 square feet or 22% of the Group's total commercial retail lease area		Total aggregate lease area of the tenants mentioned above is 217,959 square feet or 43% of the Group's total commercial office lease area		Total aggregate lease area of the tenants mentioned above is 606,687 square feet or 86% of the Group's total industrial lease area	

(ii) Hospitality Management Services

The Group's hospitality business is managed in-house by its hospitality arm under the "Park Avenue" brand and has a total of 748 keys across four locations in Singapore: (1) Park Avenue Clemenceau at Clemenceau Avenue has 150 keys; (2) Park Avenue Robertson at Kim Yam Road has 36 keys; (3) Park Avenue Changi at Changi Business Park has 251 keys; and (4) Park Avenue Rochester at one-north has 311 keys.

To enlarge its service offerings, the Group's chain of serviced offices and convention centre is now operating under Park Avenue's branding and management. This will achieve higher management efficiency and better position Park Avenue in the growing MICE (meetings, incentives, conferencing exhibitions) sector in Singapore. Currently, it manages 23 units of serviced offices in UE BizHub CITY, 45 units in The Rochester and 30 units in UE BizHub EAST. In Hong Kong, it operates 41 units of serviced offices at 9 Queens Road. Park Avenue provides a full range of services such as secretarial support, business-centre and front desk to its tenants.

Park Avenue has won many awards and is recognized locally and internationally. In 2008, it was awarded the Singapore Prestige Brand Award in recognition and honour of Singapore brands which have been developed and managed effectively through various branding initiatives. Under the Luxury Suite Hotel category at the World Luxury Hotel Awards, Park Avenue Changi was named the Country Winner in 2014 and Park Avenue Rochester was named the Global Winner in 2015 for its world-class facilities and service excellence. Park Avenue Changi was conferred TripAdvisor's Certificate of Excellence 2015 for consistently earning positive reviews from hotel guests.

The Group is exploring opportunities to expand its hospitality business in Singapore and overseas to establish a stable and sustainable stream of recurring income.

(II) Engineering and Distribution

The Group has two key engineering divisions: (i) environmental engineering which is primarily undertaken by UES Holdings Pte. Ltd., UE UMC Pte. Ltd. and their group of subsidiaries, and (ii) systems integration which is primarily undertaken by the O'Connor's Group with operations in Singapore, Malaysia and Thailand. The distribution division may be further segmented into (aa) equipment distribution; (bb) LPG distribution; and (cc) sand mining.

(A) Engineering

(i) Environmental Engineering

The Group started the environmental engineering business with a water-related engineering focus in 1984. Later, it started the medical waste management business in 2004 after the outbreak of SARs, which highlighted the need and importance of centralised and controlled medical waste management in the PRC. Since then, the Group now serves eight cities in the PRC covering about 80,000 hospital beds. The environmental engineering business is principally managed by UES Holdings Pte. Ltd., UE UMC Pte. Ltd. and their group of subsidiaries.

The environmental engineering division consists of water-related and renewable energy engineering procurement construction business in Southeast Asia, and water, wastewater and medical waste treatment concession business in the PRC. It provides a comprehensive range of services for water-related projects, such as treatment of surface and groundwater for potable purposes, industrial and process water supply, water recovery, treatment of industrial waste water, seawater and brackish water desalination, sludge treatment and disposal as well as odour treatment. In the PRC, it currently operates two water and wastewater treatment plants and eight medical waste treatment plants with exclusive concession agreements between 20 to 30 years. The services related to water and wastewater treatment cover operation and maintenance of treatment plants for water supply and wastewater discharge. The services related to medical waste treatment cover collection, treatment and disposal of medical waste for hospitals and medical facilities.

On 13 May 2016, the Group announced the proposed disposals of UES Holdings Pte. Ltd. as well as the subsidiaries of UE UMC Pte. Ltd., namely, UE Envirotech Pte. Ltd., UE Asia Pacific (Beijing) Co., Ltd. and Hengyang City Songmu Water Co., Ltd. The proposed disposals are in line with the Group's strategy to streamline its portfolio of businesses and divest its non-core businesses.

(ii) Systems Integration

The Group engages in the business of systems integration, which is spearheaded by its subsidiaries operating under the brand name "O'Connor's". The O'Connor's Group is a provider of applications and solutions for the communications, broadcasting, multimedia, info-communication, security and surveillance and medical and healthcare industries. It operates within Asia with a direct presence in Singapore, Malaysia and Thailand and undertakes projects through partners in countries like Sri Lanka, Indonesia, Brunei and Myanmar.

Throughout the years, the O'Connor's Group has been awarded many mission-critical projects and penetrated new markets, including a new oil and gas account and a government account. The O'Connor's Group will continue to leverage on the in-country strengths and market domain to grow the business in this region. Some of the key customers with which it has built strong relationships over many years are listed below:

Entities	Main Customers
O'Connor's Singapore	Security & Sensors 1. Changi Airport Group 2. Ministry of Home Affairs 3. Land Transport Authority 4. Defence Science & Technology Agency Medical, Security and Laboratory 1. Ministry of Home Affairs 2. Changi Airport Group 3. Hospitals 4. Universities Communications & Broadcast 1. Ministry of Defence 2. Singtel
O'Connor's Malaysia	1. Petronas Carigali 2. Shell Malaysia 3. CIMB Bank
O'Connor's Thailand	Broadcast & Multimedia 1. Government 2. Universities Industrial Instrument 1. Minebea Group 2. Nidec Group

(B) Distribution

(i) Equipment Distribution

WED distributes specialised equipment for several industries through its following divisions:

- Welmate supplies architectural ceiling and partition systems, fire protection systems, and wall panelling and cladding systems for the construction industry.

- Polytek Engineering engages in the supply, installation and maintenance of laundry equipment, steam boilers, hot water systems and washroom accessories.

- Far East Motors distributes Delphi and Prestolite Original Equipment parts for automotive and off-road equipment, garage testing and repair equipment, and Tatsuno refilling station equipment including after-sales.

- Wealco Equipment specialises in the supply and servicing of tracked excavators manufactured by JC Bamford Excavators Ltd and water jets by CWF Hamilton & Co. Ltd for the construction and marine industries.

(ii) LPG Distribution

WED has a LPG distribution division, WLPG, which distributes bottled and bulk LPG to commercial ventures, households and for industrial use in Singapore. WLPG is an established player in the Singapore LPG market. It remains committed to consolidating its core competencies and implementing strategies and initiatives to grow its direct business, as well as building marketing and operational synergies with fellow divisions in the sale of LPG-related equipment, accessories, and offering of engineering services. WLPG will focus on improving the productivity of its filling facility and operations with more automation and better quality system management, and build on upgrading its LPG distribution network and customer relationship management in this sector.

(iii) Sand Mining

The Group engages in sand mining operations through its Australian subsidiary, Pacific Silica Pty Ltd, which produces high quality processed silica sands of approximately 700,000 tonnes per year for commercial and industrial use. It also supplies high grade silica to the South East Queensland market and beyond. These products include suitable material for the bio-retention, export, foundry, filtration, golf, sporting, horticultural and construction industries. The mine is situated on approximately 2,500 acres of freehold land in Ninggi in South East Queensland, Australia.

(III) Technology and Manufacturing

(A) Technology

The Group's Technology Division comprises primarily its investment in NASDAQ-listed MFLEX. MFLEX is a global provider of high-quality, technologically advanced FPC and assemblies to the electronics industry as well as seamless, integrated end-to-end FPC solutions ranging from design and application engineering, prototyping and high-volume manufacturing to turnkey component assembly and testing. It targets its solutions within the electronics market and, in particular, focuses on applications where FPCs are the enabling technology in achieving a desired size, shape, weight or functionality of an electronic device.

On 5 February 2016, the Group announced the proposed disposal of MFLEX which is in line with its strategic objective of streamlining activities and businesses across the Group. The proposed disposal could enhance the Group's capital management as well as unlock value for shareholders.

(B) Manufacturing

The Group's manufacturing services consist of services in precision engineering, specialising in aluminium die-casting and precision machining for the automotive industry.

The manufacturing segment has two operations in Shenyang: WPSY Ltd and WCSY Ltd; and one operation in the United Kingdom: Cambion Electronics Limited. WPSY Ltd is a premium provider of technically demanding automotive components. It has garnered trade and supplier awards for outstanding technology, quality and logistics, including the Bosch Preferred Supplier, Delphi Technology and United Automotive Electronic Systems' Supplier Awards. WCSY Ltd is a major supplier of electronic article surveillance tags which are used mainly in fashion retailers. Cambion Electronics Limited specialises in discrete component manufacturing for high dependability applications such as in military hardware.

5. COMPETITIVE STRENGTHS

(a) Strategically located quality assets

A key portion of the Group's property portfolio comprises commercial mixed-use developments which are well-diversified in the suburban areas and downtown core of Singapore and are close to public transportation nodes.

Please refer to the table on page 102 for information on major properties held by the Group.

(b) Real estate-focused core business with diversification in selective industries

In addition to the core property businesses, the Group manages a portfolio of businesses and assets that generates steady cashflow and enhances the overall returns of the Group whilst ensuring diversification of operational and financial risks by investing in strategic business areas and making divestments opportunistically.

(c) An experienced and professional management team

The Group has a strong management team with more than 20 years of experience on average in the industries which the Group operates in. Some members of its management team have been with the Group for more than 15 years. The Group's management team is also well supported by a group of experienced staff who adopt a hands-on approach and are actively involved in the daily operations of the Group, which in turn means that they are able to closely monitor the progress of all projects and react in a timely manner to any operational and on-site issues. For more information on the Group's management, please see the section below titled "*7. Board of Directors*".

(d) An established track record and strong brand name

The Group has established a meaningful scale and track record in developing and managing shopping malls, serviced residences, offices and homes in Singapore and the PRC. The Group can leverage on its strong brand identity associated with more than 100 years of operating history and experience to market its wide range of services to existing and new customers.

6. GROWTH STRATEGIES

The Group's principal growth strategy is to continue strengthening its capabilities in property development, property rental and services as well as hospitality businesses in the region.

The Group plans to achieve these key objectives through the following strategies:

(a) Expansion of the Group's core asset portfolio by either developing or acquiring commercial buildings, industrial buildings and mixed-use developments which are expected to enable the Group to generate a stable and sustainable stream of recurring income. The Group is well-poised to capitalise on available opportunities and will deploy its resources selectively for strategic investments over the next few years.

(b) Expansion of the Group's core businesses by way of joint ventures, investments and acquisitions.

(c) In line with the Group's strategic review and objective of streamlining activities and businesses across the Group, the Group has been and may continue to actively restructure its portfolio of businesses and assets including divesting non-strategic businesses, non-core businesses or businesses which do not contribute significantly to the Group's revenue and profitability.

7. BOARD OF DIRECTORS

The Issuer's board of directors ("**Board**") comprises Mr Tan Ngiap Joo, Mr Norman Ip Ka Cheung, Mr Koh Beng Seng, Mr Koh Poh Tiong, Dr Michael Lim Chun Leng and Mr David Wong Cheong Fook.

MR TAN NGIAP JOO
Chairman
Independent and Non-Executive Director
B.A., University of Western Australia

Mr Tan joined the Board in October 2006 and was appointed as the Chairman of the Board in April 2007. Mr Tan was last re-elected as a Director in 2015 and serves as Chairman of the Executive Committee and is a member of the Nominating and Remuneration Committees.

Currently, Mr Tan is a Director of Oversea-Chinese Banking Corporation Limited ("**OCBC**") and its subsidiaries, OCBC Bank (Malaysia) Berhad, OCBC Al-Amin Bank Berhad, Banking Computer Services Private Limited and BCS Information Systems Pte Ltd. He is also a Director of China Fishery Group Limited and Mapletree Logistics Trust Management Ltd.

Mr Tan held various senior positions in the banking and finance sector which include the positions of Deputy President of OCBC, General Manager of OCBC, Australia Branch, Chairman of Bleakeys Limited Australia and Chief Executive Officer of Bank of Singapore (Australia) Limited.

MR NORMAN IP KA CHEUNG
Group Managing Director
Non-Independent and Executive Director
B.Sc. (Econs), London School of Economics & Political Science, UK;
Fellow of The Institute of Chartered Accountants in England and Wales;
Fellow Chartered Accountant of Singapore

Mr Ip joined the Board in December 2009 and was last re-elected as a Director in 2013. Mr Ip was appointed as the Group Managing Director on 1 December 2015 and is a member of the Executive Committee.

Currently, Mr Ip is an Independent Director of Great Eastern Holdings Limited ("**GEH**") where he served as Acting Group Chief Executive Officer till 1 November 2015. In addition, he serves as the Non-Executive Chairman of the Board of Great Eastern Life Assurance (Malaysia) Berhad. He is also an Independent and Non-Executive Director of AIMS AMP Capital Industrial REIT Management Limited, as well as a member of the Building and Construction Authority Board and Securities Industry Council.

Mr Ip was the former Chairman and Director of Malaysia Smelting Corporation Berhad and Director of Australia Oriental Minerals NL and UE E&C Ltd. He retired as the President and Group CEO of The Straits Trading Company Limited ("**STC**") in October 2009. Prior to joining STC in 1983, he was with Ernst & Whinney (now known as Ernst & Young LLP).

MR KOH BENG SENG
Independent and Non-Executive Director
B.Com. (First Class Hons), former Nanyang University, Singapore;
MBA, Columbia University, USA

Mr Koh joined the Board in October 2013 and was last re-elected as a Director in 2014. Mr Koh serves as Chairman of the Audit & Risk Committee and is a member of the Executive Committee.

Currently, Mr Koh is the CEO of Octagon Advisors Pte. Ltd. and Non-Executive Chairman of GEH. He is a Director of Bank of China (Hong Kong) Limited, BOC Hong Kong (Holdings) Limited, Singapore Technologies Engineering Ltd and Hon Sui Sen Endowment CLG Limited.

Mr Koh has vast experience in the banking and financial sector. He was the Deputy President of United Overseas Bank Limited ("**UOB**") from June 2000 to 31 January 2005 and played a pivotal role in the integration of Overseas Union Bank and UOB. Prior to joining UOB in 2000, he was the Deputy Managing Director of the MAS and an Advisor to the International Monetary Fund.

MR KOH POH TIONG
Independent and Non-Executive Director
B.Sc., University of Singapore

Mr Koh joined the Board in December 2011 and was last re-elected as a Director in 2015. Mr Koh is a member of the Remuneration Committee.

Currently, Mr Koh is the Non-Executive Chairman of Times Publishing Ltd and Yunnan Yulinquan Liquor Co Ltd. He is a Director, Advisor and Chairman of the Executive Committee of Fraser and Neave, Limited, and Director of The Great Eastern Life Assurance Company Limited, Raffles Medical Group Ltd, SATS Ltd and Petra Foods Limited. He is also the Chairman of the Singapore Kindness Movement and the National Kidney Foundation.

Mr Koh has more than 41 years of corporate experience in sectors ranging from the maritime to food and beverage industries. He was the CEO of Asia Pacific Breweries Limited for 15 years, followed by CEO of Fraser and Neave, Limited's food and beverage division for three (3) years.

DR MICHAEL LIM CHUN LENG
Independent and Non-Executive Director
MBBS, MMED (Int Med), FAMS (Cardiology), Singapore;
MRCP, UK;
FRCP, Edinburgh, UK

Dr Lim joined the Board in March 2000 and was last re-elected as a Director in 2014. Dr Lim serves as Chairman of the Remuneration Committee and is a member of the Audit and Risk Committee.

Currently, Dr Lim is a Medical Director of Singapore Heart, Stroke & Cancer Centre Pte. Ltd. He is also an Advisory Panel Member of North East Community Development Council. He continues to sit on various international committees in the field of cardiology.

Dr Lim has served on the Boards of several public listed and private companies. He has also sat on various government committees as a Member of Parliament.

MR DAVID WONG CHEONG FOOK
Independent and Non-Executive Director
B.A. (Hons) and Master of Arts, University of Cambridge, UK;
Chartered Accountant of Singapore

Mr Wong joined the Board in January 2011 and was last re-elected as a Director in 2013. Mr Wong is a member of the Audit and Risk and the Nominating Committees.

Currently, Mr Wong is a Director of PEC Ltd., Banking Computer Services Private Limited and Energy Market Company Pte Ltd. He is also the Chairman of Republic Polytechnic and a member of the Casino Regulatory Authority of Singapore and the Charity Council.

Mr Wong was a Partner with Ernst & Young LLP and the Managing Director of Wearnes Technology (Private) Limited (now known as WBL Technology (Private) Limited).

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2016, 31 DECEMBER 2015, 31 DECEMBER 2014 AND 31 DECEMBER 2013

	Unaudited 1Q2016 S$000	Audited FY2015 S$000	Audited FY2014 S$000	Audited FY2013 S$000
ASSETS				
Non-current assets				
Property, plant and equipment	341,099	359,385	389,315	782,243
Investment properties	1,857,823	1,857,542	1,847,071	1,870,923
Intangible assets	28,516	30,023	30,965	86,938
Interests in associates	129,982	125,469	115,706	195,059
Interests in joint ventures	51,565	57,135	93,224	114,565
Deferred tax assets	52,209	61,981	56,522	63,176
Other investments	24,125	23,829	32,220	32,274
Trade and other receivables	–	–	104	11,499
Total non-current assets	2,485,319	2,515,364	2,565,127	3,156,677
Current assets				
Inventories	100,861	109,103	122,122	303,099
Income tax receivables	654	638	2,037	2,614
Trade and other receivables	337,862	231,796	298,343	573,877
Other investments	–	–	–	305
Gross amount due from customers for contract work	34,755	42,448	39,004	23,953
Prepayments	9,527	10,094	12,663	15,601
Properties held for sale	655,076	1,023,838	1,130,137	1,609,536
Bank balances and deposits	523,154	544,127	650,247	905,399
	1,661,889	1,962,044	2,254,553	3,434,384
Assets of disposal group classified as held for sale	1,912	2,185	80,734	349,174
Total current assets	1,663,801	1,964,229	2,335,287	3,783,558
Total assets	4,149,120	4,479,593	4,900,414	6,940,235
EQUITY AND LIABILITIES				
Equity				
Share capital	807,519	807,519	807,270	793,811
Treasury shares	(62,313)	(62,313)	(62,313)	(62,313)
Retained earnings	1,085,771	1,078,829	1,037,857	943,447
Other reserves	(19,507)	6,568	21,032	36,715
Equity attributable to owners of the Company	1,811,470	1,830,603	1,803,846	1,711,660
Non-controlling interests	518,220	556,864	576,348	809,696
Total equity	2,329,690	2,387,467	2,380,194	2,521,356

	Unaudited 1Q2016 S$000	Audited FY2015 S$000	Audited FY2014 S$000	Audited FY2013 S$000
Non-current liabilities				
Provisions	85,478	84,249	102,834	85,929
Deferred tax liabilities	62,100	80,388	78,076	116,184
Trade and other payables	4,091	3,166	2,553	15,493
Borrowings	585,159	829,458	1,383,134	1,769,209
Total non-current liabilities	736,828	997,261	1,566,597	1,986,815
Current liabilities				
Provisions	17,144	21,813	14,861	19,584
Income tax payable	33,140	34,976	61,511	114,333
Trade and other payables	362,648	420,843	508,209	1,114,435
Borrowings	654,425	614,303	333,775	1,113,067
Gross amount due to customers for contract work	14,885	2,364	3,035	20,059
	1,082,242	1,094,299	921,391	2,381,478
Liabilities of disposal group classified as held for sale	360	566	32,232	50,586
Total current liabilities	1,082,602	1,094,865	953,623	2,432,064
Total liabilities	1,819,430	2,092,126	2,520,220	4,418,879
Total equity and liabilities	4,149,120	4,479,593	4,900,414	6,940,235

CONSOLIDATED INCOME STATEMENT FOR FY2013, FY2014, FY2015 AND FOR THE FIRST QUARTER ENDED 31 MARCH 2015 AND THE FIRST QUARTER ENDED 31 MARCH 2016

	Unaudited 1Q2016 S$000	Unaudited 1Q2015 S$000	Audited FY2015 S$000	Audited FY2014 S$000	Audited FY2013[(1)] S$000
Continuing operations					
Revenue	333,551	515,261	1,856,993	3,209,321	1,664,921
Cost of sales	(275,168)	(429,535)	(1,516,417)	(2,794,731)	(1,434,219)
Gross profit	58,383	85,726	340,576	414,590	230,702
Other items of income					
Interest income	1,135	1,216	4,460	3,183	1,612
Other income	967	11,198	43,680	19,380	179,711
Other items of expense					
Distribution costs	(11,430)	(11,398)	(46,187)	(98,610)	(69,933)
Administrative expenses	(34,398)	(38,195)	(141,480)	(172,618)	(167,631)
Finance costs	(10,350)	(10,788)	(37,139)	(41,965)	(31,605)
Other expenses	(4,952)	(2,330)	(31,692)	(47,921)	(95,386)
Share of profit/(loss) from equity-accounted associates and joint ventures	2,290	(647)	4,396	(285)	5,696
Profit before tax from continuing operations	1,645	34,782	136,614	75,754	53,166
Income tax expense	(2,224)	(1,678)	(6,593)	(35,267)	(40,146)
(Loss)/profit from continuing operations, net of tax	(579)	33,104	130,021	40,487	13,020
Discontinued operation					
Profit from discontinued operation, net of tax	–	–	–	90,055	47,312
(Loss)/profit net of tax	(579)	33,104	130,021	130,542	60,332
Profit/(loss) attributable to:					
Owners of the Company					
- Continuing operations, net of tax	6,942	24,985	102,210	46,036	89,544
- Discontinued operation, net of tax	–	–	–	77,547	28,516
	6,942	24,985	102,210	123,583	118,060
Non-controlling interests					
- Continuing operations, net of tax	(7,521)	8,119	27,811	(5,549)	(76,524)
- Discontinued operation, net of tax	–	–	–	12,508	18,796
	(7,521)	8,119	27,811	6,959	(57,728)
	(579)	33,104	130,021	130,542	60,332

	Unaudited 1Q2016 S$000	Unaudited 1Q2015 S$000	Audited FY2015 S$000	Audited FY2014 S$000	Audited FY2013(1) S$000
Earnings per stock unit - continuing operations attributable to owners of the Company (cents)					
Basic	1.1	3.9	16.0	7.2	18.6
Diluted	1.1	3.9	16.0	7.2	18.2
Earnings per stock unit (cents)					
Basic	1.1	3.9	16.0	19.4	24.5
Diluted	1.1	3.9	16.0	19.4	24.0

(1) Includes contribution from WBL and its subsidiaries for the period from June 2013 to December 2013.

1Q2016 compared with 1Q2015

Revenue decreased 35% to S$333.6 million in 1Q2016 from S$515.3 million in 1Q2015. This was mainly due to lower revenue recognition from *Eight Riversuites*, which has sold 98% of the total units, and lower revenue contribution from MFLEX. As a result, gross profit decreased 32% to S$58.4 million in 1Q2016.

Other income decreased 91% to S$1.0 million in 1Q2016 from S$11.2 million in 1Q2015 mainly due to the absence of divestment and disposal gains in 1Q2016.

Administrative expenses decreased 10% to S$34.4 million in 1Q2016 from S$38.2 million in 1Q2015 mainly due to lower staff and related costs in 1Q2016.

Other expenses increased 113% to S$5.0 million in 1Q2016 from S$2.3 million in 1Q2015 mainly due to foreign exchange losses recorded in 1Q2016.

Share of profit from equity-accounted associates and joint ventures was S$2.3 million in 1Q2016 compared to loss of S$0.6 million in 1Q2015 mainly due to the share of profit from an environmental engineering associate in Singapore as well as lower share of losses from the overseas associates and joint ventures.

Income tax expense increased 33% to S$2.2 million in 1Q2016 from S$1.7 million in 1Q2015. The higher income tax expense in 1Q2016 was mainly due to non-availability for group relief of losses incurred by certain subsidiaries. The lower income tax expense in 1Q2015 was mainly due to the write-back of over provision for prior years' income tax.

FY2015 compared with FY2014

Revenue decreased 42% to S$1.9 billion in FY2015 from S$3.2 billion in FY2014 mainly due to the absence of revenue contribution from the completed *Austville Residences* project which was recorded in FY2014 based on the completion-of-construction method, as well as the absence of contributions from the divested automotive and MFS Technology (S) Pte Ltd ("**MFSS**") businesses. The decrease was partially offset by higher revenue contribution from MFLEX.

As a result of the lower revenue, gross profit decreased 18% to S$340.6 million in FY2015. Gross profit margin increased to 18.3% in FY2015 from 12.9% in FY2014, mainly due to the positive contribution from MFLEX, which has turned around from a gross loss position in FY2014.

Other income increased 125% to S$43.7 million in FY2015 from S$19.4 million in FY2014. This was mainly due to:

- S$6.6 million from the disposal of a manufacturing facility in the PRC;
- S$5.4 million from the disposal of available-for-sale assets in Malaysia;
- higher net disposal gains of S$4.9 million from the sale of subsidiaries, associates and joint ventures; and
- higher foreign exchange gains of S$4.4 million.

Distribution costs decreased 53% to S$46.2 million in FY2015 from S$98.6 million in FY2014 and administrative expenses decreased 18% to S$141.5 million in FY2015 from S$172.6 million in FY2014 mainly due to the absence of expenses from automotive and MFSS businesses which were divested towards the end of FY2014.

Finance costs decreased 12% to S$37.1 million in FY2015 from S$42.0 million in FY2014 mainly due to lower borrowings.

Other expenses decreased 34% to S$31.7 million in FY2015 from S$47.9 million in FY2014. This was mainly due to:

- lower write-down to net realisable value of S$3.4 million in relation to certain development projects;
- lower impairment charges on intangible assets of S$5.5 million; and
- absence of provision for foreseeable losses of S$8.9 million in relation to certain overseas development project.

Share of profits from equity-accounted associates and joint ventures was S$4.4 million in FY2015 compared to a loss of S$0.3 million in FY2014 mainly due to the positive contribution from a joint venture in Malaysia arising from the sale of a property in FY2015.

Income tax expenses decreased 81% to S$6.6 million in FY2015 from S$35.3 million in FY2014. The lower income tax expense in FY2015 was mainly due to the write-back of over-provision of prior years' income and deferred tax. In contrast, the higher income tax expense in FY2014 was mainly attributable to the non-availability for group relief of losses incurred by certain overseas subsidiaries and a tax charge from the reversal of the deferred tax assets recorded by certain overseas subsidiaries.

FY2014 compared with FY2013

(Note: FY2014 included consolidation of WBL Group's twelve (12) months results from January to December 2014 whereas the corresponding FY2013 only included consolidation of WBL Group's seven (7) months results from June to December 2013. This was because WBL Group only became a subsidiary of the Issuer in end May 2013.)

Revenue increased 93% to S$3.21 billion in FY2014 from S$1.66 billion in FY2013 mainly due to the consolidation of WBL Group's revenue of approximately S$2.01 billion (as compared with S$1.37 billion in FY2013). The full revenue recognition from the property sales at *Austville Residences* (in accordance with the completion-of-construction accounting method) as well as higher progressive revenue recognition from the property sales at *Eight Riversuites* also contributed to the higher revenue in FY2014.

In line with the increase in revenue, gross profit increased 80% to S$414.6 million in FY2014. However, gross profit margin decreased slightly from 13.9% in FY2013 to 12.9% in FY2014.

Other income decreased 89% to S$19.4 million in FY2014 from S$179.7 million in FY2013 mainly due to the absence of the following disposal gains which were recorded in FY2013:

- disposal gain of approximately S$115.9 million from the sale of *UE BizHub EAST*;
- disposal gain of approximately S$12.3 million from available-for-sale financial assets;
- disposal gain of approximately S$3.0 million from the sale of a subsidiary in Hong Kong; and
- deemed disposal gain of approximately S$21.4 million from available-for-sale financial assets arising from the acquisition of WBL.

These were partially offset by a net disposal gain of approximately S$11.6 million from the sale of subsidiaries, associates and joint ventures in FY2014.

Distribution costs increased 41% to S$98.6 million in FY2014 from S$69.9 million in FY2013 mainly due to the inclusion of WBL Group's distribution costs of approximately S$95.5 million in FY2014 compared with approximately S$65.5 million in FY2013.

Finance costs increased 33% to S$42.0 million in FY2014 from S$31.6 million in FY2013 mainly due to inclusion of WBL Group' finance costs of approximately S$5.8 million in FY2014 compared with approximately S$1.8 million in FY2013. The acquisition of *UE BizHub WEST* in the fourth quarter of FY2013 has also contributed to the increase in finance costs in FY2014.

Other expenses decreased 50% to S$47.9 million in FY2014 from S$95.4 million in FY2013 mainly due to the absence in FY2014 of the impairment charge of approximately S$87.3 million recorded by the Group to adjust its carrying value of MFLEX's assets. This was offset by a write-down to net realisable value of approximately S$15.9 million and provision for foreseeable losses of approximately S$8.9 million in relation to certain overseas development projects due to weak market conditions and expected delay in project completion.

RISK FACTORS

An investment in the Securities involves a degree of risk. Prior to making an investment or divestment decision, prospective investors or existing holders of the Securities should carefully consider all of the information set forth in this Information Memorandum including the risk factors set out below. The risk factors set out below do not purport to be complete or comprehensive of all the risk factors that may be involved in the business, assets, financial condition, performance or prospects of the Issuer, its subsidiaries, associated companies (if any) or the properties owned by the Group or any decision to purchase, own or dispose of the Securities. Additional risks which the Issuer is currently unaware of may also impair its business, assets, financial condition, performance or prospects. If any of the following risk factors develops into actual events, the business, assets, financial condition, performance or prospects of the Issuer and/or the Group could be materially and adversely affected. In such cases, the ability of the Issuer to comply with its obligations under the Trust Deed and the Securities may be adversely affected and could cause a Securityholder to lose all or part of his investment.

LIMITATIONS OF THIS INFORMATION MEMORANDUM

This Information Memorandum does not purport to nor does it contain all information that a prospective investor in or existing holder of the Securities may require in investigating the Issuer or the Group, prior to making an investment or divestment decision in relation to the Securities issued under the Programme.

Neither this Information Memorandum nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme or the Securities (nor any part thereof) is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, any of the Dealer(s) or the Arranger that any recipient of this Information Memorandum or any such other document or information (or such part thereof) should subscribe for or purchase or sell any of the Securities.

This Information Memorandum is not, and does not purport to be, investment advice. A prospective investor should make an investment in the Securities only after it has determined that such investment is suitable for its investment objectives. Determining whether an investment in the Securities is suitable is a prospective investor's responsibility, even if the investor has received information to assist it in making such determination. Each person receiving this Information Memorandum acknowledges that such person has not relied on the Issuer, its subsidiaries and associated companies (if any), any of the Dealer(s) or the Arranger or any person affiliated with each of them in connection with its investigation of the accuracy or completeness of the information contained herein or of any additional information considered by it to be necessary in connection with its investment or divestment decision. Any recipient of this Information Memorandum contemplating subscribing for or purchasing or selling any of the Securities should determine for itself the relevance of the information contained in this Information Memorandum and any such other document or information (or any part thereof) and its investment or divestment should be, and shall be deemed to be, based solely on its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and the Group, the terms and conditions of the Securities and any other factors relevant to its decision, including the merits and risks involved. A prospective investor should consult with its legal, tax and financial advisers prior to deciding to make an investment in the Securities.

RISKS RELATING TO THE SECURITIES GENERALLY

Limited liquidity of the Securities issued under the Programme

There can be no assurance regarding the future development of the market for the Securities issued under the Programme, or the ability of the Securityholders, or the price at which the Securityholders may be able, to sell their Securities. The Securities may have no established trading market when issued, and one may never develop. Even if a market for the Securities does develop, it may not be very liquid. Therefore, investors may not be able to sell their Securities easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Securities that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Securities generally would have a more limited secondary market and more price volatility than conventional debt securities.

Liquidity may have a severely adverse effect on the market value of the Securities. Although the issue of additional Securities may increase the liquidity of the Securities, there can be no assurance that the price of such Securities will not be adversely affected by the issue in the market of such additional Securities.

Absence of secondary market

There can be no assurance that there will be a secondary market for the Securities, or that there will be liquidity for the Securityholders during the life of the Securities. Any secondary market activities may not be continuous or regular and the value of the Securities may fluctuate for various reasons.

Fluctuation of market value of the Securities issued under the Programme

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

Global financial turmoil has resulted in substantial and continuing volatility in international capital markets. Any further deterioration in global financial conditions could have a material adverse effect on worldwide financial markets, which may also adversely affect the market price of the Securities.

Interest rate risk

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

Inflation risk

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

The Securities are not secured

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

Accordingly, on a winding-up or insolvency of the Issuer at any time prior to maturity of any Securities, the Securityholders will not have recourse to any specific asset of the Issuer or, as the case may be, its subsidiaries and/or associated companies (if any) as security for outstanding payment or other obligations under the Securities and/or Coupons owed to the Securityholders and there can be no assurance that there would be sufficient value in the assets of the Issuer, after meeting all claims ranking ahead of the Securities, to discharge all outstanding payment and other obligations under the Securities and/or Coupons, as the case may be, owed to the Securityholders.

Performance of contractual obligations by the Issuer is dependent on other parties

The ability of the Issuer to make payments in respect of the Securities may depend upon the due performance by the other parties to the Programme Agreement, the Trust Deed and the Agency Agreement of their obligations thereunder including the performance by the Trustee, the Issuing and Paying Agents, the Calculation Agent, the Transfer Agents and/or the Registrars of their respective obligations. Whilst the non-performance of any relevant parties will not relieve the Issuer of its obligations to make payments in respect of the Securities, the Issuer may not, in such circumstances, be able to fulfill its obligations to the Securityholders and the Couponholders.

The Securities may not be a suitable investment for all investors

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

(1) have sufficient knowledge and experience to make a meaningful evaluation of the relevant Securities, the merits and risks of investing in the relevant Securities and the information contained or incorporated by reference in this Information Memorandum or any applicable supplement to this Information Memorandum;

(2) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Securities and the impact such investment will have on its overall investment portfolio;

(3) have sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Securities, including Securities with principal, interest or distributions (as the case may be) payable in one or more currencies, or where the currency for principal, interest or distribution payments is different from the potential investor's currency;

(4) understand thoroughly the terms of the relevant Securities and be familiar with the behaviour of any relevant indices and financial markets; and

(5) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

Where Global Securities or, as the case may be, Global Certificates 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.

Investment activities may be subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Securities are legal investments for them, (2) Securities can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase of any Securities. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Securities under any applicable risk-based capital or similar rules.

Securities may face price volatility if 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 Securities may be subject to optional redemption by the Issuer

An optional redemption feature is likely to limit the market value of Securities. During any period when the Issuer may elect to redeem Securities, the market value of such Securities generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period. The Issuer may be expected to redeem Securities when its cost of borrowing is lower than the interest rate on the Securities. 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 Securities being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

The Issuer may not freely hedge the currency risks associated with Securities denominated in foreign currencies

The majority of the Issuer's revenue is generally denominated in Singapore dollars and the majority of the Issuer's operating expenses are generally incurred in Singapore dollars as well. As Securities issued under the Programme may be denominated in currencies other than Singapore dollars, the Issuer may be affected by fluctuations between the Singapore dollar and such foreign currencies in meeting the payment obligations under such Securities and there is no assurance that the Issuer may be able to fully hedge the currency risks associated with such Securities denominated in foreign currencies.

The Trustee may request Securityholders to provide an indemnity and/or security and/or pre-funding to its satisfaction

In certain circumstances (pursuant to Condition 11 of the Notes and Condition 10 of the Perpetual Securities), the Trustee may (at its discretion) request Securityholders to provide an indemnity and/or security and/or pre-funding to its satisfaction before it takes action on behalf of Securityholders. The Trustee shall not be obliged to take any such action if not indemnified and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing to an indemnity and/or security and/or pre-funding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take action, notwithstanding the provision of an indemnity or security or pre-funding to it, in breach of the terms of the Trust Deed and in circumstance where there is uncertainty or dispute as to the applicable laws or regulations and, to the extent permitted by the agreements and the applicable law, it will be for the Securityholders to take such action directly.

Provisions in the Trust Deed, the Conditions of the Notes and the Conditions of the Perpetual Securities may be modified

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

The terms and conditions of the Securities also provide that the Trustee may, without the consent or sanction of the Securityholders or Couponholders, concur with the Issuer in making any modification (1) to the Trust Deed and/or the Securities (other than any provision of the Trust Deed referred to in the proviso to paragraph 2 of schedule 9 to the Trust Deed), provided that the Trustee is of the opinion that such modification will not be materially prejudicial to the interests of the Securityholders or (2) to the Trust Deed and/or the Securities (including any provision of the Trust Deed referred to in the proviso to paragraph 2 of schedule 9 to the Trust Deed) which in the opinion of the Trustee is of a formal, minor or technical nature, to correct a manifest error or an error which is, in the opinion of the Trustee, proven, or to comply with the mandatory provisions of Singapore law or is required by Euroclear or Clearstream, Luxembourg and/or CDP.

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

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

The Securities may be represented by Global Securities or Global Certificates and holders of a beneficial interest in a Global Security or Global Certificate must rely on the procedures of the relevant clearing system

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

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

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

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

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

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

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

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

Changes in market interest rates may adversely affect the value of fixed rate Securities

Investment in fixed rate Securities involves the risk that subsequent changes in market interest rates may adversely affect the value of fixed rate Securities.

RISKS RELATING TO THE NOTES

Variable Rate Notes may have a multiplier or other leverage factor

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

Singapore tax risk

The Notes to be issued from time to time under the Programme during the period from the date of this Information Memorandum to 31 December 2018 are, pursuant to the ITA and the MAS Circular FSD Cir 02/2013 entitled "Extension and Refinement of Tax Concessions for Promoting the Debt Market" issued by the MAS on 28 June 2013, intended to be "qualifying debt securities" for the purposes of the ITA, subject to the fulfilment of certain conditions more particularly described in the section "*Singapore Taxation*". However, there is no assurance that such Notes will continue to enjoy the tax concessions in connection therewith should the relevant tax laws or MAS circulars be amended or revoked at any time.

RISKS RELATING TO THE PERPETUAL SECURITIES

Perpetual Securities may be issued for which investors have no right to require redemption

The Perpetual Securities are perpetual and have no fixed final maturity date. Perpetual Securityholders have no right to require the Issuer to redeem Perpetual Securities at any time, and an investor who acquires Perpetual Securities may only dispose of such Perpetual Securities by sale. Perpetual Securityholders who wish to sell their Perpetual Securities may be unable to do so at a price at or above the amount they have paid for them, or at all. Therefore, holders of Perpetual Securities should be aware that they may be required to bear the financial risks of an investment in Perpetual Securities for an indefinite period of time.

If specified in the relevant Pricing Supplement, Perpetual Securityholders may not receive distribution payments if the Issuer elects not to pay all or a part of a distribution under the Conditions of the Perpetual Securities

If Optional Payment is specified in the relevant Pricing Supplement, the Issuer may, at its sole discretion, elect not to pay any scheduled distribution on the Perpetual Securities in whole or in part for any period of time. The Issuer is subject to certain restrictions in relation to the declaration or payment of distributions on its Junior Obligations and (except on a pro-rata basis) its Parity Obligations and the redemption and repurchase of its Junior Obligations and (except on a pro rata basis) its Parity Obligations in the event that it does not pay a distribution in whole or in part. The Issuer is not subject to any limit as to the number of times or the amount with respect to which the Issuer can elect not to pay distributions under the Perpetual Securities. While the Issuer may, at its sole discretion, and at any time, elect to pay an Optional Distribution, being an optional amount equal to the amount of distribution which is unpaid in whole or in part, there is no assurance that the Issuer will do so, and distributions which are not paid in whole or in part may remain unpaid for an indefinite period of time. Any non-payment of a distribution in whole or in part shall not constitute a default for any purpose. Any election by the Issuer not to pay a distribution in whole or in part, will likely have an adverse effect on the market price of the Perpetual Securities. In addition, as a result of the potential non-cumulative distribution feature of the Perpetual Securities and the Issuer's ability to elect not to pay a distribution in whole or in part, the market price of the Perpetual Securities may be more volatile than the market prices of other debt securities on which original issue discount or interest accrues that are not subject to such election not to pay and may be more sensitive generally to adverse changes in the Group's financial condition.

If specified in the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the Issuer's option on the date(s) specified in the relevant Pricing Supplement or on the occurrence of certain other events

The Perpetual Securities are perpetual and have no fixed final redemption date. If specified in the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Issuer on certain date(s) specified in the relevant Pricing Supplement at their principal amount (or such other redemption amount stated in the relevant Pricing Supplement) together with all outstanding Arrears of Distribution, Additional Distribution Amounts and distribution accrued to the date fixed for redemption. In addition, if specified on the relevant Pricing Supplement, the Issuer may, at its option, redeem the Perpetual Securities in whole, but not in part, on any Distribution Payment Date, or any time after such Distribution Payment Date, upon the occurrence of certain other events. See "*Terms and Conditions of the Perpetual Securities – Redemption and Purchase*".

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

There are limited remedies for default under the Perpetual Securities

Any scheduled distribution will not be due if, as provided for in the relevant Pricing Supplement, the Issuer elects not to pay all or a part of that distribution pursuant to the Conditions of the Perpetual Securities. Notwithstanding any of the provisions relating to non-payment defaults, the right to institute winding-up proceedings is limited to circumstances where payment under the Perpetual Securities has become due and the Issuer fails to make the payment when due. The only remedy against the Issuer available to any Perpetual Securityholder for recovery of amounts in respect of the Perpetual Securities following the occurrence of a payment default after any sum becomes due in respect of the Perpetual Securities will be proving in such winding-up and/or claiming in the liquidation of the Issuer in respect of any payment obligations of the Issuer arising from the Perpetual Securities.

The Issuer may raise or redeem other capital which affects the price of the Perpetual Securities

The Issuer may raise additional capital through the issue of other securities or other means. There is no restriction, contractual or otherwise, on the amount of securities or other liabilities which the Issuer may issue or incur and which rank senior to, or *pari passu* with, the Perpetual Securities. Similarly, subject to compliance with the Conditions of the Perpetual Securities, the Issuer may redeem securities that rank junior to, *pari passu* with, or senior to the Perpetual Securities. The issue of any such securities or the incurrence of any such other liabilities or the redemption of any such securities may reduce the amount (if any) recoverable by holders of Perpetual Securities on a winding-up of the Issuer, and may increase the likelihood of a deferral of distribution under the Perpetual Securities. The issue of any such securities or the incurrence of any such other liabilities or the redemption of any such securities might also have an adverse impact on the trading price of the Perpetual Securities and/or the ability of holders of Perpetual Securities to sell their Perpetual Securities.

The Subordinated Perpetual Securities are subordinated obligations

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

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

Tax treatment of the Perpetual Securities is unclear

It is not clear whether any particular tranche of the Perpetual Securities (the "**Relevant Tranche of the Perpetual Securities**") will be regarded as debt securities by the IRAS for the purposes of the ITA and whether the tax concessions available for qualifying debt securities under the qualifying debt securities scheme (as set out in the section "*Singapore Taxation*") would apply to the Relevant Tranche of the Perpetual Securities.

If the Relevant Tranche of the Perpetual Securities is not regarded as debt securities for the purposes of the ITA and holders thereof are not eligible for the tax concessions under the qualifying debt securities scheme, the tax treatment to holders may differ. Investors and holders of the Relevant Tranche of the Perpetual Securities should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of the Relevant Tranche of the Perpetual Securities.

RISKS RELATING TO THE GROUP'S PROPERTY AND HOSPITALITY BUSINESSES

The Group's property business is primarily concentrated in the geographical markets of Singapore and the PRC

The Group's property business is primarily concentrated in the geographical markets of Singapore and the PRC. As a result, the Group's operations, revenue, performance and future growth depend, to a large extent, on the continued growth of the markets primarily in Singapore and the PRC.

Given this concentration of the Group's property business activities, the specific laws, regulations, practices, economic and financial conditions, property market and other aspects of each of these countries and their corresponding micro-regions could have significant impact on the Group's property business. In addition, future excesses in property supply over demand as a result of economic uncertainty, slower growth and increased interest rates (which reduces the ability of the Group's customers to finance real estate purchases) may lead to further volatility in property prices and yields which could in turn materially and adversely affect the Group's business, results of operations and financial performance. The Group may be required to make provisions in its accounts in the event of an economic downturn.

Property values in Singapore have historically experienced cyclical patterns in which periods of price increases were followed by periods of stagnating or declining prices. A substantial portion of the Group's earnings depends on the continued strength of the property market in Singapore, which in turn is dependent on general economic and business conditions. A slowing economy might lower the rental and occupancy rates of its investment properties, and this may have a material and adverse effect on the Group's business, results of operations and financial performance.

The Group is subject to governmental regulations and approvals in the countries where it operates

The real estate industry in the countries where the Group operates is subject to significant governmental regulation and approvals over, amongst other things, land and title acquisition, development planning and design, mortgage financing and refinancing, obtaining real estate development and sale licences, obtaining certificates of completion for its development projects and issuance of individual titles following completion of construction.

The Singapore and PRC governments regulate the supply of land to developers from time to time through policy adjustments or new regulatory measures to manage the demand and supply of property in order to maintain an orderly and stable property market. In Singapore, regulation of land supply through availability of sites for tender under the Government's Land Sales Programme, which is reviewed on a half yearly basis, and changes in en bloc legislation may affect land supply and pricing. The PRC government has exercised and continues to exercise significant influence over the PRC's economy, which affects the property sector in the PRC. From time to time, the PRC government adjusts its monetary and economic policies to prevent and curtail the overheating of the national and provincial economies, which may affect the real estate markets that the Group operates in. Any action by the Singapore or PRC governments concerning the economy or the real estate sector (including measures to curb property speculation and/or to restrict foreign investment in real estate) could materially and adversely affect the Group's business, results of operations and financial performance.

In addition, in order to develop and complete a property development project, a property developer must in general obtain various permits, licences, certificates and other approvals from the relevant administrative authorities at various stages of the property development process, including land use rights certificates, planning permits, construction permits, pre-sale permits and certificates or confirmation of completion and acceptance. Each approval is dependent on the satisfaction of certain conditions. Problems may be encountered in obtaining such governmental approvals or in fulfilling the conditions required for obtaining the approvals especially as new laws, regulations or policies may come into effect from time to time with respect to the real estate industry in general or the particular processes with respect to the granting of approvals. There is no assurance that the Group will be able to obtain the requisite governmental approvals or fulfill the conditions required for obtaining the approvals or adapt to new laws, regulations or policies that may come into effect. There can also be no assurance that governments of the countries where the Group operates in will not adopt restrictive policies and impose onerous or unfavourable conditions with respect to the issuance of certain licences, permits or approval. If the Group is unable to obtain the relevant approvals or fulfill the conditions of such approvals for a significant number of its property development projects, these development projects may not proceed on schedule or at all and the Group's business, results of operations and financial performance may thereby be adversely affected.

The Group is affected by governmental measures to cool the property market in Singapore and the PRC

Historically, the Singapore government has sought to regulate or reduce property speculation through measures such as the adoption and enforcement of regulations and the imposition of credit controls, taxes and fees. In recent years, it has implemented a series of measures to cool the Singapore property market and maintain a stable and sustainable property market where prices move in line with economic fundamentals. For instance, on 13 January 2011, the Singapore government announced the extension of the holding period for imposition of the seller's stamp duty ("**SSD**") on residential properties from three years to four years based on new rates. The new SSD rates, ranging from 4% to 16%, will be imposed on residential properties which are acquired (or purchased) on or after 14 January 2011 and disposed of (or sold) within four years of acquisition. In December 2011, the Singapore government introduced the additional buyer's stamp duty ("**ABSD**"), which was further enhanced in January 2013. ABSD ranging from 5% to 15% is to be paid by certain groups of people who buy or acquire residential properties (including residential land). The loan-to-value limits on housing loans granted by financial institutions were also tightened for individuals who already have at least one outstanding loan, as well as for non-individuals such as companies. Besides tighter loan-to-value limits, the minimum cash down payment for individuals applying for a second or subsequent housing loan was also raised. In June 2013, the MAS also introduced a new total debt servicing ratio ("**TDSR**") framework for all property loans granted by financial institutions to individuals. The new TDSR framework requires financial institutions to take into consideration borrowers' other outstanding debt obligations when granting property loans. The TDSR is the percentage of total monthly debt obligations to gross monthly income. The MAS expects that any property loan extended by financial institutions will not exceed a TDSR threshold of 60% and will review the 60% threshold over time, with a view to further encouraging financial prudence.

The PRC government has also recently implemented measures to cool the property market in the PRC to ensure that property prices move in line with economic fundamentals.

Such measures and further legislation or policies to encourage financial prudence which may be introduced by the Singapore government and/or the PRC government to moderate the property markets in their respective countries may affect the purchasing power of potential buyers of residential properties and may dampen the general sentiments of the residential property market, resulting in reduced demand for engineering and construction activities and fewer sales of residential property units in Singapore and the PRC respectively. There is also no assurance that the Singapore government or the PRC government will not introduce further legislation or policies, or amend existing legislation or policies to regulate the growth of the Singapore property market and the PRC property market. Such changes may have an adverse effect on the business, financial condition, results of operations and prospects of the Group.

The Group's property investments are relatively illiquid

The Group's real estate investments, particularly investments in high value commercial properties, are relatively illiquid. Such illiquidity limits the ability of an owner or a developer to convert real estate assets into cash at short notice or may require a substantial reduction in the price that may otherwise be sought for such asset, in order to effect a quick sale. Such illiquidity also limits the ability of the Group to optimise its investment portfolio or liquidate its assets in response to changes in economic, real estate market or other conditions. Moreover, the Group may face difficulties in securing timely and commercially favourable financing in asset-based lending transactions secured by real estate due to the illiquidity of its investments. This could have a material and adverse effect on the Group's business, results of operations and financial performance.

The Group is dependent on the quality of its title to its properties

The quality, nature and extent of the title to and interests in the land and properties held by the Group vary and depend on a number of factors, including:

- the country and location of the property;
- the laws and regulations that apply to the property;
- the extent to which the contract pursuant to which the property interest was acquired has been performed, the extent to which the terms and conditions thereunder have been complied with and the amount of the purchase consideration which has been paid;
- the extent of compliance by the Group or any other relevant party (including previous owners, the vendor of the property and the entity in which the Group has invested that has acquired or is acquiring the property) with the relevant laws and regulations relating to the ownership, use, sale or development of the property;
- the manner under which the interest in the property is held, whether through a joint venture, a development or joint operation agreement, under a master lease or otherwise; and
- the capacity, power, authority and general creditworthiness of the counterparties to the contractual and other arrangements through which the Group has acquired an interest in the property.

Owing to the laws in some of the countries where the Group operates and the lack of a uniform title system in such countries, there is potential for disputes over the quality of title and/or quality of the assets purchased. The Group's acquisition of properties and/or assets is dependent on the due diligence as to, amongst other things, title, which in turn is dependent on the quality of professional advice and the availability of reliable, accurate, complete and up-to-date information in the relevant countries. The quality and extent of the title to the Group's property interest may be challenged or adversely impacted or may adversely affect the Group's ability to deal with its property interests and in turn the value of the Group's investment in these properties. Delays in acquiring properties required for the Group's development activities could materially and adversely affect the Group's business, results of operations and financial performance.

The properties held by the Group may be subject to increases in property expenses and operating expenses

The Group's ability to make payment in respect of the Securities may be adversely affected if property expenses, such as maintenance and sinking fund charges, property management fees, property taxes and operating expenses increase without a corresponding increase in revenue.

Factors which could increase property expenses and operating expenses include:

- any increase in the amount of maintenance and sinking fund charges payable in respect of any of the Group's properties;
- any increase in property taxes and other statutory or regulatory charges;
- any change in laws, regulations or government policies which increase the cost of compliance with such laws, regulations or policies. Such revisions may lead to an increase in management expenses or unforeseen capital expenditure to ensure compliance. Rights related to the relevant properties may also be restricted by legislative actions, such as revisions to the laws relating to building standards or town planning laws, or the enactment and implementation of new laws related to condemnation and redevelopment, which may also result in increased expenses to ensure compliance;
- any increase in utility charges, subcontracted service costs, and insurance premiums; and
- any increase in the rate of inflation,

and the occurrence of any such events may have a material and adverse effect on the Group's business, results of operations and financial performance.

Rental income from the Group's properties could decrease

If a significant number of the Group's tenants are unable to meet their rental payment obligations, the Group's operating results may be adversely affected. The Group is also subject to the risk that, upon the expiration of leases for the properties, existing tenants may not renew their leases, and the Group may be unable to re-let vacant properties to new tenants except on commercially less favourable terms compared to previous lease terms or on commercially unfavourable terms. If a significant number of the Group's tenants default on their leases, the Group would likely experience delays in collecting rental payments and re-letting its facilities, and incur substantial costs in enforcing its rights as landlord. The Group's tenants are exposed to their own business and other risks, and if one or more significant tenants were to experience downturns in their businesses, the tenant may fail to make rental payments when due and/or require a restructuring of rental payments that might reduce the Group's cash flows from the lease. A tenant may also seek the protection of bankruptcy, insolvency or similar laws, which could result in the rejection and termination of such tenant's lease or a delay by the Group in enforcing its rights to terminate the lease and finding a new tenant, thereby reducing the Group's available cash flow. The Group's properties could, in the absence of a renewal from an existing tenant or a lease by a new tenant upon the expiry of an existing lease, be subject to the risk of remaining vacant and not generating income while the Group is sourcing for new tenants to lease the affected property. The occurrence of any such events could result in a decrease in the Group's rental income and have a material and adverse effect on the Group's business, results of operations and financial performance.

The Group faces risks before realising any benefits from its property developments

Property development typically requires substantial capital outlay during the land acquisition and construction phases and may take one or more years before positive cash flows may be generated through pre-sales or sale of a completed property development. Depending on the size of the development, the time span for completing a property development usually lasts for more than a year. Consequently, changes in the business environment during the length of the project may affect the revenue and cost of the development, which in turn have a direct impact on whether or not the project is profitable. Factors that may affect the profitability of a project include the failure to complete construction according to original specifications, schedule or budget, and lacklustre sales. The sales and value of a development project may be adversely affected by a number of factors, including but not limited to the international, regional and local economic climate, local real estate conditions, perceptions of property buyers, businesses, retailers or shoppers in terms of the convenience and attractiveness of the projects, competition from other available properties, changes in market rates for comparable sales and increased business and operating costs. If any property development risks materialise, the Group's returns on investments from property development may be lower than originally expected and the Group's business, results of operations and financial performance may be materially and adversely affected.

The Group is subject to risks in relation to its pre-sold properties

In the event the Group pre-sells any property prior to completion of construction, it may be liable for potential losses that purchasers may suffer if there is a failure or delay in the delivery of such pre-sold properties. Failure to complete a property development on time may be attributed to factors such as the time taken and the costs involved in completing construction, which may in turn be adversely affected by factors such as delays in obtaining requisite licences, permits or approvals from government agencies or authorities, shortages of labour, adverse weather conditions, natural disasters, labour disputes, disputes with contractors, accidents and changes in government priorities and policies. There is no assurance that the Group will not experience significant delays in completion or delivery. If the delay in delivery extends beyond the contractually specified period, the purchasers may also be entitled to terminate the pre-sale agreements and claim refunds of monies paid, damages and/or compensation for late delivery. This may materially and adversely affect the Group's business, results of operations and financial performance.

Furthermore, there is a risk that due to conditions in financial markets or difficult economic conditions, purchasers of such pre-sold properties may not be able to obtain credit to finance their purchases and/or might become insolvent. The ability of purchasers to obtain credit to finance their purchases may also be affected by changes in governmental policies, laws and regulations. This may result in such purchasers delaying or being unable to meet their payment obligations in respect of such pre-sold properties, which may materially and adversely affect the Group's business, results of operations and financial performance.

The Group relies on independent contractors to provide property development services

The Group engages independent third party contractors to provide significant property development services, including construction, piling and foundation, building and property fitting-out work, interior decoration and installation of air-conditioning units and elevators. There can be no assurance that the services rendered by any such independent contractor or any subcontractor will be completed in a timely manner or of satisfactory quality. If these services are not completed in a timely manner or of acceptable quality, the Group may incur substantial costs to complete the projects and remedy any defects and the Group's reputation could be significantly harmed. The Group is also exposed to the risk that a contractor may require additional funds in excess of the fixed cost to which they committed contractually and the Group may have to bear such additional amounts. Furthermore, any contractor that experiences financial or other difficulties, including labour disputes with its employees, may be unable to carry out construction or related work, resulting in delay in the completion of the Group's development projects or additional costs being incurred. The Group believes that any problems with the Group's contractors, individually or in the aggregate, may materially and adversely affect the Group's financial condition, results of operations or reputation. There is no assurance that such problems with the Group's contractors will not occur in the future.

The Group may be affected by accidents at its work sites

Accidents or mishaps may occur at the work sites of the Group's projects. Such accidents or mishaps may severely disrupt the operations of the Group and lead to delays in the completion of projects. In the event of such delay, the Group may be liable to pay liquidated damages to its clients and its business, financial condition and results of operations may be materially and adversely affected. Furthermore, such accidents or mishaps may subject the Group to claims from workers or other persons involved in such accidents or mishaps for damages, and any claims which are not covered by the Group's insurance policies may materially and adversely affect the Group's business, financial condition and results of operations. In addition, in the event that the Group's work sites contravene the requisite safety standards imposed by the regulatory authorities, the Group may be subject to penalties which include being fined or issued with partial or full stop-work orders. The issuance of such stop-work orders may disrupt operations and lead to a delay in the completion of a project. Collectively, these circumstances may have a material and adverse impact on the Group's business, financial condition and results of operations.

The Group is exposed to fluctuations in the residential, commercial and industrial property markets

The real estate development industry in Singapore, the PRC and the other countries in which the Group operates is cyclical and is significantly affected by changes in general and local economic conditions, including employment levels, availability of financing, interest rates, consumer confidence and demand for developed residential, commercial and industrial properties which may materially and adversely affect the Group's business, results of operations and financial performance.

The Group's performance may be affected by changes in commodity prices

The Group faces risks in relation to changes in commodity prices due to the consumption of large quantities of building materials, including raw iron, steel, sand, granite and concrete in its property development operations. As a property developer, the Group generally enters into fixed or guaranteed maximum price construction contracts with independent construction companies, each of which affects the development of a significant part of its overall development project. These contracts typically cover both the supply of the building materials and the construction of the facility during the construction period. Therefore, should the price of building materials increase significantly prior to the Group entering into fixed or guaranteed maximum price construction contracts with prospective contractors, or should its existing contractors fail to perform under their contracts, the Group may be required to pay more to such prospective or existing contractors, which could materially and adversely affect the Group's business, financial condition and results of operations.

The Group may be unable to identify or acquire land for development at commercially acceptable prices

The Group believes that maintaining a high-quality land bank for future development is critical in order to sustain the growth of its property business. There is no assurance that the Group will be able to identify and acquire attractive sites in the future at commercially acceptable prices, if at all.

The Group's ability to acquire land use rights and their corresponding acquisition costs may be affected by government policies toward land supply, development and pricing. For example, the central and local governments in the PRC regulate the means by which property developers obtain land use rights from the state for development. In particular, the central government introduced regulations in 2002 requiring government departments and agencies to grant state-owned land use rights for residential and commercial property development through public tender, auction or listing-for-sale. From 31 August 2006, state-owned land use rights for industrial property development are also required to be granted through public tender, auction or listing-for-sale pursuant to regulations of the State Council of the PRC.

In Singapore, regulation of land supply through availability of sites for tender under the Government Land Sales Programme, which is reviewed on a half yearly basis, and changes in en bloc legislation may affect land supply and pricing. The Group may be unable to identify and/or acquire attractive new sites at commercially acceptable prices and this could impair the Group's ability to compete with other property developers which may have an adverse effect on the Group's property business including its ability to grow its property business.

Some or all of the Group's existing and planned projects may not be completed

The Group's success and financial performance will depend on the ability of the Group to identify, develop, market and sell its developments in a timely and cost-effective manner. The Group's development activities are subject to the risk of changes in regulations, delays in obtaining required approvals or clearances whether from regulatory authorities or otherwise (for example, from the Strata Titles Board in an en bloc transaction), availability of raw materials, increases in construction costs, financial difficulties faced by the Group's business partners, natural disasters, any reliance on third party contractors as well as the risk of decreased market demand during the development of a project. There can be no assurance as to whether or when existing and planned projects will be successfully completed. Furthermore, new projects may pose unforeseen challenges and demands on the Group's managerial and financial resources. Non-completion of such developments, or any of the Group's other developments, may have a material and adverse effect on the Group's business, results of operations and financial performance.

The Group's land and/or real property may be subject to compulsory acquisition or forfeiture by the governments of the countries in which they are located

Real property and/or land owned by the Group may be compulsorily acquired for public use or in the public interest or for any residential, commercial or industrial purposes, by the governments of the countries in which they are located. The owner of such real property that has been compulsorily acquired may be compensated in accordance with the laws of the respective jurisdictions. In the event that any of the Group's land and/or real property is compulsorily acquired, the compensation paid to the Group in respect of the acquired land and/or real property could be less than its market value, which could materially and adversely affect the Group's business, results of operations and financial performance.

In the PRC, the terms of land grant contracts generally provide for development of land to commence within one year from a specified date failing which idle fees may be imposed. If development does not commence within two years from the specified date or such extension as may be allowed, the land may be forfeited without compensation. If the Group fails to develop a property project according to the terms of the relevant land grant contract, including those relating to the payment of land premium, demolishment and resettlement costs and other fees, specified usage of the land and the time for commencement and completion of the property development, the relevant government authorities may issue a warning, impose a penalty and/or order the land to be forfeited, unless such failure is caused by a government action or a *force majeure* event. If the Group is required to pay substantial idle land fees and/or interest or other penalties, the Group's business, results of operations and financial performance may be materially and adversely affected. Furthermore, if the land is forfeited without compensation, the Group may risk losing its investments in the land, including land premiums paid and development costs incurred, if any, and this may materially and adversely affect the Group's business, results of operations and financial performance.

The PRC's political policies and foreign relations could affect the Group's property projects in the PRC

Investment in PRC properties entails risks of a nature and degree not typically encountered in property investments in developed markets. In the PRC, there is a risk of nationalisation, expropriation, confiscation, punitive taxation, currency restriction, political changes, government regulation, political, economic or social instability or diplomatic developments which could adversely affect the value of investments made in the PRC. Certain national policies may restrict foreigners investing in industries deemed sensitive to the national interest, including property development. There is no assurance that the PRC's political policies and foreign relations would not affect the value of the Group's investment in its property projects in PRC, which may materially and adversely affect the Group's business, results of operations and financial performance.

The Group's property and hospitality businesses are dependent on the property and hospitality market in the countries in which it operates

Most of the Group's current and proposed property development projects and property investments are located in Singapore and PRC and the Group's hospitality operations are located in Singapore. Therefore, the Group is exposed to the risk of a downturn in the economic and property and/or hospitality market conditions in these countries. In the event of economic uncertainty, slower growth, and other resulting circumstances, which may reduce the demand for hospitality, residential, commercial and/or industrial space or result in a decline in the rental rates in these countries, the Group's business, results of operations and financial performance may be materially and adversely affected.

The relevant authorities may adjust monetary and other economic policies from time to time. Such economic adjustments may affect the property and/or hospitality markets in the countries where the Group operates. Such policies may lead to changes in market conditions, including price instability and imbalance of supply and demand, which may materially and adversely affect the Group's business, results of operations and financial performance. Further, there is no assurance that there will not be overdevelopment in the property sector in the areas where the Group's properties are located and other parts of Singapore and/or the PRC in the future, which may result in an over-supply of properties and a consequential fall in property prices which could materially and adversely affect the Group's business, results of operations and financial performance.

Existing or planned amenities and transportation infrastructure near the hospitality assets may be closed, relocated, terminated, delayed or not completed

There is no assurance that the amenities and transportation infrastructure and public transport services near the hospitality assets will not be closed, relocated, terminated, delayed or uncompleted, or that there will be no impediment to the traffic flow in the vicinity. Such closure, relocation, termination, delay, non-completion or impediment may adversely affect the accessibility of the hospitality assets. This may then have an adverse effect on the attractiveness and marketability of the hospitality assets to guests and this may adversely affect the business, financial condition, results of operations and prospects of the Group.

The Group's property and hospitality businesses are subject to intense competition

In respect of its property development business, the Group needs to continue to identify land suitable for property development in order to maintain and grow its property development business. The Group replenishes and sources for new plots of land mostly by participating in public tenders and acquiring plots of land from private owners. The Group competes with other property developers for plots of land for property development. In recent years, a large number of property developers have begun to undertake property development and investment projects in the PRC. A large number of international developers have also expanded their operations into the PRC. Many of these developers, both private and state-owned, have significant financial, managerial, marketing and other resources, as well as experience in property and land development. Competition between property developers is intense and the Group competes with both domestic and international groups. Domestic companies have extensive knowledge of the local real estate market and longer operational track records in their respective domestic markets while international companies are able to capitalise on their overseas experience and greater financial resources to compete in the markets in which the Group has an overseas presence. Intense and/or intensified competition may result in, amongst others, increased costs of acquisition of land for development, over-supply of developed properties, decrease in property prices, slowdown in the rate at which new property developments will be approved and/or reviewed by the relevant government authorities, increase in construction costs, lower profit margins and difficulty in obtaining quality contractors and qualified employees. There can be no assurance that the Group will be able to compete successfully in the future against its existing or potential competitors. Increased competition with respect to the Group's activities may have a material and adverse effect on the Group's business, results of operations and financial performance. Furthermore, such competition may reduce the opportunities for the Group to invest in projects in the future.

The serviced residence and serviced office industry is also competitive and may become increasingly so. Some of the Group's existing serviced apartments and serviced offices are located in areas that have other hospitality establishments (which include guest houses, hotels and serviced apartments) and serviced offices. The Group competes locally with existing and newly developed hospitality establishments and serviced offices. Hospitality establishments and serviced offices that may be developed in the future may also pose competition to the Group. An increase in the number of competitive serviced residences or serviced offices which may offer more facilities at their premises at similar or more competitive prices could have a material adverse effect on the occupancy rates and contribution to revenue by the Group's existing serviced apartments and serviced offices as well as any hospitality establishments which the Group may establish in the future.

There is also no assurance that the Group will be able to compete effectively with its new and existing competitors and adapt quickly to changing market conditions and trends. In the event that the Group's competitors are able to provide comparable services at lower prices or respond to changes in market conditions more swiftly or effectively than the Group, the Group's business, results of operations and financial performance may be adversely affected.

The Group may not be able to successfully retain or compete for management agreements and as a result, it may not be able to achieve its planned growth

Part of the Group's hospitality business is based on management contracts for properties which it does not own or in which the Group has a partial effective ownership interest. Termination of the Group's management contracts prior to their expiration, or removal as manager in accordance with the terms of the management contracts or applicable law, or inability to renew management contracts on terms that are commercially reasonable to it could have adverse effects on the business, financial condition, results of operations and prospects of the Group.

Further, the Group's hospitality growth strategy includes signing additional management agreements. The Group believes that its ability to compete for management agreements primarily depends on its brand recognition and reputation, the results of its overall operations and the success of the serviced residences that it currently manages. The terms of any new management agreements that the Group obtains may also be affected by the terms that its competitors offer for similar management agreements. If the hotels and/or serviced residences that the Group manages perform less successfully than those of its competitors, if it is unable to offer terms as favourable as those offered by its competitors or if the availability of suitable properties is limited, the Group may not be able to compete effectively for new management agreements. As a result, it may not be able to achieve its planned growth and the business, financial condition, results of operations and prospects of the Group may be adversely affected.

Accidents, injuries or prohibited activities in hotels and/or serviced apartments owned or managed by the Group may adversely affect its reputation and subject it to liability

There are inherent risks of accidents, injuries or prohibited activities (such as illegal drug use, gambling, violence or prostitution by guests) that may take place in hotels and/or serviced apartments. The occurrence of one or more accidents, injuries or prohibited activities in any hotel and/or serviced apartment owned or managed by the Group could adversely affect its safety reputation among guests, harm its brand, decrease its overall occupancy rates and increase its costs by requiring the Group to implement additional safety measures. In addition, if accidents, injuries or prohibited activities occur in any hotel and/or serviced apartment owned or managed by the Group, the Group may be held liable for costs or damages and fines. The Group's current property and liability insurance policies may not provide full coverage for such losses and the Group may be unable to renew its insurance policies or obtain new insurance policies without increases in premiums and deductibles or decreases in coverage levels, or at all.

The Group's hotel operations require hotel licences and its profitability may be adversely affected by any failure to obtain, renew or obtain the transfer of, such licences

The hotel operations of the Group are subject to the laws, rules and regulations of the countries in which it operates. The withdrawal, suspension or non-renewal of any of the certificates of registration and/or licences, or the imposition of any penalties as a result of any infringement or non-compliance with any applicable laws, rules or regulations, will have an adverse impact on the hotel business of the Group and consequently, its profitability. Furthermore, any changes in such laws, rules and regulations may also impact the business at the Group's hotels and may result in higher costs of compliance. Any failure to comply with new or revised laws, rules and regulations could result in the imposition of fines or other penalties by the relevant authorities. This could have an adverse impact on the revenue and profits of the Group's hotel operations or otherwise adversely affect its hotel operations.

The hospitality industry is service-oriented and the Group may be adversely affected if it is unable to compete effectively for skilled hospitality employees

The hospitality industry is a service-oriented industry and is labour intensive. The continued success of the Group's hospitality operations depends upon its ability to attract and retain qualified personnel to handle its day-to-day operations. However, the supply of qualified personnel in the hospitality industry in Singapore is limited. Competitors may compete for skilled hospitality employees, which may increase the operating costs of the Group's hospitality arm. If the Group's hospitality operations are unable to continue to attract and retain qualified personnel, the Group's hospitality operations may not be able to match its staffing level to its business needs and the Group's businesses, financial condition and results of operations may be adversely affected. The Group's hospitality staff may also be poached by existing or new competitors in the market and a shortage of manpower and compressed work procedures may translate to lower service quality, which may in turn affect guests' lodging experience and lead existing customers to prefer alternative accommodation from competitors of the Group. This may have a material and adverse effect on the Group's business, results of operations and financial performance.

The Group's hospitality arm may be affected by changes in travel patterns resulting from increases in transportation or fuel costs, strikes among workers in the transportation industry and adverse weather patterns

Changes in travel patterns can be erratic and this may materially and adversely affect the revenue and financial performance of the Group's hospitality arm, which may in turn materially and adversely affect the Group's business, results of operations and financial performance. Furthermore, increases in transportation or fuel costs, strikes among workers in the transportation industry and adverse weather patterns may deter travellers. Any sustained or material decline in the number of travellers to Singapore may materially and adversely affect the Group's business, results of operations and financial performance.

The Group's hospitality business is subject to all of the risks common in the hospitality industry

A number of factors, many of which are common to the hospitality industry and beyond the control of the Group, could materially and adversely affect the Group's hospitality business, including but not limited to the following:

- major events affecting either economic or political stability on a global and regional level represent an exposure to the Group. Economic events, such as a global financial crisis, could include recessionary pressures which would have an impact on the Group's revenue, operating costs and profitability. Political risk could include changes in the regulatory environment in which the Group's business activities operate, including restrictions on the repatriation of funds or control over the ownership of assets;
- the hospitality industry operates in an inherently cyclical market place. A weakening of demand, or an increase in market room-supply, may lead to downward pressure on room rates which in turn would lead to a negative effect on operating performance;
- sustained levels of occupancy and room rates can be adversely affected by events that reduce domestic or international travel. Such events may include acts of terrorism, war or perceived increased risk of armed conflict, epidemics, natural disasters, increased cost of travel or industrial action. These events may be localised to a particular country, region or could have a wider international perspective. Reduced demand will impact on revenue and operational profitability;
- changes in governmental laws and regulations, fiscal policies and zoning ordinances and the related costs of compliance with laws and regulations, fiscal policies and ordinances;
- the nature and length of a typical hotel guest's stay. Hotel guests typically stay on a short-term basis and there is therefore no assurance of long-term occupancy for hotel rooms; and
- increases in operating costs due to inflation, labour costs (including the impact of unionisation and increased competition for qualified personnel), workers' compensation and health-care related costs, utility costs, insurance and unanticipated costs such as acts of nature and their consequences.

RISKS RELATING TO THE GROUP'S TECHNOLOGY AND MANUFACTURING BUSINESSES

The Group's FPC, PCB and precision engineering businesses are subject to rapid changes in standards and technology

The FPC, PCB and precision engineering industries are subject to rapid technological advances, dictated in turn by the development of new products and standards by the Group's customers, principally in the telecommunications, computers, automotive, consumer electronics, and industrial electronics equipment sectors. In order to maintain its competitive edge, the Group has to keep abreast of the latest manufacturing technology, make capital expenditure to support technological advances and develop and manufacture new products and product features to meet its customers' demands. In the event that the Group is unable to do so, the Group's business, results of operations and financial performance may be materially and adversely affected.

If manufacturing processes or standards change, the Group may need to replace, or modify, its existing equipment or design, build and install new or additional equipment, all of which would require additional capital expenditure and result in higher manufacturing costs. If the Group's customers were to switch to alternative technologies or adopt new or competing industry standards with which the Group's products are not compatible, the Group's existing products may become less desirable to its customers and sales may decrease. In such an event, the Group's business, results of operations and financial performance may be materially and adversely affected.

The Group's FPC and PCB businesses are dependent on the electronics industry and the Group is vulnerable to the volatile and cyclical nature of the electronics industry

The products manufactured by the Group's technology division, namely FPCs and PCBs, are commonly used in the assembly of electronic products, principally in the telecommunications, computers, consumer electronics and industrial electronics equipment sectors. These electronic products are manufactured by OEMs and/or contract manufacturers who are the Group's customers.

The electronics industry, as a whole, is characterised by intense competition, rapid technological changes, short product life cycles and significant fluctuations in product demand. The Group is therefore vulnerable to the volatile and cyclical nature of the electronics industry. A slowdown in the telecommunications, computers, consumer electronics or industrial electronics equipment sectors, in particular, reduced demand for wireless mobile devices in the telecommunications sector or any adverse change in the electronics industry including product obsolescence, economic recession, excess production capacity, intense price competition and unavailability, shortage or long lead time of supply of materials and components required for the Group's manufacturing and assembly activities, may result in a decline in demand for the Group's products and services. This may have a material and adverse impact on the Group's business, results of operations and financial performance.

The Group's technology division is subject to intense competition

The industry in which the Group's technology division operates is highly competitive. The Group's FPC business competes primarily with large FPC manufacturers located throughout Asia, including Taiwan, the PRC, Korea and Japan. The Group believes that the number of companies producing FPCs has increased materially in recent years and may continue to increase. Certain providers of electronic manufacturing services have developed or acquired their own FPC manufacturing capabilities or have extensive experience in electronics assembly and in the future may cease ordering products from the Group or even compete with the Group on OEM programmes. Furthermore, many companies in the Group's target customer base may move the design and manufacturing of their products to original design manufacturers in Asia. These factors make the FPC industry extremely competitive. If the Group is not successful in maintaining or establishing close relationships with customers in the markets in which it competes, the Group may not be able to maintain or grow its market share, net sales or profitability.

Some of the Group's competitors are also large multinational corporations which may have greater access to capital and production capacity, research and development capabilities in new processes and other resources than the Group, allowing them to compete more aggressively over a longer period of time as compared with the Group. In the event that the Group's competitors are able to provide comparable manufacturing services and products at a lower cost and of a better quality, the Group's sales may be adversely affected and this may have a material and adverse impact on the Group's business, results of operations and financial performance.

The Group is dependent on the availability and pricing of materials and components

The Group obtains the materials and components it needs to manufacture FPCs and PCBs from third-party suppliers. Some of these suppliers may need to be specified or approved by the Group's customers, which limits the supply of materials and components available to the Group. The Group purchases its materials and components based on its customers' forecasts, specific orders from its customers, and delivery lead time. The Group generally does not maintain a large surplus stock of materials or components for its products because the specific assemblies are uniquely applicable to the products it produces for its customers. The Group relies on short-term supply contracts with third-party suppliers to provide these materials and components and does not have long-term contracts with its suppliers.

If the Group cannot obtain sufficient quantities of materials or components at reasonable prices or if it is unable to pass on any increase in costs of materials and components to its customers through an increase in its selling prices, the Group's business, results of operations and financial performance may be materially and adversely affected. In addition, in the event that the Group's suppliers are unable to supply the required materials or components on time and the Group is unable to source for these materials or components from alternative suppliers on a timely basis, the Group's production and delivery to its customers would be delayed and this may have a material and adverse impact on the Group's business, results of operations and financial performance.

The Group's manufacturing and shipping costs in relation to the FPC, PCB and precision engineering businesses may also be impacted by fluctuations in the costs of oil and gas. Any fluctuations in the supply or prices of these commodities may have a material and adverse impact on the Group's business, results of operations and financial performance.

The Group will have difficulty selling its products if its customers do not design its FPC products into their product offerings or if its customers' product offerings are not commercially successful

The Group sells its FPC products directly or indirectly to OEMs that include its products and component assemblies in their product offerings. As a result, the Group relies on OEMs to select its products to be designed into their product offerings. The Group must qualify its products with its customers, which involves demonstrating to its customers that its products can be manufactured within specified tolerances. This process can be time-consuming, complex, costly and difficult. If an OEM selects one of the Group's competitors to provide a product instead of the Group, it would become significantly more difficult for the Group to sell its products to that OEM thereafter because changing component providers after the initial production runs have begun involves significant cost, time, effort and risk for the OEM. The Group's customers typically are not obligated to purchase products from it and can stop using its products at any time. Even if an OEM designs one of the Group's products into its product offering, there is no assurance that the OEM's product will be commercially successful, that the Group will receive any orders from that OEM or that it will not be undercut by a competitor's pricing.

There is no assurance that the Group's products will continue to be selected for design into its customers' products. If the Group is unable to obtain customer qualifications, or if it cannot qualify its products for high-volume production quantities, the Group's business, results of operations and financial performance may be materially and adversely affected.

A substantial portion of the Group's net sales of its products is dependent on a limited number of key customers and their subcontractors

For the past several years, a substantial portion of the WBL Group's net sales has been derived from products that have been incorporated into products that are manufactured by or on behalf of a limited number of key customers and their subcontractors (the "**Major FPC Customers**").

Although the Group generally assists these Major FPC Customers in the design of their products and these Major FPC Customers direct subcontractors to purchase products from the Group, one or more subcontractors may look to another source for the components to be incorporated into the products they supply to these Major FPC Customers. In addition, if these Major FPC Customers were to reduce their orders to any of these subcontractors or if these Major FPC Customers were to choose another FPC assembly manufacturer to supply any portion of their products, the orders placed with the Group could be reduced, which may have a material and adverse impact on the Group's business, results of operations and financial performance. The Group also faces significant pricing pressure from the Major FPC Customers.

The loss of any of these Major FPC Customers and their subcontractors, a significant reduction in sales to them, a reduction in the pricing of the Group's products sold to them or any problem in collecting accounts receivable from them would reduce the Group's net income and may have a material and adverse impact on the Group's business, results of operations and financial performance.

Changes in the products purchased by the Group's customers can significantly affect the Group's capacity, net sales and profitability

The Group sells its FPC and flex assemblies to a limited number of customers, who typically purchase these products from the Group for numerous programmes at any particular time. Customer programmes differ in design and material content and the prices and profitability of the Group's products are dependent on a wide variety of factors, including without limitation, expected volumes, assumed yields, material costs, actual yields and the amount of third-party components within the programmes. If the Group loses sales for a programme that has higher material content, the Group may have to replace it with sales for a programme that has lower material content, thus requiring additional capacity to generate the same amount of net sales. The Group may not have such capacity available (or it may not be economically advantageous to acquire such capacity), which could then result in lower net sales. Furthermore, if the Group is unable to increase its capacity to match its customers' requests, the Group may lose its existing business from such customers, in addition to losing future sales. In addition, if the Group were to utilise its capacity to increase sales of bare flex (flex without assembly), this could also generate lower net sales at potentially different (higher or lower) profitability levels. The occurrence of any of the above events could have a material and adverse effect on the Group's business, results of operations and financial performance.

The Group's customers may cancel their orders, change production quantities or delay production, any of which could reduce its net sales

Substantially all of the Group's sales are made on a purchase order basis, and the Group is not always able to predict with certainty the timing or magnitude of these orders. The Group cannot guarantee that it will continue to receive any orders from its customers, and its sales will be affected if it is unable to obtain a sufficient number of orders from customers. In addition, because the Group's customers purchase on a purchase order basis, they may cancel, change or delay product purchase commitments with little or no advance notice to the Group. As a result, the Group is not always able to forecast with certainty the sales that it will make in a given period and it sometimes may increase its production capacity, working capital and overheads in expectation of orders which may never be placed, or, if placed, may be delayed, reduced or cancelled. The following factors, among others, affect the Group's ability to forecast accurately its sales and production capacity:

- changes in the specific products or quantities that the Group's customers order;
- variability in the Group's manufacturing yields;
- long lead times for the Group's plant and equipment expenditures;
- long lead times to obtain components required to complete anticipated customer orders;
- availability of labour resources to operate production equipment; and
- unanticipated price reductions due to competitive pressure.

Delayed, reduced or cancelled purchase orders also may result in the Group's inability to recover costs incurred in anticipation of those orders, such as costs associated with purchased raw materials, write-offs of obsolete inventory and the under-utilisation of its manufacturing capacity if it declines other potential orders because it expects to use its capacity to produce orders which are later delayed, reduced or cancelled. In such an event, the Group's business, results of operations and financial performance may be materially and adversely affected.

Problems with manufacturing yields could result in higher operating costs and could impair the Group's ability to meet customer demand for its products

A typical life cycle for one of the Group's products begins with higher prices when the product is introduced and decreasing prices as it matures. To offset price decreases during a product's life cycle, the Group relies primarily on higher sales volume and improving the Group's manufacturing yield and productivity to reduce a product's manufacturing cost. If the Group cannot achieve expected yields in the manufacture of its products and reduce its manufacturing costs as prices decline during a product's life cycle, it may incur higher per unit costs resulting in lower profits. Low yields may result from, amongst other things, design errors or manufacturing failures in new or existing products. Any reduction in the Group's ability to deliver products in a timely manner to customers could adversely affect its customer relationships and make it more difficult to sustain and grow its business, which could in turn have a material and adverse effect on the Group's business, results of operations and financial performance.

The Group's products and their terms of sale are subject to various pressures from its customers, competitors and market forces

The selling prices of the Group's products are affected by, amongst other things, changes in overall demand for such products, changes in the specific products its customers buy, pricing of competitors' products, its products' life cycles and general economic conditions. In addition, the Group may from time to time elect to reduce the price of certain products produced by the Group in order to gain additional orders on a particular programme. Typically, the selling price of the Group's product decreases as the programme matures. To offset price decreases during a product's life cycle, the Group relies primarily on higher sales volume and improvements in its manufacturing yield and productivity to reduce a product's cost. If the Group is unable to reduce its manufacturing costs as prices decline during a product's life cycle, or if the Group is required to pay damages to a customer due to a breach of contract or other claims arising from, amongst other things, quality, delivery or other issues, the Group's cost of sales may increase, which may affect its working capital levels and financial performance.

In addition, the Group's key customers and their subcontractors may be able to exert significant pricing pressure on the Group and may require the Group to renegotiate the terms of its arrangements with them, such as increasing or removing liability and indemnification thresholds and increasing the length of payment terms. Increases in the Group's labour costs, especially in the PRC where the Group may have little or no advance notice of such increases, changes in contract terms and regular price reductions have historically resulted in lower gross margins for the Group and may continue to do so in future periods. The occurrence of any of the above events could have a material and adverse effect on the Group's business, results of operations and financial performance.

Significant product failures or safety concerns about the products of the Group or the Group's customers could harm the Group's reputation and business

Continued improvements in manufacturing capabilities, quality control, material costs and successful product testing capabilities are critical to the Group's growth. The Group's efforts to monitor, develop, modify and implement stringent testing and manufacturing processes for its products may not be sufficient. If any flaw in the design, production, assembly or testing of the products of the Group or the Group's customers were to occur or if such products were believed to be unsafe, it could result in significant delays in product shipments, cancellation of orders, substantial penalties, substantial refund, recall, repair or replacement costs, an increased return rate for the Group's products, potential damage to the Group's reputation, or potential lawsuits, all of which could be time consuming and costly. As the Group normally provides a warranty for its products, a significant claim for damages related to a breach of warranty could have a material and adverse effect on the Group's business, results of operations and financial performance.

The Group may not be able to successfully develop and adopt new technology and manufacture new products and product features in order to remain competitive

The Group's long-term strategy relies in part on adopting, developing and manufacturing technological advances and new products and product features in a timely manner to meet its customers' needs, including advanced technologies such as high density interconnect. However, any new technology and products adopted or developed by the Group may not be selected by existing or potential customers. The Group's customers may switch to alternative technologies or materials, adopt new or competing industry standards with which the Group's products are incompatible or fail to adopt standards with which the Group's products are compatible. If the Group chooses to focus on a new technology or a standard that is ultimately not accepted by the industry and/or does not become the industry standard, the Group may be unable to sell those products and this could materially and adversely affect the Group's business, results of operations and financial performance.

If the Group is unable to obtain customer qualifications for new products or product features or is unable to qualify its products for high-volume production quantities or fails to execute its operational and strategic plans for new products or advanced technologies in a timely manner, the Group's sales may decrease. In addition, the Group may incur higher manufacturing costs in connection with new technology, materials, products or product features, as the Group may be required to replace, modify, design, build and install equipment, all of which would require additional capital expenditures. In such event, the Group's business, results of operations and financial performance may be materially and adversely affected.

The Group's manufacturing capacity may be interrupted, limited or delayed if it does not have sufficient sources of electricity in the PRC

The FPC fabrication process and die-casting operations for precision engineering require a stable source of electricity. As the Group's production capabilities increase in the PRC, its requirements for a stable source of electricity in the PRC will grow substantially. The Group has periodically experienced and expects to continue to experience insufficient supplies of electrical power at some of its manufacturing facilities from time to time, especially during the warmer summer months in the PRC. Although the Group has purchased several generators, such generators do not produce sufficient electricity supply to run its manufacturing facilities and are costly to operate. Power interruptions, electricity shortages, the cost of diesel fuel to run the Group's back-up generators or government intervention, particularly in the form of rationing, are factors that could restrict the Group's access to electricity at its PRC manufacturing facilities, and hence affect the Group's ability to manufacture. These could in turn result in delays in the Group's shipments to its customers and, potentially, the loss of customer orders and penalties from such customers for the delay, and may therefore materially and adversely affect the Group's business, results of operations and financial performance.

The Group may face difficulty managing its manufacturing expansion projects

The Group has engaged and may, from time to time, engage in a number of manufacturing expansion projects with a view to aligning its operations. These efforts require significant investment by the Group and may result in increased expenses and inefficiencies and reduced gross margins. There may be difficulty in managing the Group's manufacturing expansion and transition projects or in managing any growth in the Group's technology and manufacturing businesses. Risks associated with managing expansion and growth may include those related to:

- managing multiple, concurrent major manufacturing expansion projects;
- hiring and retaining employees, particularly in the PRC;
- accurately predicting any increases or decreases in demand for the Group's products and managing the Group's manufacturing capacity appropriately;
- under-utilised capacity, particularly during the start-up phase of a new manufacturing facility;
- managing increased employment costs and scrap rates often associated with periods of growth;
- implementing, integrating and improving operational and financial systems, procedures and controls, including the Group's computer systems;
- construction delays, equipment delays or shortages, labour shortages and disputes and production start-up problems;
- cost overruns and charges related to the Group's expansion activities; and
- managing expanding operations in multiple locations and multiple time zones.

The Group's management team may not be effective in expanding its manufacturing facilities and operations. Its systems, procedures and controls may also be inadequate to support such expansion. Any inability to manage the Group's growth in the technology and manufacturing businesses may harm its profitability and growth, which may materially and adversely affect the Group's business, results of operations and financial performance.

RISKS RELATING TO THE GROUP'S ENGINEERING AND DISTRIBUTION BUSINESSES

The Group's water treatment and medical waste treatment businesses are subject to extensive governmental regulations

The Group's water treatment and medical waste treatment businesses in the PRC are subject to governmental supervision and regulation by ministries of the PRC State Council and the corresponding provincial, municipal or branch offices or bureaus, which impose obligations on the Group to obtain various permits, authorisations, approvals, certificates and governmental permission. In the event of a breach of any restriction or condition subject to which such permit, authorisation, approval, certificate or governmental permission was granted, such permit, authorisation, approval, certificate or governmental permission may be suspended or revoked. In such an event, the Group's business, results of operations and financial performance may be materially and adversely affected.

The Group may also be required to renew applicable permits, authorisations, approvals, certificates or governmental permissions from different regulatory authorities in order to conduct its water treatment and medical waste treatment businesses in the PRC, whether on an ongoing basis or for its future business plans. If the Group fails to obtain or renew any of the required permits, authorisations, approvals, certificates or governmental permissions, it may be subject to various penalties, including fines and/or the discontinuation or restriction of its operations. Any such disruption in its operations may have a material and adverse impact on the Group's business, results of operations and financial performance.

In addition, the Group's medical waste treatment business in the PRC is dependent on the PRC government's enforcement of laws and regulations relating to medical waste collection and treatment. A relaxation of standards or other changes in the PRC governmental regulations of medical waste collection and treatment could reduce the demand for the Group's services and may have a material and adverse impact on the Group's business, results of operations and financial performance.

The Group's water treatment business is dependent on the concession agreements with various PRC government bodies

The Issuer's PRC subsidiaries which operate the Group's water treatment business in the PRC have entered into concession agreements with various PRC government bodies. Pursuant to these agreements, the relevant PRC government body has agreed to provide a stipulated volume of waste water and/or sewage to such subsidiaries for treatment in return for payment in the form of a tariff based on, amongst other things the volume of water and/or sewage treated. Any failure by the relevant PRC government body to supply the minimum volume of waste water and/or sewage or a default or delay in the payment of the tariff may result in a loss of income by the PRC subsidiaries. Certain PRC subsidiaries may have the benefit of a separate tariff guarantee by the relevant PRC government body in respect of its obligation to supply the minimum volume of waste water and/or sewage for treatment. If these subsidiaries face difficulty in enforcing the tariff guarantee against the relevant PRC government body, they may suffer a loss of income. In such events, the Group's business, results of operations and financial performance may be materially and adversely affected.

The handling and treatment of medical waste carries with it the risk of personal injury to its employees and damage to property

The Group's medical waste treatment business requires employees to handle materials that may be infectious or hazardous to life and property. While the Group seeks to put in place measures for employees to handle such materials with care, the possibility of accidents, leaks, spills and acts of God remains.

Human beings and animals may be injured or sickened and property may be damaged by exposure to medical waste. This in turn could expose the Group to claims. In the event that such claims are successful, the Group's business, results of operations and financial performance may be materially and adversely affected.

The Group may face risks relating to labour shortages and dependence on foreign workers

With a small local construction labour force, Singapore's engineering industry is highly dependent on foreign workers, making contractors vulnerable to the shortage and high employment cost of foreign workers. Firstly, due to Singapore's strict immigration policy which limits the supply of foreign labour, contractors may not be able to employ sufficient workers. Secondly, contractors are required to bear the levy of employing foreign workers. Further, any changes in the labour policy in Singapore or the countries of origin of foreign workers may affect the supply of foreign workers and cause disruptions to the Group's operations. In the event of a shortage of foreign workers, an increase in the cost of hiring foreign workers, or the Group being barred from employing foreign workers by the Ministry of Manpower, the Group's business, results of operations and financial performance may be adversely affected.

The Group is dependent on the engineering industries in the countries which it operates

The Group's revenue derived from its engineering business is dependent on the engineering industries in the country in which the Group operates. The performance of the engineering industries in Singapore and the countries in which the Group operates is generally dependent on the general economies in such countries. A downturn in those economies may result in reduced demand for engineering activities. Accordingly, the Group's engineering business may be subject to cyclical fluctuations of the general economies in such countries in which the Group operates. Furthermore, any downturn in the engineering industry in Singapore and the countries in which the Group operates may have an adverse effect on the Group's business, results of operations and financial performance.

The Group faces keen competition in its engineering business

The Group focuses on a limited number of large scale projects, and in pitching for these projects, the Group faces keen competition in its engineering business from new and existing competitors based in Singapore and elsewhere. Some of these competitors are established global players in the engineering industry.

There is no assurance that the Group will be able to compete effectively with its new and existing competitors and adapt quickly to the changing market conditions and trends. In the event that the Group's competitors are able to provide comparable services at lower prices or respond to changes in market conditions more swiftly or effectively than the Group, the Group's business, results of operations and financial performance may be adversely affected.

The Group is subject to construction risks

The time taken and the costs involved in completing the Group's environmental engineering projects may be adversely affected by several factors including fluctuations in costs of building materials, equipment and/or labour, accidents, environmental impacts, delays in approval from the relevant authorities, mismanagement of projects, stop-work order(s) by authorities, cost overruns and/or increase in costs, unfavourable weather conditions, unanticipated construction constraints, and other unforeseen circumstances. Any of these factors could delay the completion of the Group's engineering projects and could result in cost overruns.

As some of the Group's contracts with its clients do not allow for any adjustments to the contract value consequent to the occurrence of the foregoing circumstances, such cost overruns may have to be absorbed by the Group. Under such circumstances, the profit margin for the project may be reduced or eroded and accordingly, the Group's business, results of operations and financial performance may be adversely affected.

Further, for engineering projects, where the delay is mainly due to factors attributable to the Group, the Group may be liable for liquidated damages, which are pre-determined sums payable in the event of non-completion of a project within a stipulated period of time. Such events may have an adverse effect on the Group's business, results of operations and financial performance.

The Group may be subject to risks of disputes, claims and variation orders

Under the terms of certain engineering contracts entered into by the Group, in the event of a breach by the Group of the terms of such contracts, its clients may be entitled to claim for liquidated damages for delay in completion, defective workmanship, non-performance or other losses suffered by them by off-setting the same from retention monies or enforcing performance bonds furnished by the Group. Disputes may also arise between the Group, its contractors and clients for various reasons including defective works, delays in the completion of a project and disputes over contract specifications and the final amount payable for work done on a project and claims may be made against the Group from time to time by its contractors and clients arising from such disputes. In the event that any of such claims are successful, the Group's business, results of operations and financial performance may be adversely affected. Any legal proceedings relating to such claims may also have an adverse impact on the Group's market reputation, integrity and financial position.

From time to time, after work on a project has started, the Group's clients may request for alterations to the agreed specifications or additional works which were not originally specified. Notwithstanding that the costs for such variations may have been agreed with the clients, there remains the possibility that such costs may still be disputed by the clients. Where the dispute involves a substantial amount, such dispute may result in the final value of the variations being lower than that initially agreed as well as a delay in payment by the clients, thereby materially and adversely affecting the Group's business, results of operations and financial performance.

The Group is dependent on distributorship agreements for the brands that the Group distributes

The Group distributes specialised equipment for several industries. Each of the distributorship agreements with the respective principals contains conditions or obligations to be fulfilled by the Group. The distribution rights will continue until otherwise terminated with or without cause at the election or determination of the principals. There can be no assurance that disputes will not arise which could lead to the termination of these agreements, thereby materially and adversely affecting the Group's business, results of operations and financial performance.

The Group's engineering and equipment distribution contracts are generally undertaken on a project basis

The Group's engineering and equipment distribution contracts with its customers are generally undertaken on a project basis and it is not always possible to predict with certainty the timing or magnitude of such orders. The Group cannot guarantee that it will continue to receive orders from its customers and in the event that the Group is unable to obtain sufficient orders from its customers, the Group's business, results of operations and financial performance may be materially and adversely affected.

GENERAL RISKS RELATING TO THE GROUP'S BUSINESSES

The Group may or may not be able to successfully execute its growth strategies, including the restructuring of its portfolio of businesses and assets by divesting non-core businesses

The Group's strategies are set out in the section titled "*The Issuer - 6. Growth Strategies*". Notwithstanding that the Group has accumulated experience in its existing business segments, there is no assurance that its current principal growth strategy to strengthen its capabilities in property development, property rental and services, and hospitality business will be successfully implemented. If the Group is successful in restructuring its portfolio of businesses and assets as outlined in its plans set out in the same section titled "*The Issuer - 6. Growth Strategies*", the Group's business segments may become less diversified as one or more non-core businesses such as (but not limited to) Environmental Engineering, Systems Integration or Manufacturing may be disposed of. Accordingly, in line with the Group's strategy to divest its non-strategic businesses, non-core businesses or businesses which do not contribute significantly to the Group's revenue or profitability, there is no assurance that the Group will carry on the same business segments as those currently outlined in this Information Memorandum.

The Group faces legal and regulatory risks

The Group operates in some developing markets where the legal and regulatory regimes may be less certain than in more developed markets and may be subject to unforeseen changes. At times, the interpretation or application of laws and regulations may be unclear and the content of applicable laws and regulations may not be immediately available to the public. The legal systems of these countries are evolving and in ways that may not always coincide with market developments, resulting in ambiguities, inconsistencies, and anomalies, and in investment risks that would not exist in more developed legal and judicial systems.

Further, the principles and interpretation of the laws and regulations relating to matters such as corporate governance practices may be unclear and the application and enforcement of such corporate governance practices may be subject to uncertainty and considerable discretion. The lack of certainty in the interpretation, implementation and enforcement of the laws and regulations may affect the Group's business, results of operations and financial performance.

Certain other risks associated with the legal systems in these developing markets include (i) the untested nature of judicial independence and the judiciary's insulation from economic, political or nationalistic influences; (ii) inconsistencies between and among laws; (iii) the possibility that laws coming into force in the future may have a retrospective effect; (iv) insufficient funding and staffing of courts compared to levels in developed countries; (v) difficulties in predicting or anticipating future developments in the legal system; (vi) cultural differences and differences in corporate governance practices; and (vii) the relative unfamiliarity of judges and courts with complex commercial or financial transactions.

Further, in respect of the PRC, the Group's operations in the PRC are subject to the laws and regulations promulgated by the PRC government. The PRC legal system is a codified legal system made up of the PRC constitution, written laws, regulations, circulars, directives and other government orders. Unlike common law jurisdictions like Singapore, prior court decisions do not form part of the legal structure of the PRC and have no binding effect and can only be cited as reference. The PRC government is still in the process of developing its legal system so as to meet the needs of investors. As the PRC economy is generally developing at a faster pace than its legal system and because of the limited volume of published cases and their non-binding nature, any particular interpretation of PRC laws and regulations may not be definitive and some degree of uncertainty exists in connection with whether existing laws and regulations will apply to certain events or circumstances, and if so, the manner of such application. Additionally, as the legal system in the PRC is still evolving, laws and regulations or the interpretation of the same may be subject to change. The administration of the PRC laws and regulations may be subject to a certain degree of discretion by the executive authorities. This has resulted in the outcome of dispute resolutions not being as consistent or predictable compared to more developed jurisdictions. The PRC may not accord equivalent rights (or protection for such rights) to those rights investors might expect in countries with more sophisticated laws and regulations.

Furthermore, the PRC is geographically large and divided into various provinces and municipalities and as such, different laws, rules, regulations and policies apply in different provinces and they may have different and varying applications and interpretations in different parts of the PRC. The PRC currently does not have any centralised register or official resources where legislation enacted by the central and local authorities is made available to the public. Legislation or regulations, particularly for local applications, may be enacted without prior notice or announcement to the public. Accordingly, the Group may not be aware of the existence of new legislation or regulations. There is at present also no integrated system in the PRC from which information can be obtained in respect of legal actions, arbitrations or administrative actions. Even if an individual court-by-court search were performed, each court may refuse to make the documentation which it holds available for inspection. Accordingly, there is a risk that the Group's PRC projects may be subject to proceedings which may not have been disclosed.

Agreements which are governed under PRC laws may be more difficult to enforce by legal or arbitral proceedings in the PRC than in countries with more mature legal systems. Even if the agreements generally provide for arbitral proceedings for disputes arising out of the agreements to be in another jurisdiction, it may be difficult to obtain effective enforcement in the PRC of an arbitral award obtained in that jurisdiction. In the event that the Group's PRC projects are involved in any legal or arbitral proceedings in the PRC, the Group's business, results of operations and financial performance may be materially and adversely affected.

The Group's businesses are generally capital intensive and the Group may be unable to obtain financing on terms which are acceptable

The Group's businesses are generally capital intensive. The availability of adequate financing is crucial to the Group's ability to acquire land to complete its development projects according to plan. Further, to remain competitive, the Group must continue to make significant investments in capital equipment, facilities and technological improvements for its property development and technology businesses. The Group expects that substantial capital will be required to expand its manufacturing capacity and fund working capital for anticipated growth for its property development and technology businesses. The Group also finances its property investment and development projects and capital expenditure through internal funds, loans from financial institutions, the debt capital markets, and, in the case of property development projects, through pre-sale proceeds. In the event that such projects are financed through borrowings or other debt, the aggregate borrowings of the Group will increase. Please refer to the risk factor "*The Group may face risks arising from its indebtedness*" on page 150 of this Information Memorandum.

The Group's ability to arrange adequate financing (if at all) on terms which are acceptable to the Group depends on a number of factors that are beyond its control, including general economic and political conditions, the terms on which financial institutions are willing to extend credit to the Group and the availability of other sources of debt or equity financing. Uncertainty in the capital and credit markets may adversely affect the Group's ability to obtain financing on terms which are acceptable to the Group. Such an event may have a material and adverse impact on the Group's business, results of operations and financial performance.

If the Group is unable to obtain financing on terms which are acceptable to the Group, it may have to curtail its capital expenditure and/or defer its property development projects. Any curtailment of capital expenditure could result in a reduction in net sales, reduced quality of products, increased manufacturing costs for products, harm to reputation, reduced manufacturing efficiencies or other material and adverse effects to the Group's business, results of operations and financial performance.

The Group is subject to interest rate fluctuations

The Group is subject to the effects of interest rate fluctuations on its borrowings from financial institutions. Some of the Group's existing borrowings are on a floating interest rate basis, and the Group's future borrowings may also be on a floating interest rate basis. Consequently, the interest costs to the Group will be subject to fluctuations in interest rates.

Although the Group may enter into hedging transactions to mitigate the risk of such interest rate fluctuations, such hedging may not adequately cover the Group's exposure to interest rate fluctuations. As a result, the Group's business, results of operations and financial performance could be materially and adversely affected by interest rate fluctuations.

The Group is subject to foreign exchange risks

The Group is subject to foreign exchange risks as a result of transactions denominated in currencies other than the respective functional currencies of its subsidiaries, arising from business operations and investment activities, mainly by movements in exchange rates for United States Dollar, Malaysian Ringgit, PRC Renminbi, British Pound, Australian Dollar, Japanese Yen, Thai Baht and Euro against the Singapore Dollar. The Group also holds cash and cash equivalents denominated in foreign currencies for working capital purposes.

In addition to transactional exposure, the Group is exposed to currency translation risk arising from net investments in its foreign operations, as its consolidated financial statements are denominated in Singapore Dollar while the financial statements of its subsidiaries in foreign countries are prepared in their respective functional currencies. Any significant fluctuation of the Singapore Dollar against the respective foreign currencies may materially and adversely affect the Group's financial performance and investment value in those overseas investments.

The Group is dependent on key management personnel and other skilled personnel

The Group is dependent on the continued services of its executive officers and management, as well as other skilled personnel such as project managers and engineers. Having a team of experienced management staff and skilled personnel is critical in fulfilling the Group's contractual obligations and maintaining its relationships with its clients. The Group's continued success depends to a significant extent on its strong management team and skilled personnel. The loss of any of these personnel without timely and suitable replacement, and the inability to attract and retain qualified and experienced personnel may have a material and adverse impact on the Group's business, results of operations and financial performance.

The Group is exposed to the credit risks of its customers

The Group's financial performance and position are dependent, to a certain extent, on the creditworthiness of its customers. If there are any unforeseen circumstances affecting the ability or willingness of the Group's customers to pay the Group, the Group may experience payment delays or non-payment. In any of such events, the Group's business, results of operations and financial performance may be materially and adversely affected.

The Group is susceptible to changes in the costs of raw materials and the Group's businesses may be affected by the shortage of supply of raw materials

The major components of the Group's purchases include direct materials such as steel, cabling, cement, piping systems, copper polyimide sheets, aluminium ingots and other materials for its engineering, FPC and PCB and precision engineering businesses. Shortages in the supply of the materials the Group uses in its business may result in an increase in the price of these materials. In the event of an increase in the price of materials and the Group is unable to pass these price increases to its customers in its existing and new contracts, the Group's business, results of operations and financial performance may be materially and adversely affected.

The Group's sales and profitability may be affected by delivery and production disruptions

Production disruptions due to stoppage for maintenance, interruption in supply of materials, components or utilities and other natural disasters such as fires, floods and earthquakes may result in loss of revenues and profits. Should major production disruptions occur, the Group's production and delivery to its customers would be delayed and this may have an adverse impact on the Group's business, financial condition and results of operations. Weather conditions such as typhoons and floods, and other disruptions like political turmoil, social unrest and strikes may lead to delayed or lost deliveries or supplies. Delayed or lost deliveries may result in loss of revenue and may have an adverse impact on the Group's business, financial condition and results of operations. A break in supply deliveries of the Group's raw materials could result in disruptions to the Group's production.

The Group's insurance coverage may not be adequate

The Group maintains insurance policies covering both its assets and employees. Risks insured include fire and public liability. There are, however, certain types of losses such as losses from wars, acts of terrorism or acts of God that are generally not insured because they are either uninsurable or not economically insurable. Should an uninsured loss or a loss in excess of insured limits occur or insurers fail to fulfil their obligation for the sum insured, the Group may be required to pay compensation and/or may lose capital invested in the affected property or equipment, as well as anticipated future returns from such property or equipment. Any such loss could materially and adversely affect the Group's business, results of operations and financial performance.

The Group is subject to risks associated with joint ventures

The Group may have interests in joint ventures in connection with its business plans. Political uncertainties or new governmental regulations such as restrictions on ownership could result in a decline in the Group's investments in these joint ventures or a loss in the Group's ability to influence the management, directors and decisions made by these entities. Additionally, disagreements may occur between the Group and its joint venture partners regarding the business and operations of these entities which may not be resolved amicably, or in a manner that will be in the Group's best interests. The Group's joint venture partners may also have economic or business interests or goals that are inconsistent with those of the Group, take actions contrary to the Group's instructions, requests, policies or objectives, be unable or unwilling to fulfil their obligations, have financial difficulties or have disputes with the Group as to the scope of their responsibilities and obligations. The occurrence of these events may materially and adversely affect the performance of the joint ventures and in turn could have a material and adverse impact on the Group's business, results of operations and financial performance.

Although the Group generally seeks to maintain a sufficient level of control over its projects through ownership of a controlling interest and/or oversight over the management team in order to impose financial, management and supervisory controls, property investment and development in countries in which the Group operates may often involve the participation of local partners in these countries. Joint ventures in these countries may involve specific risks or problems associated with such joint venture partners.

Additionally, in the event of changes in prevailing economic and/or financial conditions, the Group's joint venture partners (i) may not be able to fulfill their respective contractual obligations with the Group (they may default in making payments during future capital calls or capital raising exercises); or (ii) may experience a decline in their creditworthiness. Although joint venture agreements generally contain terms that govern the treatment of such events to the detriment of the defaulting party and the Group would generally seek to enforce its rights as enumerated within these legal agreements, the occurrence of any of these events may materially and adversely affect the performance of the Group's joint ventures, which may in turn materially and adversely affect the Group's business, results of operations and financial performance.

The Issuer is exposed to certain risks because it is a holding company

As a holding company, the level of the Issuer's income and its ability to service any debt obligations and to pay dividends depend on receipt of dividends and distributions from the Issuer's subsidiaries and equity investments. The payment of dividends by the Issuer's subsidiaries and equity investments is contingent upon many factors, including its earnings and cash flows, and may be subject to legal, contractual and/or tax and accounting requirements in the relevant jurisdiction(s) and other restrictions on the payment of dividends under the terms of certain agreement(s). Any limitation on the amount of dividends which the Issuer may receive as a holding company may materially and adversely affect the Group's business, results of operations and financial performance.

The Group may face risks arising from its indebtedness

The Group, which had total assets of approximately S$4.1 billion as at 31 March 2016, had aggregate borrowings of approximately S$1.2 billion as at such date, including approximately S$654.4 million which is repayable in one year or less. While the Group has unutilised facilities and funds available for use, there can be no assurance that the Group will be able to refinance its borrowings as they become due on commercially reasonable terms, or at all. The Group may be required to meet its funding needs by procuring financing on terms which impose certain restrictions, including by limiting its ability to pay dividends or requiring it to procure consents before it can pay dividends to holders of shares. Additionally, the Group's level of indebtedness means that a material portion of its expected cash flow may be dedicated to the payment of interest on its indebtedness, thereby reducing the funds available to the Group for use for its general business operations. The Group's level of indebtedness may also restrict its ability to obtain additional financing for capital expenditure, acquisitions or general corporate purposes and may cause it to be particularly vulnerable in the event of a general economic downturn.

The Group's bank facilities contain restrictive covenants that, if not satisfied or waived, could impact the Group's ability to borrow money under these facilities and could result in acceleration of the Group's debt obligations under these facilities that may be outstanding from time to time

The Group's failure to comply with restrictive covenants in the Group's bank facilities could result in an event of default which, if not satisfied or waived, could preclude the Group from borrowing money from one or more of these facilities or may result in the Group being required to repay any borrowings it may have under the Group's facilities. If the Group is unable to borrow from these facilities to finance its operations or if it is unable to refinance borrowings under the Group's facilities that may fall due, the Group's business, results of operations and financial performance may be materially and adversely affected.

If the Group fails to secure or protect its intellectual property rights, competitors may be able to use the Group's technologies, which could weaken the Group's competitive position, reduce the Group's revenue or increase costs

The Group relies on trade secrets and its intellectual property rights for its manufacturing processes. The Group's efforts to protect its intellectual property may not be effective and may be challenged by third parties. In addition, other parties may independently develop similar or competing technologies. The Group competes in industries with rapid development and technological innovation. If the Group fails to protect its proprietary rights adequately, competitors could offer similar products using processes or technologies developed by the Group and thereby potentially harm the Group's competitive edge and financial condition.

The Group may be sued by third parties for alleged infringement of their intellectual property rights

The Group may receive notices of claims of infringement, misappropriation or misuse of other parties' intellectual property rights. Some of these claims may lead to dispute and legal proceedings. Any intellectual property lawsuit, whether or not determined in the Group's favour or settled, could be costly, harm the Group's reputation and divert the management's attention away from normal business operations. Adverse determinations in litigation could subject the Group to significant liability and could result in the loss of the Group's intellectual property rights. A successful lawsuit against the Group could also force it to cease selling or redesign products that incorporate the infringed intellectual property. In addition, the Group could be required to seek a licence from the holder of the intellectual property to use the infringed technology, and the Group may not be able to obtain a licence on commercially acceptable terms or at all. If the Group fails to develop the relevant technology on a timely basis or to licence the infringed technology on commercially acceptable terms, the Group's business, results of operations and financial performance may be materially and adversely affected.

The Group is subject to environmental regulations

The Group's operations are subject to various environmental laws in the countries where it operates. These relate mainly to the storage, discharge, handling, emission, generation, manufacture, use and disposal of chemicals, solid and hazardous waste and other toxic and hazardous materials used in the manufacture of its products. The discharge of waste and pollutants by the Group's subsidiaries into the environment may give rise to liabilities under law and the Group may be required to incur costs to remedy such discharge. There is no assurance that the Group will be able to comply with all existing applicable environmental laws and regulations, and any new laws and regulations promulgated in the future. Furthermore, any increase in costs resulting from the implementation of additional environmental protection measures and/or failure to comply with new environmental laws or regulations may have an adverse effect on the Group's business, results of operations and financial performance.

Environmental laws also require the Group to maintain and comply with a number of permits, authorisations and approvals and to maintain and update training programmes and safety data for materials used in the Group's manufacturing processes.

In the event of a violation, the Group may be required to halt one or more segments of the Group's operations until remedial actions are implemented. The costs of remedying violations or resolving enforcement actions could be substantial, which may materially and adversely affect the Group's business, results of operations and financial performance. In addition, the Group cannot predict the nature, scope or effect of future regulatory requirements to which the Group's operations may be subject or the manner in which existing or future laws will be administered or interpreted. Compliance with more stringent local laws or regulations, as well as more vigorous enforcement policies of the operating countries' regulatory agencies, could require substantial expenditure by the Group and could materially and adversely affect the Group's business, results of operations and financial performance.

The Group is exposed to disruption in the global credit markets

The global financial markets have experienced, and may continue to experience, volatility and liquidity disruptions. There have been negative developments in the global financial markets including the failure of a number of financial institutions in the U.S., the downgrading by major international credit rating agencies of credit ratings of some of the European Union member countries and financial institutions and the slowing down of the global credit and capital markets. These factors, combined with declining business and consumer confidence and increased unemployment in the U.S., United Kingdom and European Union, have resulted in a global economic slowdown. These challenging market conditions have given rise to reduced liquidity, greater volatility, widening of credit spreads, lack of price transparency in credit markets, a reduction in available financing and lack of market confidence. These developments have resulted in the failure of a number of financial institutions in the U.S. and unprecedented actions by governmental authorities and central banks around the world. There is a potential for new laws and regulations regarding lending and funding practices and liquidity standards, and governments and bank regulatory agencies are expected to be aggressive in adopting such new measures in response to concerns and identified trends.

It is difficult to predict how long these developments and measures will exist and how the Group's businesses may be affected. These developments may be exacerbated by persisting volatility in the financial sector and the capital markets or concerns about, or a default by, one or more institutions which could lead to significant market wide liquidity problems, losses or defaults by other institutions. Effects on the Group may include a decrease in valuations of assets, insolvency of counterparties with whom the Group deals and an increase in counterparty risks, delays in projects undertaken, constraints on the Group's ability to raise funds for its businesses and higher financing costs. Accordingly, the foregoing could materially and adversely affect the Group's business, results of operations and financial performance. Furthermore, it is not possible to predict what structural and/or regulatory changes may result from the current market conditions or whether such changes may have a material and adverse effect on the Group's business, results of operations and financial performance.

The financial performance, financial condition and future growth of the Group's operations may be susceptible to changes in the political, economic and social conditions of the countries in which it operates

The Group has operations in Singapore and countries outside Singapore, including the U.S., PRC, Malaysia, Australia and Thailand. The Group's overseas operations and business, results of operations and financial performance may be materially and adversely affected by changes in the legal, political, economic and social conditions in those countries it operates or distributes its products, including but not limited to:

- political unrest and economic instability;
- changes in laws and regulations;
- imposition of restrictions on currency conversion and overseas remittance;
- imposition of restrictions on foreign participation;
- uncertainty related to developing legal and regulatory systems;
- increase in protectionistic measures;
- changes in the rate and method of taxation;
- difficulties in enforcing agreements and collecting receivables;
- inadequate local infrastructure and utilities supply;
- difficulties in managing distribution channels; and
- employment and labour issues.

There is foreign exchange control in the PRC

The Group's PRC subsidiaries and associated companies are subject to the relevant PRC rules and regulations on currency conversion. In the PRC, the State Administration of Foreign Exchange ("**SAFE**") regulates the conversion of Renminbi into foreign currencies. Currently, foreign invested enterprises ("**FIEs**") are required to apply to SAFE for "Foreign Exchange Registration Certificates for FIEs". With such registration certifications, FIEs are allowed to open foreign currency accounts, including the "capital account".

The Group's PRC subsidiaries and associated companies are FIEs and the ability of its PRC subsidiaries and associated companies to pay dividends or make other distributions to it may be restricted by, amongst other things, statutory and other legal restrictions including PRC foreign exchange control restrictions. In the event that the ability of the Group's subsidiaries and associated companies to distribute funds to it is restricted, it may have an adverse effect on the Group's ability to make dividend payments or other distributions.

Tax positions which the Group has taken may be challenged and the Group is subject to the risk of changing income tax rates and laws

From time to time, the Group may be subject to various types of tax audits (including routine and special audits) in connection with which tax positions which have been taken may be challenged and overturned. If this were to occur, the Group's tax rates could significantly increase and the Group may be required to pay significant back taxes, interests and/or penalties. The outcome of tax audits cannot be predicted with certainty. If any issues addressed in the Group's tax audits are resolved in a manner inconsistent with the Group's expectations, the Group could be required to adjust its provision for income tax in the period such resolution occurs. Any significant proposed adjustments could have a material and adverse effect on the Group's business, results of operations and financial performance.

In addition, a change in tax laws, treaties or regulations, or their interpretation, of any country in which the Group operates can happen with little or no notice, and can result (including with retrospective effect) in a higher tax rate or have a material impact on the Group's tax exposure. While the Group may seek tax advice or opinions from external advisers from time to time in relation to its operations, there is no assurance that a tax position adopted by the Group (with or without such tax advice or opinion) will not be successfully challenged by the tax authorities in the countries that the Group operates in.

Also, a number of countries in which the Group's operations are located allow for tax holidays or provide other tax incentives to attract and retain business. However, any tax holiday or incentive the Group has could be challenged, modified or even eliminated by tax authorities or changes in law. Any of such changes could adversely affect the Group's effective tax rate and therefore materially and adversely affect the Group's business, results of operations and financial performance.

The Group may be affected by outbreaks of severe communicable diseases, epidemics, acts of God, war and terrorist attacks

The outbreak of communicable diseases in the countries in which the Group operates, if uncontrolled, could have an adverse effect on the overall business sentiments and environment in these countries, which may materially and adversely affect the Group's business, results of operations and financial performance. In addition, in the event of an outbreak of epidemic in these countries, if any of the Group's employees are infected with such diseases, the Group's business, results of operations and financial performance may be materially and adversely affected.

Natural disasters and other acts of God which are beyond the Group's control may adversely affect the economy, infrastructure and livelihood of the people of the countries in which the Group operates. Many major cities such as Chengdu, Suzhou and Shenyang in the PRC are under the threat of flood, earthquake, sandstorm 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, and may result in a material and adverse effect on the Group's business, results of operations and financial performance.

War and terrorist attacks may also cause damage or disruption to the Group's property and operations and its employees, facilities and customers, any of which may materially and adversely affect the Group's business, results of operations and financial performance.

Failure or inadequacy in the Group's risk management system and controls may adversely impact its business, results of operations and financial condition

The Group is exposed to various market, credit and operational risks in the ordinary course of its business. The Group's risk management framework, though designed to identify, quantify and control various risks encountered in the Group's operations, can only mitigate but not completely eliminate all risks, especially systemic risks. The framework can only provide reasonable but not absolute assurance against material misstatement or loss. If the Group's risk management system and controls fail to mitigate the risks that the Group faces, or are inadequate in doing so, the Group may suffer operational disruption, financial loss, or damage to its reputation, any of which may adversely impact the Group's business, results of operations and financial condition.

Failure to complete the proposed disposal of MFLEX could adversely affect the Group's business, financial results, operations and the Issuer's stock price

On 5 February 2016, the Group announced the proposed disposal of MFLEX to Suzhou Dongshan Precision Manufacturing Co., Ltd. (the "**Purchaser**"), a company organized under the laws of the PRC, by way of the merger (the "**Merger**") of Dragon Electronix Merger Sub Inc., a Delaware corporation and an indirect wholly-owned subsidiary of the Purchaser with and into MFLEX.

The announcement and pendency of the MFLEX disposal could cause disruptions in and create uncertainty surrounding MFLEX's business, including affecting their relationships with their existing and future customers, suppliers and employees, which could have an adverse effect on MFLEX's and the Group's business, financial results and operations, regardless of whether the proposed disposal is completed. In particular, MFLEX could potentially lose important personnel as a result of the departure of employees who decide to pursue other opportunities in light of the proposed disposal. MFLEX could also potentially lose customers or suppliers, and new customer and supplier contracts could be delayed or decreased. In addition, significant management resources have been diverted, and will continue to be diverted, towards the completion of the transaction, which could adversely affect the business and results of operations of MFLEX and the Group.

There is also no assurance that the completion of the Merger will occur. Consummation of the Merger is subject to various conditions, including, among other things, (i) the absence of certain legal impediments; (ii) the expiration or termination of the required waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended; (iii) antitrust regulatory approval in the PRC; (iv) review and clearance by the Committee on Foreign Investment in the United States; (v) certain other filings and approvals by governmental authorities in the PRC; and (vi) approval by the shareholders of MFLEX and the Purchaser. It cannot be predicted with certainty whether and when any of these conditions will be satisfied. Although there is no financing contingency in the Agreement and Plan of Merger (the "**Merger Agreement**") entered into between MFLEX and the Purchaser, the Merger could fail if the Purchaser is unable to obtain the financing for the transaction, in which event, MFLEX would likely be entitled to the reverse break fee. In addition, the Merger Agreement may be terminated under certain specified circumstances, including, but not limited to, a change in the recommendation of MFLEX's Board of Directors or a termination of the Merger Agreement by MFLEX to enter into an agreement for a "superior proposal". If the Merger is not consummated, the stock prices of MFLEX and the Issuer may decline as the stocks of both companies have recently traded based on the proposed MFLEX per stock unit price for the Merger. MFLEX and the Issuer may incur significant costs, including, among other things, the diversion of management resources, for which little or no benefit would have been received if the closing of the Merger does not occur. A failed transaction may result in negative publicity and a negative impression of MFLEX and the Group. The occurrence of any of these events individually or in combination could have a material adverse effect on the Group's business, results of operations and financial performance and the stock prices of MFLEX and the Issuer.

PURPOSE OF THE PROGRAMME AND USE OF PROCEEDS

The net proceeds arising from the issue of Securities under the Programme (after deducting issue expenses) will be used for the refinancing, funding for property development projects, making strategic investments and/or acquisitions and for general corporate purposes.

CLEARING AND SETTLEMENT

Clearance and Settlement under the Depository System

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

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

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

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

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

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

Clearance and Settlement under Euroclear and/or Clearstream, Luxembourg

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

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

Book-Entry Ownership

Bearer Securities

The Issuer may make applications to Euroclear and/or Clearstream, Luxembourg for acceptance in their respective book-entry systems in respect of any Series of Bearer Securities. The Issuer may also apply to have Bearer Securities accepted for clearance through CDP. In respect of Bearer Securities, a temporary Global Security and/or a permanent Global Security in bearer form without coupons may be deposited with a common depositary for Euroclear and/or Clearstream, Luxembourg or CDP or any other clearing system (as "**Alternative Clearing System**") as agreed between the Issuer and the relevant Dealer(s). Transfers of interests in such temporary Global Securities or permanent Global Securities will be made in accordance with the normal Euromarket debt securities operating procedures of CDP, Euroclear and Clearstream, Luxembourg or, if appropriate, the Alternative Clearing System.

Registered Securities

The Issuer may make applications to CDP, Euroclear and/or Clearstream, Luxembourg for acceptance in their respective book-entry systems in respect of the Securities to be represented by a Global Certificate.

Each Global Certificate deposited with a common depositary for, and registered in the name of, a nominee of Euroclear and/or Clearstream, Luxembourg and/or with CDP will, where applicable, have an ISIN and/or a Common Code. All Registered Securities will initially be in the form of a Global Certificate. Definitive Certificates will only be available, in the case of Securities initially represented by a Global Certificate, in amounts specified in the relevant Pricing Supplement.

Transfers of Registered Securities

Transfers of interests in Global Certificates within CDP, Euroclear and Clearstream, Luxembourg will be in accordance with the usual rules and operating procedures of the relevant clearing system.

In the case of Registered Securities to be cleared through CDP, Euroclear or Clearstream, Luxembourg, transfers may be made at any time by a holder of an interest in a Global Certificate in accordance with the relevant rules and regulations of the applicable clearing systems.

SINGAPORE TAXATION

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

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

1. Interest and other payments

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

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

(b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15% final withholding tax described below) to non-resident persons (other than non-resident individuals) is 17% with effect from the year of assessment 2010. The applicable rate for non-resident individuals is 22% with effect from the year of assessment 2017. 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%. The rate of 15% may be reduced by applicable tax treaties.

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 or 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 "break cost", "prepayment fee" and "redemption premium" are defined in the ITA as follows:

> "break cost", in relation to debt securities, qualifying debt securities or qualifying project 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;
>
> "prepayment fee", in relation to debt securities, qualifying debt securities or qualifying project 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; and
>
> "redemption premium", in relation to debt securities, qualifying debt securities or qualifying project debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

References to "break cost", "prepayment fee" and "redemption premium" in this Singapore tax disclosure have the same meaning as defined in the ITA.

As the Programme is wholly arranged by Oversea-Chinese Banking Corporation Limited, which is a Financial Sector Incentive (Standard Tier) Company (as defined in the ITA), any Tranche of the Securities issued as debt securities under the Programme during the period from the date of this Information Memorandum to 31 December 2018 (the "**Relevant Securities**") 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 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 Securities within such period as the Comptroller may specify and such other particulars in connection with the Relevant Securities as the Comptroller may require to the MAS and the inclusion by the Issuer in all offering documents relating to the Relevant Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Notes is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for qualifying debt securities shall not apply if the non-resident person acquires the Relevant Securities using funds from that person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the "**Specified Income**") from the Relevant Securities paid by the Issuer and derived by a holder who is not resident in Singapore and (aa) who 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 operation in Singapore, are exempt from Singapore tax;

(ii) subject to certain conditions having been fulfilled (including the submission by the Issuer, or such other person as the Comptroller may direct, of a return on debt securities for the Relevant Securities within such period as the Comptroller may specify and such other particulars in connection with the Relevant Securities as the Comptroller may require to the MAS), Specified Income from the Relevant Securities paid by the Issuer and derived by any company or body of persons (as defined in the ITA) in Singapore is generally subject to tax at a concessionary rate of 10%; and

(iii) subject to:

(aa) the Issuer including in all offering documents relating to the Relevant Securities a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Specified Income) derived from the Relevant Securities is not exempt from tax shall include such income in a return of income made under the ITA; and

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

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

However, notwithstanding the foregoing:

(A) if during the primary launch of any Tranche of Relevant Securities, the Relevant Securities of such Tranche are issued to fewer than four persons and 50% or more of the issue of such Relevant Securities is beneficially held or funded, directly or indirectly, by a related party or related parties of the Issuer, such Relevant Securities would not qualify as “qualifying debt securities”; and

(B) even though a Tranche of Relevant Securities are “qualifying debt securities”, if, at any time during the tenure of such Tranche of Relevant Securities, 50% or more of the issue of such Relevant Securities which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Specified Income derived from such Relevant Securities held by:

(i) any related party of the Issuer; or

(ii) any other person who acquires such Relevant Securities with funds obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term “related party”, in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

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

Under the Qualifying Debt Securities Plus Scheme ("**QDS Plus Scheme**"), subject to certain conditions having been fulfilled (including the furnishing by the Issuer or such other person as the Comptroller may direct, of a return on debt securities in respect of the qualifying debt securities within such period as the Comptroller may specify and such other particulars in connection with the qualifying debt securities as the Comptroller may require to the MAS), 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 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 QDS under the QDS Plus Scheme will not apply to any Specified Income derived from QDS issued on or after 28 June 2013 that is derived on or after the date on which the tenure of any portion of those QDS is shortened to less than 10 years from the date of their issue, where the shortening of the tenure occurs under such circumstances as may be prescribed by regulations.

The MAS Circular FSD Cir 02/2013 entitled "Extension and Refinement of Tax Concessions for Promoting the Debt Market" dated 28 June 2013 also provides 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 (ie. before the 10th year), the income tax exemption granted to income exempt under the QDS Plus Scheme prior to redemption will not be clawed back. Instead, the QDS 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 QDS scheme if the other conditions for QDS 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 takes 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 the exempt income are to be treated.

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

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

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

2. Capital Gains

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

Securityholders who adopt or 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 Relevant Securities, irrespective of disposal, in accordance with FRS 39. Please see the section below on "Adoption of FRS 39 treatment for Singapore income tax purposes".

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

The IRAS has issued a circular entitled "Income Tax Implications Arising from the Adoption of FRS 39 - Financial Instruments: Recognition & Measurement" (the "**FRS 39 Circular**"). Legislative amendments to give effect to the tax treatment set out in 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. Securityholders who may be subject to the tax treatment under the FRS 39 Circular and Section 34A of the ITA should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Relevant Securities.

4. Estate Duty

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

SUBSCRIPTION, PURCHASE AND DISTRIBUTION

The Programme Agreement provides for Securities to be offered from time to time through one or more Dealers. The price at which a Series or Tranche will be issued will be determined prior to its issue between the Issuer and the relevant Dealer(s). The Issuer may also from time to time agree with the Dealers that the Issuer may pay certain third party commissions (including without limitation, rebates to private bank investors in the Securities). The obligations of the Dealers under the Programme Agreement will be subject to certain conditions set out in the Programme Agreement. Each Dealer (acting as principal) will subscribe or procure subscribers for Securities from the Issuer pursuant to the Programme Agreement.

United States

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

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

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Programme Agreement, it will not offer, sell or deliver the Securities (1) as part of their distribution at any time or (2) otherwise until 40 days after the completion of the distribution of an identifiable tranche of which such Securities are a part,, as determined and certified to the Issuer by the Issuing and Paying Agent, by such Dealer (or, in the case of an identifiable tranche of Securities sold to or through more than one Dealer, by each of such Dealers with respect to Securities of an identifiable tranche purchased by or through it, in which case the Issuing and Paying Agent shall notify such Dealer when all such Dealers have so certified), within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each Dealer to which it sells Securities during the distribution compliance period a confirmation or other notice setting out the restrictions on offers and sales of the Securities within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act.

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

Hong Kong

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

(1) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Securities other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(2) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Singapore

Each Dealer has acknowledged that this Information Memorandum has not been registered as a prospectus with the MAS. Accordingly, each Dealer has represented, warranted and agreed that it has not offered or sold any Securities or caused the Securities to be made the subject of an invitation for subscription or purchase and will not offer or sell any Securities or cause the Securities to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Securities, whether directly or indirectly, to persons in Singapore other than (1) to an institutional investor under Section 274 of the SFA, (2) to a relevant person pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (3) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

General

Each Dealer has agreed that it will comply with all applicable securities laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers Securities or any interest therein or rights in respect thereof or has in its possession or distributes this Information Memorandum or any Pricing Supplement.

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

FORM OF PRICING SUPPLEMENT IN RELATION TO NOTES

Pricing Supplement

UNITED ENGINEERS LIMITED
(Unique Entity No.: 191200018G)
as the "**Issuer**"
(Incorporated with limited liability in Singapore)

S$1,000,000,000
Multicurrency Debt Issuance Programme

SERIES NO: [●]
TRANCHE NO: [●]
[Brief Description and Amount of Notes]
Issue Price: [●] per cent.

[Publicity Name(s) of Dealer(s)]

The date of the Pricing Supplement is [●].

This Pricing Supplement relates to the Tranche of Notes referred to above.

This Pricing Supplement, under which the Notes described herein (the "**Notes**") are issued, is supplemental to, and should be read in conjunction with, the Information Memorandum dated 16 May 2016 (as revised, supplemented, amended, updated or replaced from time to time, the "**Information Memorandum**") issued in relation to the S$1,000,000,000 Multicurrency Debt Issuance Programme of United Engineers Limited (the "**Issuer**"). Terms defined in the Information Memorandum have the same meaning in this Pricing Supplement. The Notes will be issued on the terms of this Pricing Supplement read together with the Information Memorandum. The Issuer accepts responsibility for the information contained in this Pricing Supplement which, when read together with the Information Memorandum, contains all information that is material in the context of the issue and offering of the Notes.

This Pricing Supplement does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken to permit an offering of the Notes or the distribution of this Pricing Supplement in any jurisdiction where such action is required.

Where interest, discount income, prepayment fee, redemption premium or break cost is derived from any of the Notes by any person who is (a) not resident in Singapore and (b) who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities (subject to certain conditions) under the Income Tax Act (Chapter 134 of Singapore) (the "**Income Tax Act**"), shall not apply if such person acquires such Notes using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Notes is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the Income Tax Act.

[[Except as disclosed in this Pricing Supplement, there/There] has been no material adverse change, or any development which is reasonably likely to lead to a material adverse change, in the financial condition, business, results of operations or assets of the Issuer or the Group, taken as a whole, since [date of last published audited consolidated accounts]].

UNITED ENGINEERS LIMITED

Signed: ____________________________

Director

The terms of the Notes and additional provisions relating to their issue are as follows:

[Include whichever of the following apply]

1.	Series No.:	[ ]
2.	Tranche No.:	[ ]
3.	Currency:	[ ]
4.	Principal Amount of Series:	[ ]
5.	Principal Amount of Tranche:	[ ]
6.	Form	[Bearer/Registered]
7.	Denomination Amount:	[ ]
8.	Calculation amount (if different from Denomination Amount):	[ ]
9.	Issue Date:	[ ]
10.	Redemption Amount: (including early redemption)	[Denomination Amount/[others]] [Specify early redemption amount if different from final redemption amount or if different from that set out in the Conditions
11.	Interest Basis:	[Fixed Rate/Floating Rate/Variable Rate/Hybrid/Zero-Coupon]
12.	Redemption/Payment Basis:	[Redemption at par/specify other]
13.	Interest Commencement Date:	[ ]
14.	<u>Fixed Rate Note</u>	
	(a) Maturity Date:	[ ]
	(b) Day Count Fraction:	[ ]
	(c) Interest Payment Date(s):	[ ]
	(d) Initial Broken Amount:	[ ]
	(e) Final Broken Amount:	[ ]
	(f) Interest Rate:	[ ] per cent. per annum
15.	<u>Floating Rate Notes</u>	
	(a) Redemption Month:	[ ]
	(b) Interest Determination Date:	[ ] business days prior to the first day of each Interest Period
	(c) Day Count Fraction:	[ ]

(d)	Specified Number of Months (Interest Period):	[ ]
(e)	Specified Interest Payment Dates:	[ ]
(f)	Business Day Convention:	[Floating Rate Business Day Convention/ Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/other (give details)
(g)	Benchmark:	[SIBOR, Swap Rate or other benchmark]
(h)	Primary Source:	[Specify relevant screen page or "Reference Banks"]
(i)	Reference Banks:	[Specify three]
(j)	Relevant Time:	[ ]
(k)	Relevant Financial Centre:	[The financial centre most closely connected to the Benchmark - specify if not Singapore]
(l)	Spread:	[+/-][●] per cent. per annum
(m)	Minimum Rate of Interest:	[●] per cent. per annum
(n)	Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions:	[ ]

16. Variable Rate Notes

(a)	Redemption Month:	[ ]
(b)	Interest Determination Date:	[ ] business days prior to the first day of each Interest Period
(c)	Day Count Fraction:	[ ]
(d)	Specified Number of Months (Interest Period):	[ ]
(e)	Specified Interest Payment Dates:	[ ]
(f)	Business Day Convention:	[Floating Rate Business Day Convention/ Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/other (give details)
(g)	Benchmark:	[SIBOR, Swap Rate or other benchmark]
(h)	Primary Source:	[Specify relevant screen page or "Reference Banks"]

(i)	Reference Banks:	[Specify three]
(j)	Relevant Time:	[ ]
(k)	Relevant Financial Centre:	[The financial centre most closely connected to the Benchmark - specify if not Singapore]
(l)	Spread:	[+/-][●] per cent. per annum
(m)	Minimum Rate of Interest:	[●] per cent. per annum

17. Hybrid Notes

(a)	Fixed Rate Period:	[ ]
(b)	Floating Rate Period:	[ ]
(c)	Maturity Date:	[ ]
(d)	Redemption Month:	[ ]
(e)	Interest Determination Date:	[ ] business days prior to the first day of each Interest Period
(f)	Day Count Fraction:	[ ]
(g)	Interest Payment Date(s) (for Fixed Rate Period):	[ ]
(h)	Initial Broken Amount:	[ ]
(i)	Final Broken Amount:	[ ]
(j)	Interest Rate:	[●] per cent. per annum
(k)	Specified Number of Months (Interest Period):	[ ]
(l)	Specified Interest Payment Date(s) (for Floating Rate Period):	[ ]
(m)	Business Day Convention:	[Floating Rate Business Day Convention/ Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/other (give details)
(n)	Benchmark:	[SIBOR, Swap Rate or other benchmark]
(o)	Primary Source:	[Specify relevant screen page or "Reference Banks"]
(p)	Reference Banks:	[Specify three]
(q)	Relevant Time:	[ ]
(r)	Relevant Financial Centre:	[The financial centre most closely connected to the Benchmark - specify if not Singapore]

(s)	Spread:	[+/-][●] per cent. per annum
(t)	Minimum Rate of Interest:	[●] per cent. per annum
(u)	Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Hybrid Notes during the Floating Rate Period, if different from those set out in the Conditions:	[ ]

18.	<u>Zero-Coupon Notes</u>	[Applicable/Not Applicable]
(a)	Maturity Date:	[ ]
(b)	Amortisation Yield:	[●] per cent. per annum
(c)	Any other formula/basis of determining amount payable:	[ ]
(d)	Day Count Fraction:	[ ]
(e)	Any amount payable under Condition 7(h) (Default interest on the Notes):	[ ]
19.	Noteholders' Redemption Option: Noteholders' Redemption Option Period (Condition 6(b))	[Yes/No] [Specify maximum and minimum number of days for notice period – a minimum notice period of 15 business days is required for Notes to be cleared through Euroclear and/or Clearstream, Luxembourg] [Specify Dates]
20.	Issuer's Redemption Option: Issuer's Redemption Option Period (Condition 6(c))	[Yes/No] [Specify maximum and minimum number of days for notice period – a minimum notice period of five (5) business days is required for Notes to be cleared through Euroclear and/or Clearstream, Luxembourg] [Specify Dates]
21.	Issuer's Purchase Option: Issuer's Purchase Option Period (Condition 6(d))	[Yes/No] [Specify maximum and minimum number of days for notice period – a minimum notice period of five (5) business days is required for Notes to be cleared through Euroclear and/or Clearstream, Luxembourg] [Specify Dates]
22.	Noteholders' VRN Purchase Option: Noteholders' VRN Purchase Option Period (Condition 6(e)(i))	[Yes/No] [Specify maximum and minimum number of days for notice period – a minimum notice period of 15 business days is required for Notes to be cleared through Euroclear and/or Clearstream, Luxembourg] [Specify Dates]

23.	Noteholders' Purchase Option: Noteholders' Purchase Option Period (Condition 6(e)(ii))	[Yes/No] [Specify maximum and minimum number of days for notice period – a minimum notice period of 15 business days is required for Notes to be cleared through Euroclear and/or Clearstream, Luxembourg] [Specify Dates]
24.	Redemption for Taxation Reasons: (Condition 6(f))	[Yes/No/Not applicable] [on [insert other dates of redemption not on interest payment dates]] [Specify maximum and minimum number of days for notice period – a minimum notice period of five (5) business days is required for Notes to be cleared through Euroclear and/or Clearstream, Luxembourg]
25.	Notes to be represented on issue by:	[Temporary Global Security /Permanent Global Security /Global Certificate]
26.	Temporary Global Security exchangeable for Definitive Notes:	[Yes/No]
27.	Temporary Global Security exchangeable for Permanent Global Security:	[Yes/No]
28.	Applicable TEFRA exemption:	[C Rules/D Rules/Not Applicable]
29.	Method of issue of Notes:	[Individual Dealer/Syndicated Issue]
30.	The following Dealer(s) [is/are] subscribing for the Notes:	[Insert legal name(s) of Dealer(s)]
31.	The aggregate principal amount of Notes issued has been translated in Singapore Dollars at the rate of [●] producing a sum of (for Notes not denominated in Singapore Dollars):	S$[●]
32.	Listing:	[ ]
33.	ISIN Code:	[ ]
34.	Common Code:	[ ]
35.	Clearing System(s):	[Not Applicable/Euroclear/Clearstream, Luxembourg/The Central Depository (Pte) Limited/others]
36.	Depository:	[Common depositary for Euroclear/ Clearstream, Luxembourg/The Central Depository (Pte) Limited/others]
37.	Delivery:	Delivery [against/free of] payment
38.	Other terms:	[ ]

39.	Issuing and Paying Agent:	[ ]
40.	Calculation Agent:	[Not Applicable/Name, location and office]
41.	Registrar:	[Not Applicable/Name, location and office]
42.	Stabilising Manager:	[Applicable/Not Applicable]
43.	Use of Proceeds:	

Details of any additions or variations to terms and conditions of the Notes as set out in the Information Memorandum:

Any additions or variations to the selling restrictions:

FORM OF PRICING SUPPLEMENT IN RELATION TO PERPETUAL SECURITIES

Pricing Supplement

UNITED ENGINEERS LIMITED
(Unique Entity No.: 191200018G)
as the "**Issuer**"
(Incorporated with limited liability in Singapore)

S$1,000,000,000
Multicurrency Debt Issuance Programme

SERIES NO: [●]
TRANCHE NO: [●]
[Brief Description and Amount of Perpetual Securities]
Issue Price: [●] per cent.

[Publicity Name(s) of Dealer(s)]

The date of the Pricing Supplement is [●].

This Pricing Supplement relates to the Tranche of Perpetual Securities referred to above.

This Pricing Supplement, under which the Perpetual Securities described herein (the "**Perpetual Securities**") are issued, is supplemental to, and should be read in conjunction with, the Information Memorandum dated 16 May 2016 (as revised, supplemented, amended, updated or replaced from time to time, the "**Information Memorandum**") issued in relation to the S$1,000,000,000 Multicurrency Debt Issuance Programme of United Engineers Limited (the "**Issuer**"). Terms defined in the Information Memorandum have the same meaning in this Pricing Supplement. The Perpetual Securities will be issued on the terms of this Pricing Supplement read together with the Information Memorandum. The Issuer accepts responsibility for the information contained in this Pricing Supplement which, when read together with the Information Memorandum, contains all information that is material in the context of the issue and offering of the Perpetual Securities.

[An advance tax ruling will be requested from the Inland Revenue Authority of Singapore ("**IRAS**") to confirm, amongst other things, whether the IRAS would regard the Perpetual Securities as debt securities for the purposes of the Income Tax Act, Chapter 134 of Singapore (the "**Income Tax Act**") and the tax treatment of distributions in respect of the Perpetual Securities (including Arrears of Distribution and any Additional Distribution Amount) as interest payable on indebtedness such that holders of the Perpetual Securities may enjoy the tax concessions and exemptions available for qualifying debt securities under the qualifying debt securities scheme, as set out in the section "Singapore Taxation" of the Information Memorandum provided that the relevant conditions are met.

There is no guarantee that a favourable ruling will be obtained from the IRAS. In addition, no assurance is given that the Issuer can provide all information or documents requested by IRAS for the purpose of the ruling request, and a ruling may not therefore be issued.

No assurance, warranty or guarantee is given on the tax treatment to holders of the Perpetual Securities in respect of the distributions payable to them. Investors should therefore consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of the Perpetual Securities.][#]

The following language applies if the IRAS regards the Perpetual Securities as "debt securities" and falling within the ambit of "qualifying debt securities" for the purposes of the Income Tax Act:

This Pricing Supplement does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken to permit an offering of the Perpetual Securities or the distribution of this Pricing Supplement in any jurisdiction where such action is required.

[In the event that the Perpetual Securities are regarded as debt securities and are qualifying debt securities for the purposes of the Income Tax Act,] where interest, discount income, prepayment fee, redemption premium or break cost is derived from any of the Perpetual Securities by any person who (i) is not resident in Singapore and (ii) carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities (subject to certain conditions) under the Income Tax Act, shall not apply if such person acquires such Perpetual Securities using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Perpetual Securities is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the Income Tax Act.

[[Except as disclosed in this Pricing Supplement, there/There] has been no material adverse change, or any development which is reasonably likely to lead to a material adverse change, in the financial condition, business, results of operations or assets of the Issuer or the Group, taken as a whole, since [date of latest published consolidated accounts]].

UNITED ENGINEERS LIMITED

Signed: ____________________________
Director

To be inserted where an advance tax ruling will be requested from the IRAS.

The terms of the Perpetual Securities and additional provisions relating to their issue are as follows:

[Include whichever of the following apply]

1.	Series No.:	[ ]
2.	Tranche No.:	[ ]
3.	Currency:	[ ]
4.	Principal Amount of Series:	[ ]
5.	Principal Amount of Tranche:	[ ]
6.	Form	[Bearer/Registered]
7.	Denomination Amount:	[ ]
8.	Calculation amount (if different from Denomination Amount):	[ ]
9.	Issue Date:	[ ]
10.	Redemption Amount: (including early redemption)	[Denomination Amount/[others]] [Specify early redemption amount if different from final redemption amount or if different from that set out in the Conditions
11.	Status of the Perpetual Securities	[Senior Perpetual Securities / Subordinated Perpetual Securities]
12.	Distribution Basis:	[Fixed Rate/Floating Rate]
13.	Distribution Commencement Date:	[ ]
14.	<u>Fixed Perpetual Security</u>	
	(a) Day Count Fraction:	[ ] [To insert 2000 or 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc.]
	(b) Distribution Payment Date(s):	[ ]
	(c) Initial Broken Amount:	[ ]
	(d) Final Broken Amount:	[ ]
	(e) Distribution Rate:	[ ] per cent. per annum
	(f) First Reset Date:	[ ]
	(g) Reset Date:	[ ]
	(h) Reset Period:	[ ]
	(i) Relevant Rate:	[Specify benchmark, if not swap offer rate]
	(j) Initial Spread:	[ ]

	(k)	Step-Up Margin:	[ ]
	(l)	Step-Up Date:	[ ]
	(m)	Reference Banks:	[Specify three]
	(n)	[Change of Control Margin:	[ ]]
15.	Floating Rate Perpetual Security		
	(a)	Distribution Determination Date:	[ ] business days prior to the first day of each Distribution Period
	(b)	Day Count Fraction:	[ ] [To insert 2000 or 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc.]
	(c)	Specified Number of Months (Distribution Period):	[ ]
	(d)	Specified Distribution Payment Dates:	[ ]
	(e)	Business Day Convention:	[Floating Rate Business Day Convention/ Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention/other (give details)
	(f)	Benchmark:	[SIBOR, Swap Rate or other benchmark]
	(g)	Primary Source:	[Specify relevant screen page or "Reference Banks"]
	(h)	Reference Banks:	[Specify three]
	(i)	Relevant Time:	[ ]
	(j)	Relevant Financial Centre:	[The financial centre most closely connected to the Benchmark - specify if not Singapore]
	(k)	Spread:	[+/-][●] per cent. per annum
	(l)	Minimum Rate of Interest:	[●] per cent. per annum
	(m)	Fall back provisions, rounding provisions and any other terms relating to the method of calculating distribution on Floating Rate Perpetual Securities, if different from those set out in the Conditions:	[ ]
16.	Optional Payment:		[ ]
17.	Dividend Stopper:		[ ]

18.	Dividend Pusher and Reference Period:	[ ] [ ] months
19.	Non-Cumulative Deferral:	[ ]
20.	Cumulative Deferral:	[ ]
21.	Additional Distribution:	[ ]
22.	Issuer's Redemption Option: Issuer's Redemption Option Period (Condition 5(b))	[Yes/No] [Specify maximum and minimum number of days for notice period – a minimum notice period of five (5) business days is required for Securities to be cleared through Euroclear and/or Clearstream, Luxembourg] [Specify Dates]
23.	Redemption for Taxation Reasons: Issuer's Redemption Option Period (Condition 5(c))	[Yes/No/Not applicable] [on [insert other dates of redemption not on distribution payment dates]] [Specify maximum and minimum number of days for notice period – a minimum notice period of five (5) business days is required for Securities to be cleared through Euroclear and/or Clearstream, Luxembourg]
24.	Redemption for Accounting Reasons: Issuer's Redemption Option Period (Condition 5(d))	[Yes/No] [Specify maximum and minimum number of days for notice period – a minimum notice period of five (5) business days is required for Securities to be cleared through Euroclear and/or Clearstream, Luxembourg]
25.	Redemption for Tax Deductibility Reasons: Issuer's Redemption Option Period (Condition 5(e))	[Yes/No] [Specify maximum and minimum number of days for notice period – a minimum notice period of five (5) business days is required for Securities to be cleared through Euroclear and/or Clearstream, Luxembourg]
26.	Redemption upon a Change in Control: Issuer's Redemption Option Period (Condition 5(f))	[Yes/No] [Specify maximum and minimum number of days for notice period – a minimum notice period of five (5) business days is required for Securities to be cleared through Euroclear and/or Clearstream, Luxembourg]
27.	Redemption in the case of Minimal Outstanding Amount: Issuer's Redemption Option Period (Condition 5(g))	[Yes/No] [Specify maximum and minimum number of days for notice period – a minimum notice period of five (5) business days is required for Securities to be cleared through Euroclear and/or Clearstream, Luxembourg]
28.	Perpetual Securities to be represented on issue by:	[Temporary Global Security/Permanent Global Security/Global Certificate]
29.	Talons for future Coupons to be attached to Definitive Perpetual Securities:	[Yes/No. If yes, *give details*]

30.	Applicable TEFRA exemption:	[C Rules/D Rules/Not Applicable]
31.	Listing:	[ ]
32.	ISIN Code:	[ ]
33.	Common Code:	[ ]
34.	Clearing System(s):	[Not Applicable/Euroclear/Clearstream, Luxembourg/The Central Depository (Pte) Limited/others]
35.	Depository:	[Common depositary for Euroclear/ Clearstream, Luxembourg/The Central Depository (Pte) Limited/others]
36.	Delivery:	Delivery [against/free of] payment
37.	Method of issue of Perpetual Securities:	[Individual Dealer/Syndicated Issue]
38.	The following Dealer(s) [is/are] subscribing for the Perpetual Securities:	[Insert legal name(s) of Dealer(s)]
39.	The aggregate principal amount of Perpetual Securities issued has been translated in Singapore Dollars at the rate of [●] producing a sum of (for Perpetual Securities not denominated in Singapore Dollars):	S$[●]
40.	Other terms:	[ ]
41.	Issuing and Paying Agent:	[ ]
42.	Calculation Agent:	[Not Applicable/Name, location and office]
43.	Registrar:	[Not Applicable/Name, location and office]
44.	Stabilising Manager:	[Applicable/Not Applicable]
45.	Use of Proceeds:	[ ]

Details of any additions or variations to terms and conditions of the Perpetual Securities as set out in the Information Memorandum:

Any additions or variations to the selling restrictions:

GENERAL AND OTHER INFORMATION

INFORMATION ON DIRECTORS

1. (a) The names and positions of the Directors are set out below:

Name	Position
Mr Tan Ngiap Joo	Chairman, Independent and Non-Executive Director
Mr Norman Ip Ka Cheung	Group Managing Director, Non-Independent and Executive Director
Mr Koh Beng Seng	Independent and Non-Executive Director
Mr Koh Poh Tiong	Independent and Non-Executive Director
Dr Michael Lim Chun Leng	Independent and Non-Executive Director
Mr David Wong Cheong Fook	Independent and Non-Executive Director

(b) No Director is or has been involved in any of the following events:

(i) 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;

(ii) 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 which may lead to such a conviction or judgment, or so far as such person is aware, any criminal investigation pending against him; or

(iii) 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.

(c) As at the Latest Practicable Date, none of the Directors is related by blood or marriage to one another nor are any of them related by blood or marriage to any substantial shareholder of the Issuer.

(d) No option to subscribe for Shares or debentures of the Issuer has been granted to, or was exercised by, any Director during the last financial year ended 31 December 2015 up to the Latest Practicable Date.

(e) The interests of the Directors in the Shares and the interests of the substantial shareholders of the Issuer in the Shares and preference shares of the Issuer as at the Latest Practicable Date are as follows:

Directors

	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Mr Tan Ngiap Joo	89,850	0.014	–	–
Dr Michael Lim Chun Leng	144,776	0.023	–	–
Mr David Wong Cheong Fook	10,000	0.002	–	–

Substantial Shareholders of the Issuer

	Stock Units				Preference Shares			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%	Number of Preference Shares	%	Number of Preference Shares	%
Oversea-Chinese Banking Corporation Limited(1)	26,233,458	4.12	104,175,958	16.35	20,500	2.34	591,800	67.63
Great Eastern Holdings Limited(2)	–	–	104,175,958	16.35	–	–	591,800	67.63
The Great Eastern Life Assurance Company Limited	80,240,675	12.59	–	–	537,207	61.40	–	–
Lee Foundation States of Malaya	52,673,116	8.27	–	–	–	–	–	–
Kambau Pte Ltd	–	–	–	–	69,000	7.89	–	–
Dr Tan Kheng Lian(3)	–	–	–	–	–	–	69,000	7.89
Grange Investment Holdings Pte Ltd (BVI Company)(3)	–	–	–	–	–	–	69,000	7.89

Notes:

(1) Oversea-Chinese Banking Corporation Limited is deemed to have an interest in:

(a) 104,175,958 Shares, of which 80,235,499 Shares were held by The Great Eastern Life Assurance Company Limited, 17,098,075 Shares were held by The Overseas Assurance Corporation Limited, 6,821,680 Shares were held by The Great Eastern Trust Private Limited, 5,176 Shares were held by United Overseas Bank Nominees Pte Ltd (for the beneficial interest of The Great Eastern Life Assurance Company Limited), 5,176 Shares were held by United Overseas Bank Nominees Pte Ltd (for the beneficial interest of The Great Eastern Trust Private Limited) and 10,352 Shares were held by Citibank Nominees Singapore Pte Ltd (for the beneficial interest of The Overseas Assurance Corporation Limited); and

(b) 591,800 Preference Shares, of which 535,207 Preference Shares were held by The Great Eastern Life Assurance Company Limited, 41,357 Preference Shares were held by The Great Eastern Trust Private Limited, 9,236 Preference Shares were held by The Overseas Assurance Corporation Limited, 2,000 Preference Shares were held by United Overseas Bank Nominees Pte Ltd (for the beneficial interest of The Great Eastern Life Assurance Company Limited), 2,000 Preference Shares were held by United Overseas Bank Nominees Pte Ltd (for the beneficial interest of The Great Eastern Trust Private Limited) and 2,000 Preference Shares were held by Citibank Nominees Singapore Pte Ltd (for the beneficial interest of The Overseas Assurance Corporation Limited).

(2) Great Eastern Holdings Limited is deemed to have an interest in:

(a) 104,175,958 Shares, of which 80,235,499 Shares were held by The Great Eastern Life Assurance Company Limited, 17,098,075 Shares were held by The Overseas Assurance Corporation Limited, 6,821,680 Shares were held by The Great Eastern Trust Private Limited, 5,176 Shares were held by United Overseas Bank Nominees Pte Ltd (for the beneficial interest of The Great Eastern Life Assurance Company Limited), 5,176 Shares were held by United Overseas Bank Nominees Pte Ltd (for the beneficial interest of The Great Eastern Trust Private Limited) and 10,352 Shares were held by Citibank Nominees Singapore Pte Ltd (for the beneficial interest of The Overseas Assurance Corporation Limited); and

(b) 591,800 Preference Shares, of which 535,207 Preference Shares were held by The Great Eastern Life Assurance Company Limited, 41,357 Preference Shares were held by The Great Eastern Trust Private Limited, 9,236 Preference Shares were held by The Overseas Assurance Corporation Limited, 2,000 Preference Shares were held by United Overseas Bank Nominees Pte Ltd (for the beneficial interest of The Great Eastern Life Assurance Company Limited), 2,000 Preference Shares were held by United Overseas Bank Nominees Pte Ltd (for the beneficial interest of The Great Eastern Trust Private Limited) and 2,000 Preference Shares were held by Citibank Nominees Singapore Pte Ltd (for the beneficial interest of The Overseas Assurance Corporation Limited).

(3) Dr Tan Kheng Lian and Grange Investment Holdings Pte Ltd (BVI Company) are deemed to be interested in the Preference Shares held by Kambau Pte Ltd.

SHARE CAPITAL

2. As at the date of this Information Memorandum, there is only one (1) class of ordinary shares (each converted into stock units) and one (1) class of preference shares in the Issuer. The rights and privileges attached to the Shares and the preference shares are stated in the Constitution of the Issuer.

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

Share Designation	Issued Share(s)	Issued Share Capital (S$)
Ordinary Shares	637,276,493	827,963,324.17
7.5 cents Cumulative Preference Shares	875,000	875,000.00

BORROWINGS

4. Save as disclosed in Appendix IV, the Issuer had as at 31 March 2016 no other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trading bills) or acceptance credits, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

WORKING CAPITAL

5. The Directors are of the opinion that, after taking into account the present banking facilities and the net proceeds of the issue of the Securities (if any), the Issuer will have adequate working capital for its present requirements.

CHANGES IN ACCOUNTING POLICIES

6. There have been no significant changes in the accounting policies of the Issuer since its audited consolidated financial statements for FY2015.

MATERIAL ADVERSE CHANGE

7. There has been no material adverse change in the financial condition or business of the Issuer or the Group since 31 December 2015.

LITIGATION

8. There are no legal or arbitration proceedings pending or threatened against the Issuer or any of its subsidiaries the outcome of which may have or have had during the 12 months prior to the date of this Information Memorandum a material adverse effect on the financial position of the Issuer or the Group.

CONSENT

9. Ernst & Young LLP has given and has not withdrawn their written consent to the issue of this Information Memorandum with the references herein to its name and reports in the form and context in which they appear in this Information Memorandum.

DOCUMENTS AVAILABLE FOR INSPECTION

10. Copies of the following documents may be inspected at the registered office of the Issuer at 12 Ang Mo Kio Street 64, #01-01 UE BizHub CENTRAL, Singapore 569088 during normal business hours for a period of six (6) months from the date of this Information Memorandum:

    (a) the Constitution of the Issuer;

    (b) the Trust Deed;

    (c) the letter of consent referred to in paragraph 9 above; and

    (d) the audited consolidated financial statements of the Group for FY2013, FY2014 and FY2015.

FUNCTIONS, RIGHTS AND OBLIGATIONS OF THE TRUSTEE

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

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

The information in this Appendix II has been reproduced from the audited consolidated financial statements of the Group for the financial year ended 31 December 2014 and has not been specifically prepared for inclusion in this Information Memorandum. Investors should read the consolidated financial data in conjunction with the related notes.

Independent Auditor's Report

To the Members of United Engineers Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of United Engineers Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 64 to 178, which comprise the statements of financial position of the Group and the Company as at 31 December 2014, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

OPINION

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

ERNST & YOUNG LLP
Public Accountants and
Chartered Accountants
Singapore

18 March 2015

Consolidated Income Statement

For the financial year ended 31 December 2014

	Note	GROUP 2014 $000	2013[1] $000
Continuing operations			
Revenue	4	**3,209,321**	1,664,921
Cost of sales		**(2,794,731)**	(1,434,219)
Gross profit		**414,590**	230,702
Other items of income			
Interest income	5	**3,183**	1,612
Other income	6	**19,380**	179,711
Other items of expense			
Distribution costs		**(98,610)**	(69,933)
Administrative expenses		**(172,618)**	(167,631)
Finance costs	7	**(41,965)**	(31,605)
Other expenses		**(47,921)**	(95,386)
Share of profit/(loss) from equity-accounted associates		**97**	(1,265)
Share of (loss)/profit from equity-accounted joint ventures		**(382)**	6,961
Profit before tax from continuing operations	8	**75,754**	53,166
Income tax expense	9	**(35,267)**	(40,146)
Profit from continuing operations, net of tax		**40,487**	13,020
Discontinued operation			
Profit from discontinued operation, net of tax	10	**90,055**	47,312
Profit net of tax		**130,542**	60,332
Profit/(loss) attributable to:			
Owners of the Company			
- Continuing operations, net of tax		**46,036**	89,544
- Discontinued operation, net of tax		**77,547**	28,516
		123,583	118,060
Non-controlling interests			
- Continuing operations, net of tax		**(5,549)**	(76,524)
- Discontinued operation, net of tax		**12,508**	18,796
		6,959	(57,728)
Earnings per stock unit - continuing operations attributable to owners of the Company (cents)			
Basic	11(a)	**7.2**	18.6
Diluted	11(a)	**7.2**	18.2
Earnings per stock unit (cents)			
Basic	11(b)	**19.4**	24.5
Diluted	11(b)	**19.4**	24.0

[1] The comparative figures have been re-presented to report separately profit and loss items of continuing and discontinued operations (Note 10).

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

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2014

	GROUP	
	2014	2013
	$000	$000
Profit net of tax	**130,542**	60,332
Other comprehensive income		
Items that will not be reclassified to income statement:		
Remeasurements of defined benefit pension plans	**(4,161)**	–
Items that may be reclassified subsequently to income statement:		
Gains on exchange differences on translation, net of tax	**29,192**	1,864
Gains on remeasuring available-for-sale financial assets, net of tax	**87**	11,844
Realisation of reserves on deemed disposal of available-for-sale financial assets, net of tax	–	(1,895)
Realisation of reserves on disposal of available-for-sale financial assets, net of tax	–	(11,922)
Realisation of reserves on deemed disposal of available-for-sale financial assets held through associates, net of tax	–	(19,520)
Realisation of reserves on disposal of subsidiaries, net of tax	**(5,324)**	–
Share of other comprehensive income from equity-accounted associates, net of tax	**(298)**	(700)
	23,657	(20,329)
Other comprehensive income, net of tax	**19,496**	(20,329)
Total comprehensive income	**150,038**	40,003
Attributable to:		
Owners of the Company	**130,312**	95,950
Non-controlling interests	**19,726**	(55,947)
Total comprehensive income for the year	**150,038**	40,003
Attributable to:		
Owners of the Company		
Total comprehensive income from continuing operations, net of tax	**45,581**	48,638
Total comprehensive income from discontinued operation, net of tax	**84,731**	47,312
Total comprehensive income for the year attributable to owners of the Company	**130,312**	95,950

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

Statements of Financial Position

As at 31 December 2014

	Note	GROUP 2014 $000	GROUP 2013 $000	COMPANY 2014 $000	COMPANY 2013 $000
ASSETS					
Non-current assets					
Property, plant and equipment	12	**389,315**	782,243	**23,813**	23,766
Investment properties	13	**1,847,071**	1,870,923	**675,100**	675,000
Intangible assets	14	**30,965**	86,938	**–**	–
Interests in subsidiaries	15	**–**	–	**1,216,472**	1,698,498
Interests in associates	16	**115,706**	195,059	**315**	315
Interests in joint ventures	17	**93,224**	114,565	**–**	–
Deferred tax assets	18	**56,522**	63,176	**–**	–
Other investments	19	**32,220**	32,274	**6,808**	7,202
Trade and other receivables	21	**104**	11,499	**–**	–
Total non-current assets		**2,565,127**	3,156,677	**1,922,508**	2,404,781
Current assets					
Inventories	20	**122,122**	303,099	**–**	–
Income tax receivables		**2,037**	2,614	**–**	–
Trade and other receivables	21	**298,343**	573,877	**44,836**	42,352
Other investments	19	**–**	305	**–**	–
Gross amount due from customers for contract work	22	**39,004**	23,953	**–**	–
Prepayments		**12,663**	15,601	**2,023**	1,285
Properties held for sale	23	**1,130,137**	1,609,536	**–**	–
Bank balances and deposits	24	**650,247**	905,399	**60,276**	38,399
		2,254,553	3,434,384	**107,135**	82,036
Assets of disposal group classified as held for sale	10	**80,734**	349,174	**–**	–
Total current assets		**2,335,287**	3,783,558	**107,135**	82,036
Total assets		**4,900,414**	6,940,235	**2,029,643**	2,486,817
EQUITY AND LIABILITIES					
Equity					
Share capital	25(a)	**807,270**	793,811	**807,270**	793,811
Treasury shares	25(b)	**(62,313)**	(62,313)	**–**	–
Retained earnings		**1,037,857**	943,447	**795,743**	657,678
Other reserves	26	**21,032**	36,715	**9,694**	24,705
Equity attributable to owners of the Company		**1,803,846**	1,711,660	**1,612,707**	1,476,194
Non-controlling interests		**576,348**	809,696	**–**	–
Total equity		**2,380,194**	2,521,356	**1,612,707**	1,476,194
Non-current liabilities					
Provisions	29	**102,834**	85,929	**–**	–
Deferred tax liabilities	18	**78,076**	116,184	**–**	68
Trade and other payables	30	**2,553**	15,493	**–**	–
Borrowings	27	**1,383,134**	1,769,209	**276,068**	354,341
Total non-current liabilities		**1,566,597**	1,986,815	**276,068**	354,409
Current liabilities					
Provisions	29	**14,861**	19,584	**–**	–
Income tax payable		**61,511**	114,333	**4,658**	4,580
Trade and other payables	30	**508,209**	1,114,435	**21,210**	20,412
Borrowings	27	**333,775**	1,113,067	**115,000**	631,222
Gross amount due to customers for contract work	22	**3,035**	20,059	**–**	–
		921,391	2,381,478	**140,868**	656,214
Liabilities of disposal group classified as held for sale	10	**32,232**	50,586	**–**	–
Total current liabilities		**953,623**	2,432,064	**140,868**	656,214
Total liabilities		**2,520,220**	4,418,879	**416,936**	1,010,623
Total equity and liabilities		**4,900,414**	6,940,235	**2,029,643**	2,486,817

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

Statements of Changes in Equity

For the financial year ended 31 December 2014

GROUP

	Total equity $000	Equity attributable to owners of the Company $000	Share capital (Note 25(a)) $000	Treasury Shares (Note 25(b)) $000	Retained earnings $000	Other reserves (Note 26) $000	Non-controlling interests $000
		Attributable to owners of the Company					
Opening balance at 01/01/2014	2,521,356	1,711,660	793,811	(62,313)	943,447	36,715	809,696
Profit for the year	130,542	123,583	–	–	123,583	–	6,959
Remeasurements of defined benefit pension plans	(4,161)	(2,813)	–	–	(2,813)	–	(1,348)
Gains on exchange differences on translation, net of tax	29,192	15,077	–	–	–	15,077	14,115
Gains on remeasuring available-for-sale financial assets, net of tax	87	87	–	–	–	87	–
Realisation of reserves to income statement on disposal of subsidiaries, net of tax	(5,324)	(5,324)	–	–	–	(5,324)	–
Share of other comprehensive income from equity-accounted associate, net of tax	(298)	(298)	–	–	–	(298)	–
Other comprehensive income for the year	19,496	6,729	–	–	(2,813)	9,542	12,767
Total comprehensive income for the year	150,038	130,312	–	–	120,770	9,542	19,726
Contributions by and distributions to owners							
Ordinary shares issued on conversion of convertible bonds converted into ordinary stocks	12,044	12,044	12,044	–	–	–	–
Ordinary shares issued on exercise of share options converted into ordinary stocks	1,415	1,415	1,415	–	–	–	–
Equity portion of convertible bonds	(9)	(9)	–	–	–	(9)	–
Transfer of equity component of convertible bonds to retained earnings upon lapse of the conversion option	–	–	–	–	14,658	(14,658)	–
Dividends paid (Note 31)	(43,110)	(43,110)	–	–	(43,110)	–	–
Dividend paid to non-controlling interests	(15,556)	–	–	–	–	–	(15,556)
Total contributions by and distributions to owners	(45,216)	(29,660)	13,459	–	(28,452)	(14,667)	(15,556)
Changes in ownership interests in subsidiaries							
Additional interests in subsidiaries	(133,597)	(8,892)	–	–	–	(8,892)	(124,705)
Contribution from non-controlling interests	984	–	–	–	–	–	984
Dilution of interests in subsidiaries	(690)	(3,662)	–	–	–	(3,662)	2,972
Disposal of interests in subsidiaries	(120,235)	–	–	–	–	–	(120,235)
Employee share option scheme/ share appreciation rights:							
- value of employee services	5,360	2,977	–	–	–	2,977	2,383
Income tax benefit arising from share-based compensation	2,194	1,111	–	–	–	1,111	1,083
Reclassification of reserves to retained earnings upon disposal of interests in subsidiaries	–	–	–	–	2,092	(2,092)	–
Total changes in ownership interests in subsidiaries	(245,984)	(8,466)	–	–	2,092	(10,558)	(237,518)
Total transactions with owners in their capacity as owners	(291,200)	(38,126)	13,459	–	(26,360)	(25,225)	(253,074)
Closing balance at 31/12/2014	2,380,194	1,803,846	807,270	(62,313)	1,037,857	21,032	576,348

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

Statements of Changes in Equity

For the financial year ended 31 December 2014

GROUP

	Total equity $000	Equity attributable to owners of the Company $000	Share capital (Note 25(a)) $000	Treasury Shares (Note 25(b)) $000	Retained earnings $000	Other reserves (Note 26) $000	Non-controlling interests $000
		Attributable to owners of the Company					
Opening balance at 01/01/2013	1,305,939	1,238,851	327,989	–	854,713	56,149	67,088
Profit/(loss) for the year	60,332	118,060	–	–	118,060	–	(57,728)
Gains on exchange differences on translation, net of tax	1,864	83	–	–	–	83	1,781
Gains on remeasuring available-for-sale financial assets, net of tax	11,844	11,844	–	–	–	11,844	–
Realisation of reserves to income statement on deemed disposal of available-for-sale financial assets, net of tax	(1,895)	(1,895)	–	–	–	(1,895)	–
Realisation of reserves to income statement on disposal of available-for-sale financial assets, net of tax	(11,922)	(11,922)	–	–	–	(11,922)	–
Realisation of reserves to income statement on deemed disposal of available-for-sale financial assets held through associates, net of tax	(19,520)	(19,520)	–	–	–	(19,520)	–
Share of other comprehensive income from equity-accounted associate, net of tax	(700)	(700)	–	–	–	(700)	–
Other comprehensive income for the year	(20,329)	(22,110)	–	–	–	(22,110)	1,781
Total comprehensive income for the year	40,003	95,950	–	–	118,060	(22,110)	(55,947)
Contributions by and distributions to owners							
Ordinary shares issued on conversion of convertible bonds converted into ordinary stocks	9,968	9,968	9,968	–	–	–	–
Ordinary shares issued on exercise of share options converted into ordinary stocks	1,528	1,528	1,528	–	–	–	–
Acquisition of treasury shares arising from business combinations	(62,313)	(62,313)	–	(62,313)	–	–	–
Issuance of new ordinary stocks pursuant to Rights Issue	463,644	463,644	463,644	–	–	–	–
Ordinary shares issuance expenses	(9,318)	(9,318)	(9,318)	–	–	–	–
Gain on sale of the Company nil-paid rights held by subsidiary	2,659	2,659	–	–	–	2,659	–
Equity portion of convertible bonds	30	30	–	–	–	30	–
Dividends paid (Note 31)	(30,896)	(30,896)	–	–	(30,896)	–	–
Dividend paid to non-controlling interests	(10,592)	–	–	–	–	–	(10,592)
Total contributions by and distributions to owners	364,710	375,302	465,822	(62,313)	(30,896)	2,689	(10,592)
Changes in ownership interests in subsidiaries							
Acquisition of subsidiaries	825,121	–	–	–	–	–	825,121
Additional interests in subsidiaries	(22,414)	(654)	–	–	–	(654)	(21,760)
Contribution from non-controlling interests	126	–	–	–	–	–	126
Dilution of interests in subsidiaries	4,229	(1,398)	–	–	–	(1,398)	5,627
Employee share option scheme/ share appreciation rights: - value of employee services	2,693	1,519	–	–	–	1,519	1,174
Income tax benefit arising from share-based compensation	949	520	–	–	–	520	429
Reallocation of losses assumed by owners of the Company	–	1,570	–	–	1,570	–	(1,570)
Total changes in ownership interests in subsidiaries	810,704	1,557	–	–	1,570	(13)	809,147
Total transactions with owners in their capacity as owners	1,175,414	376,859	465,822	(62,313)	(29,326)	2,676	798,555
Closing balance at 31/12/2013	2,521,356	1,711,660	793,811	(62,313)	943,447	36,715	809,696

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

Statements of Changes in Equity

For the financial year ended 31 December 2014

COMPANY

	Total equity $000	Share capital (Note 25(a)) $000	Retained earnings $000	Other reserves (Note 26) $000
Opening balance at 01/01/2014	1,476,194	793,811	657,678	24,705
Profit for the year	168,037	–	168,037	–
Other comprehensive income for the year	(359)	–	–	(359)
Total comprehensive income for the year	167,678	–	168,037	(359)
Contributions by and distributions to owners				
Ordinary shares issued on conversion of convertible bonds converted into ordinary stocks	12,044	12,044	–	–
Ordinary shares issued on exercise of share options converted into ordinary stocks	1,415	1,415	–	–
Dividends paid (Note 31)	(44,630)	–	(44,630)	–
Equity portion of convertible bonds	6	–	–	6
Transfer of equity component of convertible bonds to retained earnings upon lapse of the conversion option	–	–	14,658	(14,658)
Total transactions with owners in their capacity as owners	(31,165)	13,459	(29,972)	(14,652)
Closing balance at 31/12/2014	1,612,707	807,270	795,743	9,694
Opening balance at 01/01/2013	869,534	327,989	517,118	24,427
Profit for the year	171,456	–	171,456	–
Other comprehensive income for the year	263	–	–	263
Total comprehensive income for the year	171,719	–	171,456	263
Contributions by and distributions to owners				
Ordinary shares issued on conversion of convertible bonds converted into ordinary stocks	9,968	9,968	–	–
Ordinary shares issued on exercise of share options converted into ordinary stocks	1,528	1,528	–	–
Issuance of new ordinary stocks pursuant to Rights Issue	463,644	463,644	–	–
Ordinary shares issuance expenses	(9,318)	(9,318)	–	–
Equity portion of convertible bonds	15	–	–	15
Dividends paid (Note 31)	(30,896)	–	(30,896)	–
Total transactions with owners in their capacity as owners	434,941	465,822	(30,896)	15
Closing balance at 31/12/2013	1,476,194	793,811	657,678	24,705

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

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2014

	GROUP	
	2014	2013
	$000	$000
Cash flows from operating activities		
Profit before tax from continuing operations	**75,754**	53,166
Profit before tax from discontinued operation	**100,301**	59,300
Profit before tax	**176,055**	112,466
Amortisation of intangible assets	**3,622**	4,660
Depreciation of property, plant and equipment	**97,229**	79,906
Dividend income from other investments	**(2,914)**	(1,143)
Finance costs	**43,264**	32,431
Gain on deemed disposal of investments arising from business combination	**–**	(21,415)
Gain on disposal of available-for-sale financial assets	**(37)**	(12,326)
Gain on disposal of held for trading investments	**–**	(507)
Gain on disposal of assets of disposal group classified as held for sale	**(1,365)**	(115,856)
Gain on disposal of property, plant and equipment	**(2,651)**	(2,941)
Gain on re-measurement of previously held interest in joint venture	**–**	(4,638)
Impairment loss on available-for-sale financial assets	**–**	39
Impairment loss on intangible assets	**6,330**	13,349
Interest income	**(6,584)**	(6,572)
Inventories written-down	**17,623**	8,872
Loss/(gain) on fair value adjustment on held for trading investments	**4**	(1,560)
Net gain on disposal/liquidation of subsidiaries, associates and joint ventures	**(50,780)**	(3,020)
Net surplus on revaluation of investment properties	**–**	(10,884)
Property, plant and equipment written-off	**840**	131
Properties held for sale written-down	**15,858**	–
(Reversal of impairment loss)/impairment loss on property, plant and equipment	**(21,151)**	73,928
Share-based compensation expenses	**5,526**	–
Share of loss/(profit) from equity-accounted associates and joint ventures	**2,845**	(5,105)
Unrealised translation gain	**(8,184)**	(2,264)
Operating cash flows before changes in working capital	**275,530**	137,551
Properties held for sale		
- Development expenditure	**(207,507)**	(182,190)
- Proceeds from progress billings	**347,934**	111,757
Increase in trade and other payables and provisions	**88,015**	149,736
(Increase)/decrease in trade and other receivables	**(62,846)**	74,101
Increase in gross amount due from customers for contract work	**(32,721)**	(4,565)
Decrease in gross amount due to customers for contract work	**(17,023)**	(9,503)
Decrease/(increase) in inventories	**18,716**	(52,222)
Cash flows from operations	**410,098**	224,665
Share-based payments	**(149)**	(176)
Income taxes paid	**(77,081)**	(27,410)
Interest paid	**(51,890)**	(40,128)
Interest received	**6,572**	6,503
Net cash flows from operating activities	**287,550**	163,454

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

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2014

	GROUP	
	2014	2013
	$000	$000
Cash flows from investing activities		
Acquisition of intangible assets	**(607)**	(4,717)
Acquisition of non-controlling interests	**(133,597)**	(22,414)
Acquisition of subsidiaries, net of cash acquired (Note A)	**–**	(312,268)
Additions to investment properties	**–**	(836,344)
Disposal of subsidiaries, net of cash disposed of (Note B)	**397,203**	5,728
Dividends received from associates	**584**	458
Dividends received from joint ventures	**14,116**	5,938
Dividends received from other investments	**2,914**	1,143
Increase in amounts due from associates and joint ventures	**(5,846)**	(9,922)
Investments in associates	**–**	(300)
Investments in joint ventures	**(3,132)**	–
Decrease/(increase) in loans to associates	**4,534**	(32,825)
Decrease in loans to joint ventures	**441**	37,513
Placement of restricted deposits	**(106,126)**	–
Proceeds from dilution of interest in subsidiaries	**–**	3,231
Proceeds from disposal of available-for-sale financial assets	**157**	12,326
Proceeds from disposal of assets of disposal group classified as held for sale	**16,091**	518,000
Proceeds from disposal of intangible assets	**68**	–
Proceeds from disposal of other investments	**–**	9,189
Proceeds from disposal of property, plant and equipment	**12,163**	8,386
Proceeds from settlement of loans extended to disposed subsidiaries	**353,326**	–
Purchase of other investments	**–**	(23,286)
Purchase of property, plant and equipment	**(77,865)**	(81,832)
Properties development expenditure	**(126,999)**	(155,995)
Net cash flows from/(used in) investing activities	**347,425**	(877,991)
Cash flows from financing activities		
Contribution from non-controlling interests	**984**	126
Distribution to shareholders from capital reduction	**–**	20,234
Decrease in trust receipts and bills payable	**(1,146)**	(1,192)
Dividends paid	**(43,110)**	(30,896)
Dividends paid to non-controlling interests of subsidiaries	**(15,556)**	(10,592)
(Decrease)/increase in short-term loans	**(99,923)**	72,166
Issuance of shares upon exercise of share options	**1,415**	1,528
Proceeds from issuance of medium term notes	**–**	101,830
Proceeds from issuance of new ordinary stocks	**–**	463,644
Shares issuance expenses	**–**	(9,318)
Proceeds from long-term loans	**141,919**	944,705
Repayment of long-term loans	**(970,686)**	(394,366)
Net cash flows (used in)/from financing activities	**(986,103)**	1,157,869
Net (decrease)/increase in cash and cash equivalents	**(351,128)**	443,332
Cash and cash equivalents, beginning balance	**888,946**	445,614
Cash and cash equivalents, ending balance	**537,818**	888,946
Cash and cash equivalents comprise:		
Bank balances and deposits (Note 24)	**650,247**	905,399
Restricted deposits (Note 24)	**(106,126)**	–
Bank overdrafts (Note 27)	**(6,303)**	(16,453)
Cash and cash equivalents	**537,818**	888,946

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

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2014

Note A: The adjusted fair values of the identifiable assets and liabilities of WBL Group as at the date of acquisition are presented in the following table:-

	GROUP	
	2014	2013
	$000	$000
Property, plant and equipment	–	773,944
Investment properties	–	32,028
Intangible assets	–	55,956
Investments in associates	–	38,549
Investments in joint ventures	–	104,707
Deferred tax assets	–	49,758
Other investments	–	64,503
Inventories	–	256,502
Trade and other receivables	–	335,512
Properties held for sale	–	658,766
Bank balances and deposits	–	400,640
Assets of disposal group classified as held for sale	–	4,540
Deferred tax liabilities	–	(112,686)
Other long term liabilities	–	(1,851)
Income tax payable	–	(29,796)
Trade and other payables	–	(446,093)
Borrowings	–	(607,987)
Total identifiable assets at fair value	–	1,576,992
Less: Non-controlling interests (remeasured to fair value)	–	(825,121)
Goodwill arising from acquisition	–	18,597
	–	770,468
Consideration transferred for the acquisition		
Purchase consideration (cash)	–	708,192
Purchase of convertible instruments (cash)	–	4,716
Total consideration transferred in cash	–	712,908
Fair value of previously held interest immediately before the acquisition (non-cash consideration)	–	57,560
	–	770,468
Effect of the acquisition of WBL Group on cash flows		
Total consideration transferred in cash	–	712,908
Less: Cash and cash equivalents of subsidiaries acquired	–	(400,640)
Net cash inflow on acquisition	–	312,268

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

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2014

Note B: The net assets and liabilities arising from the disposal of subsidiaries, associates and joint ventures and the cash flow effects of the disposal/liquidation are as follows:-

	GROUP	
	2014	2013
	$000	$000
Property, plant and equipment	**356,745**	425
Investment properties	**5,014**	–
Properties development costs	**441,448**	–
Intangible assets	**45,740**	–
Interests in associates	**100,503**	–
Interests in joint ventures	**16,993**	–
Deferred tax assets	**5,340**	–
Other investments	**401**	–
Inventories	**144,492**	1,615
Trade and other receivables	**334,869**	2,187
Gross amount due from customers for contract work	**18,391**	1,276
Properties held for sale	**152,191**	–
Bank balances and deposits	**289,445**	1,214
Deferred tax liabilities	**(44,235)**	–
Income tax payables	**(10,456)**	–
Trade and other payables	**(895,011)**	(1,533)
Borrowings	**(210,001)**	(1,323)
Net assets disposed/liquidated	**751,869**	3,861
Foreign currency translation reserve realised	**3,871**	61
Less: Deemed disposal of subsidiaries retained as associates and joint venture	**(19,636)**	–
Less: Non-controlling interests	**(120,235)**	–
Add: Provisions	**20,000**	–
Net gain on disposal/liquidation of subsidiaries, associates and joint ventures	**50,780**	3,020
Total consideration	**686,649**	6,942
Cash and cash equivalents in subsidiaries disposed/liquidated	**(289,446)**	(1,214)
Net cash inflow arising from disposal/liquidation	**397,203**	5,728

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

Notes to the Financial Statements

For the financial year ended 31 December 2014

1 GENERAL

The Company is a limited liability company domiciled and incorporated in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The Company operates in Singapore and its principal activities are those of a holding company and property owner and the provision of management services and deriving income therefrom. The principal activities and place of business of the subsidiaries are set out in Note 15 to the financial statements.

The registered office of the Company is located at:

12 Ang Mo Kio Street 64
#01-01 UE BizHub CENTRAL
Singapore 569088

The principal place of business of the Company is located at:

12 Ang Mo Kio Street 64
#03A-01 UE BizHub CENTRAL
Singapore 569088

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

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

The financial statements are presented in Singapore Dollars (SGD or $) and all values in the tables are rounded to the nearest thousand ($000) except when otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2014. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2.3 Standards issued but not yet effective

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

	Effective date (Annual periods beginning on or after)
Amendments to FRS 19 Defined Benefit Plans: Employee Contributions	1 July 2014
Improvements to FRSs	
Amendment to FRS 102 Share-based Payment	1 July 2014
Amendments to FRS 108 Operating Segments	1 July 2014
Amendment to FRS 16 Property, Plant and Equipment	1 July 2014
Amendment to FRS 24 Related Party Disclosures	1 July 2014
Amendment to FRS 38 Intangible Assets	1 July 2014
Amendments to FRS 103 Business Combinations	1 July 2014
Amendment to FRS 113 Fair Value Measurement	1 July 2014
Amendment to FRS 40 Investment Property	1 July 2014

Notes to the Financial Statements

For the financial year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

	Effective date (Annual periods beginning on or after)
Amendments to FRS 27 Separate Financial Statements	1 January 2016
Amendments to FRS 16 and FRS 38: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 111: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to FRS 110 and FRS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to FRS 105 Non-current Assets Held for Sale and Discontinued Operations	1 January 2016
Amendments to FRS 107 Financial Instruments: Disclosures	1 January 2016
Amendment to FRS 19 Employee Benefits	1 January 2016
Amendments to FRS 1: Disclosure Initiative	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28: Investment Entities: Applying the Consolidation Exception	1 January 2016
FRS 115 Revenue from Contracts with Customers	1 January 2017
FRS 109 Financial Instruments	1 January 2018

The Group expects that the adoption of the new standards effective for annual periods beginning 1 July 2014 will have no material impact on the financial statements in the period of initial application. The Group is evaluating the impact on the adoption of new standards effective for annual periods beginning on or after 1 January 2016.

2.4 Basis of consolidation and business combinations

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 interests even if that results in a deficit balance.

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

- De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control 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 the income statement;
- Re-classifies the Group's share of components previously recognised in other comprehensive income to the income statement or retained earnings, as appropriate.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

Business combinations

Business combinations (other than combinations involving entities or businesses under common control which are accounted for by applying the pooling of interest method) are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in the income statement or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

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

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.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.12(a). In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in the income statement on the acquisition date.

Business combinations involving entities under common control
Business combinations involving entities or businesses under common control are accounted for by applying the pooling of interest method. The assets and liabilities of the combining entities or businesses are reflected at their carrying amounts reported in the consolidated financial statements. The retained earnings and other reserves recognised in the combined financial statements are the retained earnings and other reserves of the combining entities or businesses immediately before the combination.

Any difference between the consideration paid and the share capital of the acquired entity or the net tangible asset amount of the acquired business is reflected within equity as merger reserve or deficit. The combined income statement reflects the results of the combining entities or businesses for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities or businesses had always been combined since the date the entities or businesses had come under common control.

2.5 Transactions with non-controlling interests

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

Changes in the Company'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 differences between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received are recognised directly in equity and attributed to owners of the Company.

2.6 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The following specific revenue criteria must also be met before revenue is recognised:

Sale of goods
Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.6 Revenue recognition *(continued)*

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

Revenue from construction contracts
Revenue from construction contracts is recognised on the percentage of completion method. Further details can be found in Note 2.18.

Rendering of services
Revenue from services rendered is recognised upon services performed.

Sale of development property held for sale
A development property held for sale is regarded as sold when the significant risks and rewards have been transferred to the buyer, which is normally on unconditional exchange of contracts. For conditional exchanges, sales are recognised only when all the significant conditions are satisfied.

Where development property is under construction and agreement has been reached to sell such property when construction is complete, the directors consider whether the contract comprises:
- A contract to construct a property; or
- A contract for the sale of completed property.

a) Where a contract is judged to be for the construction of a property, revenue is recognised using the percentage of completion method as construction progresses.

b) Where the contract is judged to be for the sale of a completed property, revenue is recognised when the significant risks and rewards of ownership of the real estate have been transferred to the buyer (i.e. revenue is recognised using the completion of construction method).

    i) If, however, the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the buyer, the percentage of completion method of revenue recognition is applied and revenue is recognised as work progresses.

    ii) In Singapore context, INT FRS 115 includes an accompanying note on application of INT FRS 115 in Singapore which requires the percentage of completion method of revenue recognition to be applied to sale of private residential properties in Singapore prior to completion of the properties that are regulated under the Singapore Housing Developers (Control and Licensing) Act (Chapter 130) and uses the standard form of sale and purchase agreements (SPAs) prescribed in the Housing Developers Rules.

In the above situations (i) and (ii), the percentage of work completed is measured based on the costs incurred up until the end of the reporting periods as a proportion of total costs expected to be incurred.

Service concession arrangement
Revenue relating to construction services under a service concession arrangement is recognised based on the stage of completion of the work performed, consistent with the Group's accounting policy on recognising revenue on construction contracts (refer to Note 2.18). Operation or service revenue is recognised in the period in which the services are provided by the Group. When the Group provides more than one service in a service concession arrangement, the consideration received is allocated by reference to the relative fair values of the services delivered.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.6 Revenue recognition *(continued)*

Revenues from services rendered in respect of water and medical waste treatment concession arrangements are recognised by reference to the unit price and quantity of water and medical waste treated respectively. Unit price is stated in each contract. Quantity of water and medical waste treated is measured according to the contract. Any losses are provided for as and when they become known.

Dividend and interest income
Dividend income is recognised when the Group's right to receive payment is established. Interest income is recognised using the effective interest method.

Compensation and insurance claims
Compensation and insurance claims are recognised when the right to receive payment is established.

2.7 Employee benefits

Defined contribution plans
The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. As required by law, the Group's companies in Singapore make contributions to the Central Provident Fund (CPF) scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

Equity compensation benefits
The Company also operates the United Engineers Share Option Scheme 2000 (Scheme 2000) to grant non-transferable options to certain employees of the Company as consideration for services rendered. When the options are exercised, the proceeds received net of any transaction costs are credited to share capital of the Company accordingly.

The compensation cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the share options are granted which takes into account market conditions and non-vesting conditions.

The compensation cost is recognised in the income statement with a corresponding increase in the employee share option reserve, over the vesting period that is the period which the service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the "vesting date"). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to the income statement for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the option does not vest as the result of a failure to meet a non-vesting condition that is within the control of the Group or the employee, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in the income statement upon cancellation. The employee share option reserve is transferred to retained earnings upon expiry of the share options.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the award are met. Additional expense is recognised for any increase in the total fair value of the share options due to the modification, as measured at the date of the modification.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.7 Employee benefits *(continued)*

Where the employee share option plan is cancelled, it is treated as if it had vested on the date of cancellation, and any expense that otherwise would have been recognised for services received over the remaining vesting period is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new employee share option plan is substituted for the cancelled employee share option plan, and designated as a replacement employee share option plan on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled transactions are treated equally.

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

2.8 Foreign currencies

The Group's consolidated financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) *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 the income statement except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to income statement of the Group on disposal of the foreign operation.

(b) *Consolidated financial statements*
For consolidation purpose, the assets and liabilities of foreign operations are translated into Singapore Dollars at the rate of exchange ruling at the end of the reporting period and their income statements are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in foreign currency translation reserve relating to that particular foreign operation is recognised in the income statement.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in the income statement. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to the income statement.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.9 Income taxes

Current tax

Current tax assets and liabilities 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 taxes are recognised in the income statement except to the extent that the tax relates to items recognised outside income statement, 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.

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.

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 utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to 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.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.9 Income taxes *(continued)*

Deferred tax relating to items recognised outside income statement is recognised outside income statement. 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 tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Goods and services tax/sales tax
Revenues, expenses and assets are recognised net of the amount of goods and services tax/sales tax except:

- Where the goods and services tax/sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the goods and services tax/sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of goods and services tax/sales tax included.

The net amount of goods and services tax/sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.10 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment.

For self-constructed assets, the cost includes materials, direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs.

The accounting policy for borrowing costs is set out in Note 2.25. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.10 Property, plant and equipment *(continued)*

Leases with unexpired terms of over 100 years are classified as long leaseholds; those under 100 years are classified as leaseholds.

No depreciation is provided on freehold/long leasehold land as it has an unlimited and long useful life respectively.

Assets under construction are not depreciated as these assets are not yet available for use.

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

Leasehold land	-	over terms of lease ranging from 8 to 99 years
Leasehold buildings	-	lower of term of lease and 50 years
Freehold/long leasehold buildings	-	50 years
Plant and machinery	-	2 to 15 years
Motor vehicles and other assets	-	2 to 10 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 derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the income statement in the year the asset is derecognised.

2.11 Investment properties

Investment properties comprise completed properties and properties under construction or re-development held on a long-term basis for their investment potential and income.

Investment properties are initially recorded at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of retirement or disposal.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.11 Investment properties *(continued)*

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.10 up to the date of change in use.

Investment properties under construction (IPUC)
IPUC is measured at fair value when the fair value is reliably determinable in accordance with FRS 40, Investment Property. When assessing whether the fair value of IPUC can be determined reliably the Company considers, among other things:

- Is the asset being constructed in a developed liquid market?
- Has a construction contract with the contractor been signed?
- Are the required building and letting permits obtained?
- What percentage of rentable area has been pre-leased to tenants?

IPUC for which fair value cannot be determined reliably is measured at cost less impairment.

The fair value of IPUC was determined at the end of the reporting period based on valuation by a qualified independent valuer. The valuation was performed based on open market value in existing state of construction, as deemed appropriate by the valuer. Each IPUC is individually assessed.

2.12 Intangibles

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

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 acquiree 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. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the income statement. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.8.

Goodwill and fair value adjustments which arose on acquisitions of foreign operations before 1 January 2005 are deemed to be assets and liabilities of the Company and are recorded in SGD at the rates prevailing at the date of acquisition.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.12 Intangibles *(continued)*

b) *Other intangible assets*

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

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

Intangible assets with finite useful lives are amortised over their estimated useful lives. 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 are tested for impairment annually. Such intangible assets are not amortised.

Gains or losses arising from derecognition 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 the income statement when the asset is derecognised.

(i) *Concession rights*

The Group recognises an intangible asset arising from a service concession arrangement when it has a right to charge for usage of the concession infrastructure whether acquired or self-constructed by the Group. Intangible assets received as consideration for providing construction services in a service concession arrangement are measured at fair value upon initial recognition, estimated by reference to the fair value of the construction services provided. When the Group receives an intangible asset and a financial asset as consideration for providing construction services in a service concession arrangement, the Group estimates the fair value of intangible assets as the difference between the fair value of the construction services provided and the fair value of the financial asset received.

The estimated useful life of an intangible asset in a service concession arrangement is the period when it is available for use to the end of the concession period.

(ii) *Distributorship and dealership rights*

The distributorship and dealership rights acquired in business combinations are carried at fair values at the date of acquisition, and amortised over a straight-line basis over the period of the expected benefits, which is estimated at 15 to 20 years.

(iii) *Development cost and technical know-how*

Development costs are recognised in the income statement as and when incurred except for development costs which will probably generate future economic benefits. Such development costs are recognised as intangible assets. These intangibles are stated at cost less accumulated amortisation and accumulated impairment losses. These are amortised to the income statement on a straight-line basis over a period of 5 to 10 years or their estimated useful lives whichever is shorter. Technical know-how acquired in business combination is carried at fair value at the date of acquisition.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.12 Intangibles *(continued)*

b) *Other intangible assets* *(continued)*

(iv) *Customer relationships*
Customer relationships acquired in business combinations are carried at fair values at the date of acquisition, and amortised over a straight-line basis over the period of the expected benefits, which is estimated at 5 to 9 years.

(v) *Others*
This comprises the licence fees for trademark, software and marketing rights which are amortised on a straight-line basis over the respective licence periods/economic useful life.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at the end of each reporting period. The effects of any revision are recognised in the income statement when the changes arise.

2.13 Subsidiaries, associates and joint ventures

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

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Associate
An associate is an entity, not being a subsidiary or a joint venture, in which the Group has the power to participate in the financial and operating policy decisions of the entity but does not have control or joint control of those policies. The entity will be treated as an associate from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates.

Goodwill relating to an associate is included in the carrying amount of the investment and is neither amortised nor tested individually for impairment.

Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is included as income in the determination of the Group's share of results of the associate in the period in which the investment is acquired.

The Group's share of the results of its associates is its effective share of the profit attributable to equity holders of the associates. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associates.

The Group's share of the results of its associates is shown on the face of income statement after tax and non-controlling interests in the associates.

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

Notes to the Financial Statements

For the financial year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.13 Subsidiaries, associates and joint ventures *(continued)*

Associate (continued)
After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on the Group's investment in its associates. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in the income statement.

The financial years of some of the associates are not co-terminous with that of the Company. In the case of the associates whose financial years are not co-terminous, the share of profits or losses is arrived at from the last audited financial statements available and unaudited management accounts to the end of the Company's financial year. Where necessary, adjustments are made for the effects of significant transactions or events that occur between that date and reporting date of the Company, and to bring the accounting policies in line with those of the Group.

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

Joint venture
A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic, financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. The Group's investments in joint ventures are accounted for using the equity method. Under the equity method, the investment in joint venture is carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the joint venture. The Group's share of the results of the joint venture is recognised in the consolidated income statement. Where there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of such changes. After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss with respect to the Group's net investment in the joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the 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 joint venture and its carrying value and recognises the amount in the income statement. In the Group's consolidated financial statements, the Group's share of results and reserves of joint ventures acquired or disposed of are included in the consolidated financial statements from the date the Group obtains joint control until the date the Group ceases to have joint control over the joint venture.

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

The income statement reflects the share of the results of operations of the joint ventures. Where there has been a change recognised in other comprehensive income by the 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 joint venture are eliminated to the extent of the interest in the joint ventures.

When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.13 Subsidiaries, associates and joint ventures *(continued)*

Joint venture (continued)
Upon loss of joint control, the Group measures any retained investment at its 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 income statement.

Accounting for subsidiaries, associates and joint ventures by the Company
In the Company's separate financial statements, investments in subsidiaries, associates and joint ventures are accounted for at cost less impairment losses. Loans and amounts due from or to subsidiaries, associates and joint ventures are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial asset is stated in Note 2.15.

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. The costs incurred in bringing the inventories to their present location and condition are determined on a weighted average basis. Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value. The cost of finished goods and work-in-progress include raw materials, direct costs of production and an appropriate proportion of overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs to completion and the estimated costs necessary to make the sale.

2.15 Financial assets

Initial recognition and measurement
Financial assets 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 assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement
The subsequent measurement of financial assets depends on their 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. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group not designated as hedging instruments in hedge relationships as defined by FRS 39. Derivative, 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 (including exchange differences, interest and dividend income) are recognised in the income statement.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.15 Financial assets *(continued)*

Subsequent measurement (continued)

b) *Held-to-maturity investments*
Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity. Investments intended to be held for an undefined period are not included in this classification. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in the income statement when the held-to-maturity investments are derecognised or impaired, as well as through the amortisation process.

c) *Loans and receivables*
Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

d) *Available-for-sale financial assets*
Available-for-sale financial assets are financial assets that are not classified in any of the three preceding categories. After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in the income statement. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the income statement as a reclassification adjustment when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Derecognition
A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised in other comprehensive income is recognised in the income statement.

Regular way purchase or sale of a financial asset
All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

2.16 Impairment of financial assets

The Group assesses at each reporting period whether there is any objective evidence that a financial asset is impaired.

Assets carried at amortised cost
If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments 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 the income statement.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.16 Impairment of financial assets *(continued)*

Assets carried at amortised cost (continued)
When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly in the income statement or if an amount was charged to the allowance account, the amounts charged to the allowance account are written-off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in the income statement.

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.

Available-for-sale financial assets
Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is transferred from other comprehensive income and recognised in the income statement. Reversals of impairment losses in respect of equity instruments classified as available-for-sale are recognised in other comprehensive income. Reversals of impairment losses on debt instruments are recognised in the income statement, if the increase in fair value of the debt instrument can be objectively related to an event occurring after the impairment loss was recognised in the income statement.

2.17 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting period to determine whether there is any indication of impairment. If any such indication exists, or when annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) 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 CGU exceeds its recoverable amount, the asset is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

Impairment losses of continuing operations are recognised in the income statement, 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. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. 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 the income statement unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.18 Construction contracts

Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period, when the outcome of a construction contract can be estimated reliably. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable and contract costs are recognised as expense in the period in which they are incurred. An expected loss on the construction contract is recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

Contract costs include costs that relate directly to the specific contract and costs that are attributable to contract activity in general and can be allocated to the contract.

Revenue arising from fixed price contracts is recognised in accordance with the percentage of completion method. The stage of completion is measured by reference to professional surveys of work performed.

Revenue from cost plus contracts is recognised by reference to the recoverable costs incurred plus a percentage of the contract fee earned during the year. Percentage of the contract fee earned is measured by the proportion that the costs incurred to date bear to the estimated total costs of the contract. Only costs that reflect services performed are included in the estimated total costs of the contract. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

2.19 Properties held for sale

Development properties held for sale
Development projects for which revenue is recognised using the percentage of completion method is stated at cost plus estimated profits to-date less progress billings. Progress claims from purchasers of residential units for sale are shown as a deduction from the cost of the development properties held for sale.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.19 Properties held for sale *(continued)*

Development properties held for sale *(continued)*
Development projects for which revenue is recognised using the completed contract method is stated at cost. Progress claims from purchasers of residential units for sale are included in "trade and other payables" as "progress billings received in advance".

Allowance for foreseeable losses is made when it is anticipated that the net realisable value has fallen below cost.

Costs include cost of land and construction, related overhead expenditure and financing charges incurred up to the completion of construction. Financing charges incurred to finance the development of such properties are capitalised during the period that is required to complete and prepare each property for its sale. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

Developments are considered completed upon the issue of Temporary Occupation Permit. When completed, development properties held for sale are transferred to completed properties held for sale.

Profit on development properties held for sale using the percentage of completion method is recognised on partly completed projects which have been sold and is based on the accounting policy in Note 2.6. The expected profit is assessed having regard to the sales procured less attributable total costs including the cost of land, construction and interest and after making due allowance for known potential costs over-runs and allowance for contingencies.

Progress billings not yet paid by customers are included in trade and other receivables.

Completed properties held for sale
Completed properties held for sale are stated at the lower of cost and net realisable value. Cost includes cost of land and construction, related overhead expenditure, and financing charges and other net costs incurred during the period of development. The costs are assigned by using specific identification. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

Allowance for impairment is made when it is anticipated that the net realisable value has fallen below cost.

Revenue from completed properties held for sale is recognised upon execution of Sale and Purchase Agreements and issue of Notice of Vacant Possession.

2.20 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at bank, demand deposits and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts which form an integral part of the Group's cash management.

2.21 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
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 income statement over the period of the borrowings using the effective interest method.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.21 Borrowings *(continued)*

Convertible bonds
When convertible bonds are issued, the total proceeds are allocated to the liability component and the equity component, which are separately presented on the statement of financial position.

The liability component is recognised initially at its fair value, determined using a market interest rate for equivalent non-convertible bonds. It is subsequently carried at amortised cost using the effective interest method until the liability is extinguished on conversion or redemption of the bonds.

The difference between the total proceeds and the liability component is allocated to the conversion option (equity component), which is presented in equity net of deferred tax effect. The carrying amount of the conversion option is not adjusted in subsequent periods. When the conversion option is exercised, its carrying amount will be transferred to the share capital account. When the conversion option lapses, its carrying amount will be transferred to retained earnings.

2.22 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.

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
Subsequent to initial recognition, financial liabilities that are not carried at fair value through profit or loss are measured at amortised cost using the effective interest method. Gains or losses are recognised in the income statement when the liabilities are derecognised, and through the amortisation process.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged, cancelled or has 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 derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position, 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.

2.23 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation, and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.23 Provisions *(continued)*

A provision for warranty is recognised for all products under warranty at the end of the reporting period. The provision is calculated based on service history.

2.24 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of INT FRS 104.

As lessor
Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.6. Contingent rents are recognised as revenue in the period in which they are earned.

As lessee
Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the income statement. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as expense in the income statement on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

2.25 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.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.26 Derivative financial instruments

The Group uses derivative financial instruments such as interest rate swaps and foreign currency forward contracts to hedge its risks associated primarily with interest rate and foreign currency fluctuations. It is the Group's policy not to trade in derivative financial instruments.

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gain or loss arising from changes in fair value on derivative financial instruments is taken to the income statement for the year.

The fair value of foreign currency forward contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

Details of the Group's financial risk management objectives and policies are set out in Note 36.

2.27 Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantees are recognised initially at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in the income statement over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to the income statement.

2.28 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

  (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

  (ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.29 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Government grants are recognised in the income statement on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income are deducted in reporting the related expenses.

Notes to the Financial Statements

For the financial year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.30 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services and/or reporting group which are independently managed by the respective segment managing directors and/or board of directors responsible for or have an oversight over the performance of the respective segments under their charge. The management and board of directors of the Company regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 40.

2.31 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.32 Treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) or arising from business combination are recognised at cost and deducted from equity. No gain or loss is recognised in income statement on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2.33 Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:
- (i) Has control or joint control over the Company;
- (ii) Has significant influence over the Company; or
- (iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:
- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Notes to the Financial Statements

For the financial year ended 31 December 2014

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.34 Non-current assets and disposal group held for sale and discontinued operations

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. A component of the Group is classified as a 'discontinued operation' when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

In the income statement of the current reporting period, and of the comparative period of the previous year, all income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after taxes, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in the income statement.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

2.35 Transfers between levels of the fair value hierarchy

Transfers between levels of the fair value hierarchy are deemed to have occurred on the date of the event or change in circumstances that caused the transfers.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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 disclosure of contingent liabilities at the end of each reporting period. However, 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.

3.1 Judgements made in applying accounting policies

The following are the judgements, apart from those involving estimations, made by management in the process of applying the Group's accounting policies that have the most significant effect on the amounts recognised in the financial statements.

Assessment of allowance for doubtful receivables
Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for doubtful receivables. In assessing the allowance for receivables, the Group takes into account the duration of the settlement agreement and whether any subsequent payments were in default.

Income tax
The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the Group-wide provision for income taxes. Tax is computed in accordance with taxation rules in each jurisdiction. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax payable, deferred tax liabilities and deferred tax assets as at 31 December 2014 are $61,511,000 (2013: $114,333,000), $78,076,000 (2013: $116,184,000) and $56,522,000 (2013: $63,176,000) respectively.

Notes to the Financial Statements

For the financial year ended 31 December 2014

3 SUMMARY OF SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Useful lives of plant and machinery
The cost of plant and machinery is depreciated on a straight-line basis over the useful lives estimated to be within 2 to 15 years. The carrying amount of the plant and machinery as at 31 December 2014 was $208,687,000 (2013: $292,301,000). Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. Based on management's estimates, a 5% difference in the expected useful lives of these assets would result in approximately 4% (2013: 4%) variance in the Group's profit before tax from continuing operations for the financial year.

Construction contracts
The Group recognises contract revenue to the extent of contract costs incurred where it is probable those costs will be recoverable or based on the percentage of completion method. The stage of completion is measured by reference to professional surveys of work performed.

Significant assumptions are required in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue and contract costs and liquidated damage claims, as well as the recoverability of the contract costs incurred. Total contract revenue also includes an estimation of the uncertified recoverable variation works that are recoverable from the customers. In making the estimation, the Group evaluates by relying on past experience and knowledge of the project engineers and/or the work of specialists. An estimation of recoverable variation works amounting to $1,856,000 (2013: $Nil) was taken into consideration in arriving at the estimated loss of construction contracts. Any shortfall in recovery of this estimation will impact the results of the Group by the same quantum. The gross amount due from customers for contract work was $39,004,000 (2013: $23,953,000). The gross amount due to customers for contract work was $3,035,000 (2013: $20,059,000).

Impairment of goodwill
Goodwill is tested for impairment annually and whenever there is indication that the goodwill may be impaired, in accordance with the accounting policy stated in Note 2.12. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations or fair value less cost to sell, where appropriate. The value-in-use calculations require the use of estimates (Note 14(e)). For the financial year ended 31 December 2014, an impairment charge of $6,330,000 arose in SPC Wearnes Pte. Ltd. CGU (2013: $2,785,000 arose in MFLEX CGU) (Note 14) which reduced the carrying amount of the goodwill allocated to CGU to Nil (2013: Nil). The details are disclosed in Note 14(e).

Impairment of property, plant and equipment
Property, plant and equipment are reviewed for impairment whenever there is an indication that these assets may be impaired. The Group considers the guidance of FRS 36 in assessing whether there is any indication that an item of property, plant and equipment may be impaired. If any such indication exists, the recoverable amount of the property, plant and equipment is estimated to ascertain the amount of impairment loss. The recoverable amount is defined as the higher of the fair value less cost to sell and value-in-use.

Notes to the Financial Statements

For the financial year ended 31 December 2014

3 SUMMARY OF SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

3.2 Key sources of estimation uncertainty *(continued)*

Property, plant and equipment of a US-listed subsidiary
The impairment assessment is performed at the cash-generating-unit ("CGU") level, where the CGU is identified to be the entity-level of the US-listed subsidiary, Multi-FinelineElectronix Inc. (MFLEX). The recoverable amount is based on the higher of value-in-use and fair value less cost to sell.

For the financial year ended 31 December 2013, MFLEX incurred financial losses, and had undertaken a review of its manufacturing capacity to align its cost structure with net sales levels while maintaining long-term capacity to support its growth objectives. Accordingly, an impairment charge of $73,928,000 was recognised within "Other operating expenses" in the consolidated income statement of the Group in 2013, to write down its carrying value to its recoverable amounts, which was determined based on fair value less cost to sell, measured by reference to the quoted market price of the share of MFLEX, which is listed on NASDAQ on 31 December 2013.

During the financial year ended 31 December 2014, MFLEX announced its restructuring plan designed to return the company to profitability. This caused a change in the estimates used to determine the recoverable amount since prior year. The recoverable amount for 2014 was determined based on value-in-use, derived using a pre-tax discount rate of 12% (which represents the weighted average cost of capital for MFLEX) on the future cash flows. This recoverable amount was higher than the carrying amount. This has resulted in an reversal of impairment loss of approximately $24,151,000 recognised within "Other operating expenses" in the consolidated income statement of the Group.

In addition, in relation to the restructuring plan in 2014, MFLEX recorded restructuring expense of approximately $19,390,000 in connection with the restructuring plan which comprised mainly severance incurred for terminated employees.

Impairment of loans and receivables
The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables with impairment indicators at the end of the reporting period is disclosed in Note 21 to the financial statements. If the present value of estimated future cash flows of receivables that are past due but not impaired and those that are impaired, varies by 5% from management's estimates, the Group's allowance for impairment will increase by $2,226,000 (2013: $5,414,000).

Estimation of net realisable value of properties held for sale
Properties held for sale are stated at the lower of cost and net realisable value.

Net realisable value of the properties represents the estimated selling price in the ordinary course of the business, based on market prices at the end of the reporting period and discounted for the time value of money if material, less estimated costs to be incurred in selling the property.

Revaluation of investment property
Investment property comprises real estate (land or building, or both) held by the Group in order to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes.

The Group carries its completed investment properties at fair value, with changes in fair values being recognised in the income statement. The Group engaged independent valuation specialists to determine fair value as at 31 December 2014. The valuers used a valuation technique based on discounted cash flow models as there is a lack of comparable market data because of the nature of the properties.

Notes to the Financial Statements

For the financial year ended 31 December 2014

3 SUMMARY OF SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

3.2 Key sources of estimation uncertainty *(continued)*

The determination of the fair values of these investment properties require the use of estimates such as future cash flows from assets (such as lettings, tenants' profiles, future revenue streams, any environmental matters and the overall repair and condition of the property) and discount rates applicable to those assets. These estimates are based on local market conditions existing at the end of each reporting date.

The key methodology used for valuing investment property is set out in Note 13.

Business combination – fair value of identifiable assets and liabilities
The fair value of identifiable assets and liabilities recognised as a result of a business combination is based on market value. The market value is the estimated amount for which these assets and liabilities could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction. The assets and liabilities are valued on the basis of continuous use having taken into account the cost of replacement, future economic working life and local market condition where appropriate.

4 REVENUE

	GROUP	
	2014	2013
	$000	$000
Sale of goods	**1,936,711**	1,274,290
Sale of properties held for sale (recognised on percentage of completion basis)	**463,569**	39,825
Sale of properties held for sale (recognised on completed contract basis)	**416,301**	56,543
Rendering of services	**133,049**	106,354
Revenue from construction contracts	**131,312**	77,326
Rental income	**125,468**	109,446
Dividend income	**2,911**	1,137
	3,209,321	1,664,921

5 INTEREST INCOME

Interest income from loans and receivables	**3,183**	1,612

6 OTHER INCOME

Other income includes the following items:

Gain on deemed disposal of available-for-sale financial assets (Note 15)	–	21,415
Gain on disposal of available-for-sale financial assets	**37**	12,326
Gain on disposal of assets of disposal group classified as held for sale	**1,365**	115,856
Gain on re-measurement of previously held interest in joint venture	–	4,638
Net gain on disposal of subsidiaries, associates and joint ventures	**11,636**	3,020
Net surplus on revaluation of investment properties (Note 13)	–	10,884

Notes to the Financial Statements

For the financial year ended 31 December 2014

7 FINANCE COSTS

	GROUP	
	2014	2013
	$000	$000
Interest expense on:		
- Bank loans and bank overdrafts	**63,393**	55,848
- Convertible bonds (Note 28)	**268**	717
	63,661	56,565
Less: Interest expense capitalised in:		
- Properties held for sale (Note 23)	**(21,696)**	(24,960)
Total finance costs	**41,965**	31,605

8 PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

Profit before tax from continuing operations is stated after including the following expenses by nature:		
Amortisation of intangible assets (Note 14)	**(3,622)**	(4,660)
Depreciation of property, plant and equipment (Note 12)	**(86,467)**	(70,209)
Direct operating expenses arising from investment properties (Note 13)	**(35,905)**	(31,165)
Impairment loss on financial assets:		
– Available-for-sale financial assets	**–**	(39)
– Trade receivables	**(1,742)**	(2,849)
– Other receivables	**(1,841)**	–
Impairment loss on intangible assets (Note 14)	**(6,330)**	(13,349)
Inventories written-down	**(17,623)**	(8,872)
Net reversal of impairment loss/(impairment loss) on property, plant and equipment	**21,151**	(74,068)
Properties held for sale written-down	**(15,858)**	–
Realisation of translation reserve upon liquidation of subsidiaries	**(4,382)**	–
Restructuring expenses	**(20,042)**	–
Staff costs (including director's remuneration)		
– Salaries, wages, bonuses and other costs	**(377,657)**	(292,754)
– Central Provident Fund and other defined contribution plans	**(44,852)**	(29,632)
Audit fees:		
– Auditor of the Company	**(1,024)**	(331)
– Other auditors	**(928)**	(3,068)
Non-audit fees:		
– Auditor of the Company	**(333)**	(293)
– Other auditors	**(475)**	(477)
Total audit and non-audit fees	**(2,760)**	(4,169)

Notes to the Financial Statements

For the financial year ended 31 December 2014

9 INCOME TAX EXPENSE

Major components of income tax expense for the financial years ended 31 December are:

	GROUP	
	2014	2013
	$000	$000
Income Statement		
Current income tax – continuing operations:		
- Current income taxation	**24,678**	70,895
- Over provision in respect of prior years	**(3,139)**	(271)
	21,539	70,624
Deferred tax – continuing operations (Note 18):		
- Origination and reversal of temporary difference	**13,728**	(30,478)
Income tax attributable to continuing operations	**35,267**	40,146
Income tax attributable to discontinued operation (Note 10)	**10,246**	11,988
Income tax expense recognised in the income statement	**45,513**	52,134

The income tax expense on the results for the financial year varies from the amount of income tax determined by applying the Singapore standard rate of income tax to profit before tax due to the following factors:

	GROUP	
	2014	2013
	%	%
Applicable tax rate	**17.0**	17.0
Expenses not deductible for tax purposes	**27.0**	31.0
Income not subject to tax	**(25.9)**	(5.8)
Utilisation of previously unrecognised deferred tax assets	**(11.1)**	(5.9)
Utilisation of tax losses/capital allowances under group relief	**(0.2)**	(1.0)
Losses of subsidiaries not utilised and not available under group relief	**24.6**	17.7
Over provision of income tax in respect of prior years	**(1.3)**	(1.3)
Effect of differences in tax rates in other countries where the Group operates	**(4.5)**	(4.6)
Share of loss/(profit) from equity-accounted associates and joint ventures	**0.3**	(0.7)
Effective tax rate	**25.9**	46.4

Tax losses and capital allowances of $14,073,000 (2013: $22,014,000) and $5,400,000 (2013: $11,152,000) respectively for the Group have been utilised during the financial year.

There are no income tax consequences attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 31).

Notes to the Financial Statements

For the financial year ended 31 December 2014

10 DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 3 October 2014, the Group announced that it has entered into a binding term sheet with Universal EC Investments Pte. Ltd. (UECI) and Southern Capital Group Private Limited pursuant to which UECI has agreed that subject to the fulfilment of certain pre-conditions, it shall make a voluntary conditional offer (the UE E&C Offer) to acquire UE E&C Ltd. (UE E&C) and the Group has undertaken to accept the UE E&C Offer in respect of its entire 68.2% equity interest in UE E&C for a consideration of approximately $230.2 million.

At an EGM held on 28 November 2014, the shareholders of the Company approved the proposed disposal of UE E&C to UECI. On 29 December 2014, the Group announced that it has accepted the voluntary conditional offer made by UECI and UE E&C has thereafter ceased to be a subsidiary of the Company.

As at 31 December 2014, the result of UE E&C has been presented separately on the consolidated income statement as Discontinued Operation.

The comparative figures have been re-presented to report separately profit and loss items for continuing and discontinued operations.

Income statement disclosures

The results for UE E&C Group for the year ended 31 December are as follows:

	GROUP	
	2014 **$000**	2013 $000
Revenue	**326,192**	348,070
Expenses	**(268,118)**	(287,944)
Profit from operations	**58,074**	60,126
Finance costs	**(1,299)**	(826)
Profit before tax from discontinued operation	**56,775**	59,300
Taxation:		
- Related to profit from ordinary activities of the discontinued operation (Note 9)	**(10,246)**	(11,988)
Profit from discontinued operation, net of tax	**46,529**	47,312
Gain on disposal of subsidiary	**43,526**	–
	90,055	47,312

Cash flow statement disclosures

Operating	**26,125**	63,933
Investing	**(4,038)**	1,630
Financing	**(24,470)**	(14,718)
Net cash (outflows)/inflows	**(2,383)**	50,845

Earnings per stock unit disclosures

Earnings per stock unit from discontinued operation attributable to owners of the Company (cents)		
Basic	**12.2**	5.9
Diluted	**12.2**	5.8

Basic earnings per stock unit (EPS) from discontinued operation is calculated by dividing net profit from discontinued operation attributable to owners of the Company of $77,547,000 (2013: $28,516,000) by the weighted average number of ordinary stock units in issue during the financial year of 635,688,860 (2013: 480,666,494).

Diluted EPS from discontinued operation is calculated by dividing the net profit from discontinued operation attributable to owners of the Company by the weighted average number of ordinary stock units outstanding during the financial year plus the weighted average number of ordinary stock units that would be issued on the conversion of all the dilutive potential ordinary stock units into ordinary stock units.

Notes to the Financial Statements

For the financial year ended 31 December 2014

10 DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE *(continued)*

The disposal group classified as held for sale as at 31 December 2014 comprised the following transactions:

(a) The Group entered into conditional agreement with Panasonic Asia Pacific Pte. Ltd. to dispose of its entire 12.9% shareholding interest in an associated company, RFNet Technologies Pte Ltd, for a consideration of approximately $2.4 million. The disposal was completed in January 2015.

(b) The Company's wholly-owned subsidiary, UE UMC Pte Ltd (UEUMC) entered into a conditional sale and purchase agreement for the sale of its entire 60% shareholding interest in its subsidiary, Tangshan UE Shengxing Renewable Resources Co., Ltd. (UETS) to Chemoil Environment Holding Pte. Ltd. for a consideration of RMB 6 million (equivalent to approximately $1.3 million). The divestment of UETS was completed in January 2015.

(c) The Company's wholly-owned subsidiary, United Engineers Developments Pte Ltd (UED) entered into a conditional sale and purchase agreement for the sale of its entire 51% shareholding interest in its subsidiaries, (1) United Managed Solutions Pte Ltd and its subsidiaries (collectively known as "UEMS Group") and (2) UE ServiceCorp (Taiwan) Limited (UESC) to Asia Facility Solutions Pte. Ltd. for a consideration of $12.2 million and $0.5 million respectively. The divestments of UEMS Group and UESC were completed in January 2015.

(d) The Group entered into a conditional sale and purchase agreement with Cao Jun Qi and Liu Yan to dispose of its investment property at No. 211 Qing Nian Da Jie, Shenhe District, Shenyang City, Liaoning Province, China 110015.

(e) MFLEX announced a restructuring plan to consolidate its production facilities to reduce the total manufacturing floor space by approximately one-third. As part of the restructuring, MFLEX Chengdu, along with two satellite manufacturing facilities in MFLEX Suzhou, China (one of which is a leased facility), were consolidated into MFLEX's two main manufacturing plants under MFLEX Suzhou.

Consequently, MFLEX's manufacturing facility in Chengdu and one of the satellite facilities in Suzhou ceased operations, and certain property, plant and equipment in Chengdu and Suzhou ceased to be in use and met the held for sale criteria in accordance with FRS 105.

(f) The Group has committed to a plan and has appointed agent to sell its properties at Lot Nos. 9694, 19533 and 19534, Pontian, State of Johor Darul Takzim, Malaysia.

The disposal group classified as held for sale as at 31 December 2013 comprised the following transactions:

(a) The Company's wholly-owned subsidiary, McAlister and Company Limited (McA) entered into a conditional sale and purchase agreement for the sale of its entire 100% shareholding interest in its subsidiary, Delichem Pte Ltd and its subsidiaries (collectively known as "Delichem Group") to Trucorp Pte Ltd for a consideration of $0.8 million. The divestment of Delichem Group was completed in February 2014.

(b) The assets and liabilities related to UE Orchard Pte Ltd and UE Somerset Pte Ltd (collectively known as "SPVs") were presented in the statement of financial position as "disposal group classified as held for sale" in accordance with the sale and purchase agreement entered between the Company and Oversea-Chinese Banking Corporation Limited (OCBC) for OCBC to acquire the issued shares of the SPVs upon completion of *orchardgateway* development by the SPVs. The divestment of the SPVs was completed in September 2014.

Notes to the Financial Statements

For the financial year ended 31 December 2014

10 DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE *(continued)*

(c) The Group signed a memorandum of understanding with a buyer to sell its property at No. 161, Yuhua Road, Yuhua District, Changsha, Hunan, China. The sale was completed in June 2014.

(d) The Group committed to a plan to sell its entire 49% equity interest in First Class Automotive Co., Ltd. (formerly known as Jaguar Cars (Thailand) Co., Ltd.) to AAS Auto Services Co. Ltd. for a total consideration of $2.01 million. The sale was completed in January 2014.

	GROUP	
	2014	2013
	$000	$000
Details of the assets of disposal group classified as held for sale are as follows:		
Property, plant and equipment	**25,163**	3,161
Properties development costs	–	315,915
Investment properties (Note 13)	**7,362**	–
Intangible assets (Note 14)	**1,441**	–
Acquisition of subsidiaries	–	4,540
Interests in associates	**252**	–
Interests in joint ventures	–	2,012
Deferred tax assets	**388**	–
Inventories	**342**	168
Trade and other receivables	**25,440**	5,236
Gross amount due from customers for contract work	–	43
Bank balances and deposits	**20,346**	18,099
	80,734	349,174
Details of the liabilities of disposal group classified as held for sale are as follows:		
Income tax payable	**538**	–
Trade and other payables	**27,359**	50,440
Borrowings	**3,223**	146
Deferred tax liabilities	**1,112**	–
	32,232	50,586

Notes to the Financial Statements

For the financial year ended 31 December 2014

11 EARNINGS PER STOCK UNIT

(a) Continuing operations

Basic earnings per stock unit (EPS) from continuing operations is calculated by dividing net profit from continuing operations attributable to owners of the Company of $46,036,000 (2013: $89,544,000) and after deducting preference dividends of $66,000 (2013: $66,000) by the weighted average number of ordinary stock units in issue during the financial year of 635,688,860 (2013: 480,666,494).

Diluted EPS from continuing operations is calculated by dividing the net profit from continuing operations attributable to owners of the Company and after deducting preference dividends by the weighted average number of ordinary stock units outstanding during the financial year plus the weighted average number of ordinary stock units that would be issued on the conversion of all the dilutive potential ordinary stock units into ordinary stock units.

	GROUP	
	2014 **$000**	2013 $000
Net profit attributable to owners of the Company used in computation of basic and diluted EPS	**123,583**	118,060
Less: Net profit from discontinued operation attributable to owners of the Company	**(77,547)**	(28,516)
Net profit from continuing operations attributable to owners of the Company used in computation of basic and diluted EPS	**46,036**	89,544
Less: Preference dividends	**(66)**	(66)
Add: Interest expense on convertible bonds, net of tax	**–**	595
	45,970	90,073
	No. of shares 000	No. of shares 000
Weighted average number of ordinary stock units applicable to basic EPS	**635,689**	480,667
Effect of dilutive securities:		
- Convertible bonds	**–**	12,811
- Share options	**151**	438
Adjusted number of ordinary stock units applicable to diluted EPS	**635,840**	493,916

1,134,546 (2013: 1,535,040) of share options granted to the employees under the existing employee share option plans have not been included in the calculation of diluted EPS because they are anti-dilutive for the current and previous financial years presented.

(b) Earnings per stock unit

Basic EPS is calculated by dividing net profit attributable to owners of the Company of $123,583,000 (2013: $118,060,000) and after deducting preference dividends of $66,000 (2013: $66,000) by the weighted average number of ordinary stock units in issue during the financial year of 635,688,860 (2013: 480,666,494).

Diluted EPS is calculated by dividing the net profit attributable to owners of the Company and after deducting preference dividends by the weighted average number of ordinary stock units outstanding during the financial year plus the weighted average number of ordinary stock units that would be issued on the conversion of all the dilutive potential ordinary stock units into ordinary stock units.

The profit and stock unit data are presented in table 11(a) above.

Notes to the Financial Statements

For the financial year ended 31 December 2014

12 PROPERTY, PLANT AND EQUIPMENT

	Freehold/ long leasehold land $000	Freehold/ long leasehold building $000	Leasehold land and building $000	Capital work-in-progress $000	Plant and machinery $000	Motor vehicles and other assets $000	Total $000
GROUP							
Cost							
At 1 January 2013	694	765	121,922	1,603	93,107	25,655	243,746
Acquisition of subsidiaries	27,225	11,099	344,668	–	340,012	50,940	773,944
Additions	510	179	5,425	12,886	39,197	23,635	81,832
Amount written-off	–	–	(49)	–	(1,100)	(380)	(1,529)
Currency realignment	(1,540)	284	609	(27)	8,495	(310)	7,511
Disposals	–	(1)	(84,417)	(271)	(24,558)	(4,440)	(113,687)
Reclassification to assets of disposal group classified as held for sale	–	–	(3,161)	–	–	–	(3,161)
Reclassification	–	–	(706)	(2,509)	2,534	681	–
Transfer from investment properties (Note 13)	–	–	464	–	–	–	464
At 31 December 2013 and 1 January 2014	26,889	12,326	384,755	11,682	457,687	95,781	989,120
Additions	–	435	4,033	3,556	48,225	21,616	77,865
Amount written-off	–	–	(626)	–	(7,265)	(1,151)	(9,042)
Currency realignment	(692)	1,864	3,888	131	(2,642)	555	3,104
Disposal of subsidiaries	–	–	(233,750)	(360)	(152,244)	(60,617)	(446,971)
Disposals	–	–	–	(271)	(17,541)	(11,265)	(29,077)
Reclassification	–	–	–	(8,285)	8,292	(7)	–
Reclassification to assets of disposal group classified as held for sale	–	–	(32,882)	(2,040)	(76,308)	(4,992)	(116,222)
At 31 December 2014	26,197	14,625	125,418	4,413	258,204	39,920	468,777
Accumulated depreciation and impairment loss							
At 1 January 2013	–	(357)	(6,446)	(349)	(54,728)	(17,472)	(79,352)
Amount written-off	–	–	18	–	1,006	374	1,398
Charge for the financial year							
- Continuing operations	–	(762)	(12,963)	–	(44,717)	(11,775)	(70,217)
- Discontinued operation	–	–	(938)		(8,834)	(776)	(10,548)
Currency realignment	–	(237)	(781)	–	(5,382)	275	(6,125)
Disposals	–	1	7,132	–	21,114	3,648	31,895
Impairment loss	–	–	–	–	(73,845)	(83)	(73,928)
At 31 December 2013 and 1 January 2014	–	(1,355)	(13,978)	(349)	(165,386)	(25,809)	(206,877)
Amount written-off	–	–	462	–	6,667	1,073	8,202
Charge for the financial year							
- Continuing operations	–	(1,266)	(14,013)	–	(56,689)	(14,569)	(86,537)
- Discontinued operation	–	–	(938)	–	(9,565)	(842)	(11,345)
Currency realignment	–	(1,499)	(1,856)	–	(9,808)	(448)	(13,611)
Disposal of subsidiaries	–	–	15,626	–	64,019	11,047	90,692
Disposals	–	–	–	–	14,358	7,209	21,567
(Impairment loss)/ reversal of impairment loss	–	–	(14,491)	–	36,471	(829)	21,151
Reclassification to assets of disposal group classified as held for sale	–	–	22,800	–	70,416	4,080	97,296
At 31 December 2014	–	(4,120)	(6,388)	(349)	(49,517)	(19,088)	(79,462)
Net book value							
At 31 December 2013	26,889	10,971	370,777	11,333	292,301	69,972	782,243
At 31 December 2014	26,197	10,505	119,030	4,064	208,687	20,832	389,315

Notes to the Financial Statements

For the financial year ended 31 December 2014

12 PROPERTY, PLANT AND EQUIPMENT *(continued)*

	Leasehold land and building $000	Capital work-in-progress $000	Motor vehicles and others assets $000	Total $000
COMPANY				
Cost				
At 1 January 2013	25,938	–	7,862	33,800
Disposals	–	–	(115)	(115)
At 31 December 2013 and 1 January 2014	25,938	–	7,747	33,685
Additions	–	281	1,302	1,583
Disposals	–	–	(602)	(602)
At 31 December 2014	25,938	281	8,447	34,666
Accumulated depreciation				
At 1 January 2013	(2,162)	–	(5,338)	(7,500)
Charge for the financial year	(786)	–	(1,730)	(2,516)
Disposals	–	–	97	97
At 31 December 2013 and 1 January 2014	(2,948)	–	(6,971)	(9,919)
Charge for the financial year	(786)	–	(696)	(1,482)
Disposals	–	–	548	548
At 31 December 2014	(3,734)	–	(7,119)	(10,853)
Net book value				
At 31 December 2013	22,990	–	776	23,766
At 31 December 2014	22,204	281	1,328	23,813

	GROUP	
	2014 $000	2013 $000
The depreciation charge for the financial year in the income statement is as follows:		
Depreciation for the financial year	**97,882**	80,765
Current financial year's depreciation capitalised	**(653)**	(859)
	97,229	79,906
Less: Attributable to discontinued operation		
Depreciation for the financial year	**(11,345)**	(10,548)
Current financial year's depreciation capitalised	**583**	851
	(10,762)	(9,697)
Charged to the income statement – continuing operations (Note 8)	**86,467**	70,219

Certain property, plant and equipment have been mortgaged to secure the banking facilities of certain subsidiaries, as follows:

Leasehold land and buildings	**2,504**	1,878
Plant and machinery	–	195
Other assets	–	306
	2,504	2,379

Notes to the Financial Statements

For the financial year ended 31 December 2014

13 INVESTMENT PROPERTIES

Investment properties owned by the Group include office, hospitality and commercial space and comprised mainly completed investment properties.

	GROUP		COMPANY	
	2014 $000	2013 $000	**2014 $000**	2013 $000
Statement of financial position:				
(a) Freehold land and buildings				
At 1 January	**838,455**	–	–	–
Acquisition of subsidiaries	–	168	–	–
Additions	–	836,344	–	–
Currency realignment	**(3)**	(9)	–	–
Revaluation surplus recognised in the income statement (Note 6)	–	1,952	–	–
Subsequent expenditure	**1,363**	–	–	–
At 31 December	**839,815**	838,455	–	–
(b) Long leasehold land and buildings				
At 1 January	**676,080**	675,000	**675,000**	675,000
Acquisition of subsidiaries	–	348	–	–
Currency realignment	**(7)**	(19)	–	–
Revaluation surplus recognised in the income statement (Note 6)	–	751	–	–
Subsequent expenditure	**100**	–	**100**	–
At 31 December	**676,173**	676,080	**675,100**	675,000
(c) Leasehold land and buildings				
At 1 January	**356,388**	528,765	–	–
Acquisition of subsidiaries	–	31,512	–	–
Adjustment to construction costs	–	(7,667)	–	–
Currency realignment	**(424)**	61	–	–
Disposal of subsidiaries	**(5,014)**	–	–	–
Disposals	**(12,505)**	(208,000)	–	–
Revaluation surplus recognised in the income statement (Note 6)	–	8,181	–	–
Subsequent expenditure	–	4,000	–	–
Transfer to assets of disposal group classified as held for sale (Note 10)	**(7,362)**	–	–	–
Transfer to property, plant and equipment (Note 12)	–	(464)	–	–
At 31 December	**331,083**	356,388	–	–
At valuation	**1,847,071**	1,870,923	**675,100**	675,000
Income statement:				
Rental income from investment properties:				
- Minimum lease payments	**80,110**	61,221	**38,555**	39,421
Direct operating expenses (including repairs and maintenance) (Note 8) arising from continuing operations:				
- Rental generating properties	**35,571**	31,165	**20,129**	19,819
- Non-rental generating properties	**334**	–	–	–

Notes to the Financial Statements

For the financial year ended 31 December 2014

13 INVESTMENT PROPERTIES *(continued)*

Investment properties are stated at their fair value, which has been determined based on independent professional valuations performed as at 31 December 2014 and 31 December 2013. The valuations were performed by DTZ Debenham Tie Leung (SEA) Pte Ltd, Colliers International Consultancy & Valuation (Singapore) Pte Ltd, PA International Property Consultants Sdn Bhd, JS Valuers Property Consultant (E.M) Sdn Bhd and Shanghai Lixin Appraisal Ltd. These were independent valuers with recognised and relevant professional qualification and with experience in the location and category of the properties being valued. Majority of the valuations are based on the income method that makes reference to estimated market rental values, equivalent yields and discount rate. Others are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction. In relying on the valuation reports, management has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of current market conditions. Details of the valuation techniques and inputs are disclosed in Note 38.

Investment properties amounting to $1,125,000,000 (2013: $1,127,129,000) have been mortgaged to secure term loan facilities of certain subsidiaries (Note 27).

Notes to the Financial Statements

For the financial year ended 31 December 2014

14 INTANGIBLE ASSETS

	Concession rights $000	Distributorship and dealership rights $000	Development costs and technical know-how $000	Customer relationships $000	Goodwill $000	Others(1) $000	Total $000
GROUP							
Cost							
At 1 January 2013	25,451	–	–	–	2,570	3,717	31,738
Currency realignment	1,316	(62)	–	–	–	8	1,262
Additions	2,532	–	753	–	–	1,432	4,717
Acquisition of subsidiaries	–	38,680	12,981	4,295	18,597	–	74,553
Disposal	–	–	–	–	–	(1,094)	(1,094)
At 31 December 2013 and 1 January 2014	29,299	38,618	13,734	4,295	21,167	4,063	111,176
Additions	–	–	476	–	–	131	607
Currency realignment	686	4	–	–	–	31	721
Disposal	–	–	(80)	–	–	–	(80)
Disposal of subsidiaries	–	(38,622)	–	–	(9,711)	(18)	(48,351)
Transfer to assets of disposal group classified as held for sale (Note 10)	–	–	–	–	–	(2,987)	(2,987)
At 31 December 2014	29,985	–	14,130	4,295	11,456	1,220	61,086
Accumulated amortisation and impairment losses							
At 1 January 2013	(2,991)	–	–	–	(638)	(3,528)	(7,157)
Amortisation	(1,140)	(1,141)	(1,322)	(997)	–	(60)	(4,660)
Currency realignment	(163)	–	–	–	–	(3)	(166)
Disposal	–	–	–	–	–	1,094	1,094
Impairment loss	–	–	(10,564)	–	(2,785)	–	(13,349)
At 31 December 2013 and 1 January 2014	(4,294)	(1,141)	(11,886)	(997)	(3,423)	(2,497)	(24,238)
Amortisation	(1,163)	(1,474)	(478)	(432)	–	(75)	(3,622)
Currency realignment	(103)	–	–	–	–	(2)	(105)
Disposal	–	–	13	–	–	–	13
Disposal of subsidiaries	–	2,615	–	–	–	–	2,615
Impairment loss	–	–	–	–	(6,330)	–	(6,330)
Transfer to assets of disposal group classified as held for sale (Note 10)	–	–	–	–	–	1,546	1,546
At 31 December 2014	(5,560)	–	(12,351)	(1,429)	(9,753)	(1,028)	(30,121)
Net carrying amount							
At 31 December 2013	25,005	37,477	1,848	3,298	17,744	1,566	86,938
At 31 December 2014	24,425	–	1,779	2,866	1,703	192	30,965

(1) Others comprise mainly trademark, software licence and marketing rights.

Notes to the Financial Statements

For the financial year ended 31 December 2014

14 INTANGIBLE ASSETS *(continued)*

(a) Concession rights

The Group has service concession arrangements with various government bodies and agencies of the government of the People's Republic of China ("the grantors"). Under these concession arrangements, the Group will typically construct and operate the water and medical waste treatment plants to collect and treat water and medical waste for local hospitals and clinics at the tariffs which are determined by the grantors for concession periods of between 20 to 30 years. The plants are transferred to the grantors at the end of the concession periods. The concession rights are amortised evenly over their economic useful lives of 20 to 30 years.

(b) Distributorship and dealership rights

This relates to the rights under distributorship and dealership agreements, which are separately identified intangible assets acquired as part of business combination in 2013. These distributorship and dealership agreements are expected to continue for an indefinite period and, where these agreements do not have indefinite terms, it is believed that renewal of these agreements can be obtained without significant costs, taking into account the history of renewal and the relationships between the distributors, dealers and contracting parties. Distributorship and dealership rights are amortised over a period of 15 to 20 years. During the financial year ended 31 December 2014, the entire carrying amount of distributorship and dealership rights has been recognised in the income statement, following the divestment of certain subsidiaries.

(c) Development costs and technical know-how

Development costs and technical know-how are separately identified intangible assets recognised and acquired as part of business combination mainly relating to technology business of WBL Group, MFLEX. In 2013, MFLEX has reported volatile sales for the year and was in a loss making position. The management has performed an assessment and the recoverable amount of the MFLEX's intangible assets was assessed to be lower than its carrying amount.

(d) Customer relationships

Customer relationships acquired in business combinations are carried at fair values at the date of acquisition, and amortised over a straight-line basis over the period of the expected benefits, which is estimated at 5 to 9 years.

Amortisation expense

Amortisation of intangible assets is included in the line "Other items of expense" in the income statement.

(e) Goodwill

Goodwill acquired through business combinations have been allocated to the following cash-generating units (CGUs), which are also the basis for impairment testing:

Cash-generating unit (CGU)	2014 $000	Basis on which recoverable value were determined	Discount rate	Years of cash flow projections
SPC Wearnes Pte. Ltd. (SPC)	–	Value-in-use	11%	5
UE Envirotech Pte Ltd (UEEV) Group	1,703	Value-in-use	13%	20 to 30
	1,703			

Notes to the Financial Statements

For the financial year ended 31 December 2014

14 INTANGIBLE ASSETS *(continued)*

Cash-generating unit (CGU)	2013 $000	Basis on which recoverable value were determined	Discount rate	Years of cash flow projections
Wearnes Automotive Pte Ltd (WA)	9,482	Value-in-use	11%	3
MFLEX	–	Fair value	N.A.	N.A.
SPC	6,330	Value-in-use	10%	5
UEEV Group	1,703	Value-in-use	10%	20 to 30
APG GEO-Systems Sdn Bhd (APG)	229	Fair value	N.A.	N.A.
	17,744			

Goodwill is tested for impairment annually. For CGUs with recoverable values determined based on the value-in-use method, the value-in-use calculations apply a discounted cash flow model using cash flow projections based on financial budgets and forecasts approved by management for periods as stated in the table above. The cash flows beyond the budget period were extrapolated using a terminal growth rate of 3% (2013: 0% to 3%) per annum. The terminal growth rate does not exceed the long-term average growth rate of the respective industry and country in which the entity operates. The discount rates applied to the cash flow projections are pre-tax and reflected a reasonable risk premium at the date of the assessment of the respective cash-generating units.

With regards to the assessment of value in use, management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the unit to materiality exceed its recoverable amount.

<u>**2014**</u>

WA and APG
During the current financial year ended 31 December 2014, the goodwill relating to WA and APG CGUs amounting to $9,711,000 has been recognised in income statement under the line item "Other items of income" as part of the determination of gain/(loss) from disposal of subsidiaries, following the divestment of these entities.

SPC
During the current financial year ended 31 December 2014, an impairment loss was recognised to write-down fully the goodwill attributable to SPC CGU amounting to $6,330,000 as a result of weaker growth rate projection to reflect market conditions.

<u>**2013**</u>

MFLEX
During the previous financial year ended 31 December 2013, the MFLEX CGU experienced a decline in market capitalisation due to declining share prices quoted on NASDAQ, and its financial performance was below forecasted results. As these circumstances presented indicators of impairment of the goodwill allocated to MFLEX CGU, an impairment assessment was performed on the goodwill allocated to MFLEX CGU. An impairment charge of $2,785,000 was recognised within "Other items of expense" in the income statement. The recoverable amount was based on MFLEX CGU's fair value less cost to sell, using the quoted price as at 31 December 2013.

Notes to the Financial Statements

For the financial year ended 31 December 2014

15 INTERESTS IN SUBSIDIARIES

	COMPANY	
	2014	2013
	$000	$000
Quoted equity shares at cost	**–**	24,448
Unquoted equity shares at cost	**263,047**	263,747
Impairment losses	**(62,163)**	(62,163)
Carrying amount of investments	**200,884**	226,032
Loans receivable	**1,065,988**	1,524,245
Allowance for doubtful loans receivable	**(50,400)**	(51,779)
	1,015,588	1,472,466
	1,216,472	1,698,498
Market value of quoted shares	**–**	37,092

Included in loans receivable are non-interest bearing unsecured loans of $662,883,000 (2013: $266,185,000) which form part of the Company's net investment in the subsidiaries. The other loans receivable are unsecured and bear interest ranging from 0.15% to 6.5% (2013: 0.25% to 6.5%) per annum. All loans receivable are not expected to be repayable within the next 12 months.

Receivables that are impaired
At the end of the reporting period, the Company has provided an allowance of $50,400,000 (2013: $51,779,000) for impairment of the unsecured loans to certain subsidiaries. These subsidiaries have been suffering significant financial losses for the current and past financial years.

	COMPANY	
	2014	2013
	$000	$000
Movement in the allowance account is as follows:		
At 1 January	**(51,779)**	(43,618)
Charge for the year	**–**	(13,026)
Written back	**1,710**	3,978
Exchange differences	**(331)**	887
At 31 December	**(50,400)**	(51,779)

<u>2014</u>

Disposal of subsidiaries
During the financial year ended 31 December 2014, the Group disposed of the following subsidiaries:

a) In February 2014, the Group completed the disposal of the 100% shareholdings in Delichem Pte Ltd.

b) In September 2014, the Group completed the disposal of UE Orchard Pte Ltd and UE Somerset Pte Ltd.

c) In November 2014, the Group completed the following disposals:

- 78% shareholding interest in Suzhou Industrial Park Jian Wu Heng Ye Property Development Co., Ltd.;
- the entire issued and paid up share capital in MFS Technology (S) Pte Ltd and certain assets and liabilities identified on MFS Technology Ltd's balance sheet; and
- the entire issued and paid up share capital in Wearnes Automotive Pte. Ltd. and Associated Motor Industries (Private) Limited subject to purchase price adjustment in accordance with the sale and purchase agreement. Subsequent to the year end, the Group has received a notice from the purchaser proposing adjustments to the purchase price amounting to $23.0 million. The Group is of the opinion that the adjustments proposed by the purchaser are without merit, and accordingly no provision has been made in the financial statements.

d) In December 2014, the Group accepted the voluntary conditional offer made by UECI and completed the divestment of UE E&C. The gain on disposal before tax was approximately $43.5 million.

Notes to the Financial Statements

For the financial year ended 31 December 2014

15 INTERESTS IN SUBSIDIARIES *(continued)*

Acquisition of additional shareholding interests from non-controlling interests
During the financial year, UE Centennial Venture Pte. Ltd. acquired additional shareholding interest in WBL Corporation Limited (WBL) from its non-controlling interests via voluntary delisting offers to acquire all the issued ordinary stock units and outstanding convertible bonds of WBL for a consideration of $131.8 million. As a result of the acquisition and the conversion of WBL convertible bonds, the Group's shareholding interest in WBL increased to 67.6%. The difference of $9.7 million between the consideration paid and the carrying value of the additional interest acquired was recognised within equity.

2013

Acquisition of subsidiaries
On 29 May 2013 (the Acquisition Date), the Group's wholly-owned subsidiary, UE Centennial Venture Pte. Ltd. acquired 56.8% equity interest in WBL. Upon the acquisition, WBL and its subsidiaries (collectively known as WBL Group) became subsidiaries of the Group. The Group acquired WBL in order to expand and diversify the Group's development property portfolio, gain exposure to long-term growth opportunities in the property market of the PRC, harness synergies and explore opportunities to enhance value across the WBL Group's diverse portfolio of businesses. The Group has elected to measure the non-controlling interest at the non-controlling interest's proportionate share of WBL's net identifiable assets.

Transaction costs
Transaction costs related to the acquisition of approximately $5.6 million were recognised in the "Administrative expenses" line item in the Group's consolidated income statement for the financial year ended 31 December 2013.

Trade and other receivables acquired
Trade and other receivables acquired comprise trade receivables and other receivables amounting to $335.5 million which approximates fair value. It is expected that the full contractual amount of the receivables can be collected.

Goodwill arising from acquisition
Goodwill of $18.6 million represents the synergies expected to be achieved from integrating the value-added midstream processing business of the subsidiaries into the Group's existing supply chain business. Goodwill is allocated to the technology, engineering, manufacturing and distribution and automotive businesses respectively. None of the goodwill recognised is expected to be deductible for income tax purposes.

Impact of the acquisition on income statement
From the Acquisition Date, WBL contributed $1.37 billion of revenue and attributable loss of $27.9 million to the Group's net profit for the financial year ended 31 December 2013. If the business combination had taken place at the beginning of 2013, the revenue from continuing operations would have been $2.96 billion and the Group's attributable profit from continuing operations, net of tax would have been approximately $118.5 million.

Gain on remeasuring previously held equity interest in WBL Group to fair value at date of acquisition
The Group recognised a deemed disposal gain of $21.4 million from available-for-sale financial assets (previously held directly and indirectly through an associated company of UE Group) subsequently accounted for as subsidiaries following from the acquisition of WBL Group. The gain was included in the "Other income" line item in the Group's consolidated income statement for the financial year ended 31 December 2013.

Disposal of non-controlling interests
On 29 August 2013, the Company's subsidiary, United Engineers Developments Pte Ltd, disposed of its 19% shareholding interest in UE Managed Solutions Pte Ltd to its non-controlling interests for a cash consideration of $5.7 million. The difference of $2.1 million between the consideration and the carrying value of the shareholding interest disposed was recognised within equity.

Notes to the Financial Statements

For the financial year ended 31 December 2014

15 INTERESTS IN SUBSIDIARIES *(continued)*

The subsidiaries as at 31 December are as follows:

Name of company	Principal activities (Place of business) [1]	Effective equity interest held by the Group 2014 %	2013 %
Incorporated in Singapore			
Advance Chemical Finishing Pte Ltd	Struck off	–	56.2
Associated Motor Industries (Private) Limited	Leasing of premises to related companies	–[3]	56.8
Delichem Pte Ltd	Specialty chemical products	–[3]	100
Flex Solutions (Singapore) Pte Ltd	Dormant	–[3]	48.6
Greatearth Construction Pte Ltd	Building contractors	–[3]	68.2
Greatearth Corporation Pte Ltd	Building contractors	–[3]	68.2
Greatearth Developments Pte Ltd	Real estate development and investment holding	–[@]	84.1
Greatearth Holding Pte Ltd	Investment holding	–[3]	68.2
Maxdin Pte Ltd	Property investment and provision of project management services	–[3]	68.2
MaxLee Development Pte Ltd	Property development and investment	–[@]	55.5
McAlister and Company, Limited	Supply of industrial equipment, general trading and general engineering (Singapore and Malaysia)	**100**	100
MFS Technology (S) Pte Ltd	Marketing of flexible printed circuits and associated assembly	–[3]	48.6
MFS Technology Ltd	Investment holding	**57**	48.6
MPL Pte Ltd [6]	Under liquidation	**100**	100
Multi-Fineline Electronix Singapore Pte. Ltd.*[,β]	Regional office	**42.8**	37.1
O'Connor's Holdings Pte Ltd	Investment holding	**67.6**	56.8
O'Connor's Singapore Pte Ltd	System Integrator and value-added reseller of security, telecommunication, scientific and medical systems	**67.6**	56.8
O’Connor’s Technology Pte. Ltd.	Manufacture of medical tools, develop and manufacture systems for tracking equipment and consumables in hospitals, and distributions of software solutions	**67.6**	56.8

Notes to the Financial Statements

For the financial year ended 31 December 2014

15 INTERESTS IN SUBSIDIARIES *(continued)*

Name of company	Principal activities (Place of business)[1]	Effective equity interest held by the Group 2014 %	2013 %
Incorporated in Singapore *(continued)*			
Puffersoft Labs Pte. Ltd.	Dormant	**54.1**	45.4
Quality Engineering Pte Ltd	General building contractors and provision of security services	–[3]	47.7
Shenyang Summer Palace Pte Ltd	Investment holding	**67.6**	56.8
SM Motors Private Limited	Ownership of land and building and property management	–[3]	56.8
Speedling Investment Pte Ltd	Investment holding	**67.6**	56.8
UE Centennial Venture Pte Ltd	Investment holding	**100**	100
UE Development (Alexandra) Pte Ltd	Property development and leasing	**100**	100
UE Development (Anson) Pte Ltd	Property development and leasing	**100**	100
UE Development (Bendemeer) Pte Ltd	Property development	**100**	100
UE E&C Ltd.	Investment holding	–[3]	68.2
UE Envirotech Pte Ltd	Investment holding and trading of specialised waste disposal equipment	**100**	100
UE Managed Solutions Pte Ltd[5]	Investment holding	**51**	51
UE NEWater Pte Ltd	Environmental engineering and investment holding	**100**	100
UE One-North Developments Pte Ltd	Property development and leasing	**100**	100
UE Orchard Pte Ltd	Property development	–[3]	100
UE Park Avenue International Pte Ltd	Hotel management services	**100**	100
UE Power & Resources Pte Ltd	Supply of machinery, equipment and metal products	–[3]	68.2
UE Somerset Pte Ltd	Property development	–[3]	100
UE Support Services Pte Ltd	Management services	**100**	100

Notes to the Financial Statements

For the financial year ended 31 December 2014

15 INTERESTS IN SUBSIDIARIES *(continued)*

Name of company	Principal activities (Place of business) [1]	Effective equity interest held by the Group 2014 %	2013 %
Incorporated in Singapore *(continued)*			
UE Trade Corporation Pte Ltd	Dormant	**100**	100
UE UMC Pte Ltd	Investment holding	**100**	100
UE Ville Developments Pte Ltd	Property development and leasing	**100**	100
UED Capital Venture Pte Ltd	Dormant	**100**	100
UE-IBP Building Materials Pte Ltd	Bulk supply of building materials	–[3]	68.2
UES Holdings Pte Ltd	Environmental engineering and investment holding	**100**	100
UESH-BEWGI ENG. Pte Ltd	Water engineering service	**80**	–
UE H2O Pte Ltd	Environmental engineering and investment holding	**100**	100
UE Managed Solutions Singapore Pte Ltd [5]	Provision of facilities management services	**51**	51
United Air Pte Ltd	Air-conditioning supply	–[3]	68.2
United Engineers Developments Pte Ltd	Property facilities management and leasing	**100**	100
United Engineers (Singapore) Private Limited	Mechanical and electrical engineering	–[3]	68.2
United Infrastructure Pte Ltd [4]	Dormant	**100**	100
United Tech Park Pte Ltd	Struck off	–	90
United Wearnes Technology Pte Ltd	Investment holding	**80.6**	74.1
Wearne Brothers Properties (Private) Limited	Investment holding	**67.6**	56.8
Wearne Brothers Services (Private) Limited	Provision of management and financial services to related companies	**67.6**	56.8
Wearnes Automotive & Equipment Pte Ltd	Investment holding & property management	–[3]	56.8

Notes to the Financial Statements

For the financial year ended 31 December 2014

15 INTERESTS IN SUBSIDIARIES *(continued)*

Name of company	Principal activities (Place of business) [1]	Effective equity interest held by the Group 2014 %	2013 %
Incorporated in Singapore *(continued)*			
Wearnes Automotive Pte. Ltd.	Investment holding, distribution and rental of motor vehicles, trading of motor vehicle parts and accessories and provision of related services	–[3]	56.8
Wearnes Automotive Services Pte. Ltd.	Auto insurance agency	–[3]	56.8
Wearnes Development (Private) Limited	Investment holding and provision of management services to related companies	**67.6**	56.8
Wearnes Engineering & Distribution Pte. Ltd.	Trading of marine and heavy equipment, and the supply and installation of building materials, industrial laundry, kitchen and food processing equipment, bottling and distribution of liquefied petroleum gas	**67.6**	56.8
Wearnes Hollingsworth Singapore Pte Ltd	Investment holding	**64.4**	59.2
Wearnes International (1994) Limited	Investment holding	**67.6**	56.8
Wearnes Precision (Private) Limited	Investment holding	**67.5**	56.2
Wearnes Technology (Private) Limited	Investment holding	**67.5**	56.2
WBL Corporation Limited	Investment holding and provision of management services to related companies	**67.6**	56.8
Incorporated in Malaysia			
APG Geo-Systems Sdn Bhd	Specialists geo-technical foundation engineering	–[3]	61.4
APG Systems (E.M.) Sdn Bhd	Specialists construction, sub-contractor for other geo-technical works	–[3]	61.4
Delichem Sdn Bhd	Provision of turnkey cleaning services	–[3]	100
Far East Motors Malaysia Sendirian Berhad [2]	Distribution of light industrial equipment	**67.6**	56.8
GE Construction Sdn Bhd	Building contractors and property developer	–[3]	68.2

Notes to the Financial Statements

For the financial year ended 31 December 2014

15 INTERESTS IN SUBSIDIARIES *(continued)*

Name of company	Principal activities (Place of business)[1]	Effective equity interest held by the Group 2014 %	Effective equity interest held by the Group 2013 %
Incorporated in Malaysia *(continued)*			
Kumpulan O'Connor's (Malaysia) Sdn Bhd [2]	Investment holding	**67.6**	56.8
McAlister Engineering Sdn Bhd [2]	Freight tank containers and other steel products	**100**	100
McAlister Holdings (Malaysia) Sdn Bhd [2]	Project and business manager of property and buildings, general contractors	**100**	100
McAlister Trading (Malaysia) Sdn Bhd [2]	Dormant	**100**	100
MFS Technology (M) Sdn Bhd	Manufacture of flexible printed circuits and associated assembly	–[3]	48.6
Multi-Fineline Electronix Malaysia Sdn Bhd	Dormant	**42.8**	37.1
NCD Wearnes (Malaysia) Sdn Bhd	Liquidated	–	74.1
O'Connor's Engineering Sdn Bhd [2]	System integrator and value-added reseller of security, telecommunication and technical systems	**67.6**	56.8
O'Connor's Enterprise Sdn Bhd [2]	Property investment	**67.6**	56.8
O'Connor's Technologies Sdn Bhd [2]	Distribution of specialised application software	**67.6**	56.8
Peninsular Smart Sdn Bhd [2]	Property owner and property developer	**100**	100
Polytek-Wearnes Engineering Sdn Bhd [2]	Dormant	**67.6**	56.8
Quality Edition Sdn Bhd	Property investment	–[3]	68.2
UE ServiceCorp (Malaysia) Sdn Bhd [2]	Investment holding	**100**	100
UED Developments (M) Sdn Bhd [2]	Civil, electrical, mechanical engineers and contractors	**100**	100
UE Managed Solutions Malaysia Sdn Bhd [5]	Provision of facilities management services	**51**	51
Wearne Brothers (1983) Sdn Bhd	Investment holding	–[3]	56.8

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For the financial year ended 31 December 2014

15 INTERESTS IN SUBSIDIARIES *(continued)*

Name of company	Principal activities (Place of business) [1]	Effective equity interest held by the Group 2014 %	2013 %
Incorporated in Malaysia *(continued)*			
Wearnes Autohaus Sdn. Bhd.	Selling and servicing of motor vehicles and sales of related spare parts	–[3]	56.8
Wearnes Automotive Sdn Bhd	Selling and servicing of motor vehicles and sales of related spare parts	–[3]	56.8
Wearnes Electronics (Malaysia) Sdn Bhd [2]	Dormant	**65.9**	55.6
Wearnes Precision (Malaysia) Sdn Bhd	Liquidated	–	56.2
Incorporated in Brunei			
O'Connor's (B) Sdn Bhd	Dormant	**67.6**	56.8
United Engineers (B) Sdn Bhd	Civil, electrical, mechanical engineers and contractors	–[3]	61.4
Incorporated in Indonesia			
PT UE Developments	Development and management of apartment (condominium) buildings and office buildings	**100**	100
PT UE Power Engineering Services	Trading of machinery equipment related to power industry and parts and consumables, service and maintenance of equipment management & engineering consultancy services	–[3]	68.2
PT UE Prima Nusantara	Engineering services, export and import, rental services of generators and other related equipment, after sales services maintenance and repair of equipment	–[3]	64.8
PT UE Sentosa [2]	Engineering and construction projects	**60**	60
PT United Engineers Indonesia	Fabrication of steel structures	**100**	100
PT Wearnes Premium Era	Rental of property	–[3]	51.1

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For the financial year ended 31 December 2014

15 INTERESTS IN SUBSIDIARIES *(continued)*

Name of company	Principal activities (Place of business) [1]	Effective equity interest held by the Group 2014 %	2013 %
Incorporated in Thailand			
UE Precision Cleaning Company Limited	Supply of specialty chemical solvents and cleaning machines	–[3]	100
UES (Thailand) Company Limited [6]	Under liquidation	**90**	90
Incorporated in Vietnam			
UE Newater (Vietnam) Limited	Environmental engineering	**100**	100
United Engineers (Vietnam) Limited	Engineering and construction	–[3]	68.2
Incorporated in Cambodia			
Media Services Limited	Dormant	–[3]	100
United Media Limited	Dormant	–[3]	100
Incorporated in Myanmar			
UE Myanmar Limited [4]	Dormant	**100**	100
Incorporated in India			
UE Trade Corporation (India) Private Limited	Dormant	**100**	100
Incorporated in Hong Kong			
ServiceMaster Hong Kong Limited [5]	Dormant	**51**	51
Sunique Company Limited	Liquidated	–	36.9
United Circuits (Hong Kong) Limited	Liquidated	–	65.6
Uniteers (Hong Kong) Limited	De-registered	–	100
Wearne Brothers (Hong Kong) Limited	Investment holding	**67.6**	56.8
Wearnes Motors (HK) Limited	Distribution of the Volvo and Renault cars and provision of related services	–[3]	56.8
Wearnes Technology (Hong Kong) Limited	Under de-registration	**67.5**	56.2
Incorporated in Korea			
MFLEX Korea, Ltd [β]	Regional office	**42.8**	37.1

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For the financial year ended 31 December 2014

15 INTERESTS IN SUBSIDIARIES *(continued)*

Name of company	Principal activities (Place of business) [1]	Effective equity interest held by the Group 2014 %	2013 %
Incorporated in Taiwan			
UE Managed Solutions Taiwan Ltd [5]	Provision of facilities management services	**51**	51
UE ServiceCorp (Taiwan) Limited [5]	Provision of facilities management services	**100**	100
Wearnes Global Co. Ltd	Trading of electronic components	–[#]	48.3
Incorporated in The People's Republic of China			
Anhui Anxin Energy Co., Ltd.	Leasing of generator sets	–[3]	68.2
Chengdu Huaxin International Realty Co., Ltd.	Property development	**67.6**	56.8
Chengdu Huaxin Ruitai Property Management Co., Ltd.	Property management	**67.5**	56.2
Chengdu Wearnes UEST Co., Ltd.	Production of bio-electronic products	**57.2**	48.3
Hengyang City UE Songmu Water Co., Ltd. [2]	Industrial water supply	**100**	100
Huaxin Community Broadband Service Co., Ltd.	Investment holding	**67.5**	56.2
Jiaozuo UE Environmental Protection Technology Co., Ltd. [2]	Treatment of medical waste and related activities	**90**	90
Kunming Speedling Co., Ltd.	Under liquidation	**60.8**	51.1
Liaocheng UE Environmental Protection Technology Co., Ltd. [2]	Treatment of medical waste and related activities	**90**	90
MFLEX Chengdu Co., Ltd. [β]	Manufacture and assembly of flexible printed circuits	**42.8**	37.1
MFLEX Suzhou Co., Ltd. [β]	Manufacture and assembly of flexible printed circuits	**42.8**	37.1
MFS Technology (Hunan) Co., Ltd.	Manufacture and marketing of flexible printed circuits and associated assembly	–[3]	48.6
MFS Technology (PCB) Co., Ltd.	Manufacture and marketing of printed circuit boards	–[3]	48.6

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For the financial year ended 31 December 2014

15 INTERESTS IN SUBSIDIARIES *(continued)*

Name of company	Principal activities (Place of business)[1]	Effective equity interest held by the Group 2014 %	2013 %
Incorporated in The People's Republic of China *(continued)*			
Park Avenue Management Services (Shanghai) Co., Ltd.[6]	Under de-registration	**100**	100
Shanghai Wearnes Enterprise Management Co., Ltd.	Provision of management services for property development	**67.6**	56.8
Shaoyang UE Environmental Protection Technology Co., Ltd.[2]	Treatment of medical waste and related activities	**100**	100
Shenyang Huaxin International City Development Co., Ltd.	Property development	**67.6**	56.8
Shenyang Huaxin International Realty Co., Ltd.	Property development	**67.6**	56.8
Shenyang Huaxin Property Management Co., Ltd.[6]	Under liquidation	**67.5**	56.2
Shenyang Summer Palace Property Development Co., Ltd.	Property development	**67.6**	56.8
Shenzhen Technology Development Corporation[β]	Dormant	**40.6**	34.1
Shenzhen Weko Biotechnology Limited	Dormant	**60.8**	51.1
Summer Palace Management Co., Ltd.[6]	Under liquidation	**67.6**	56.8
Suzhou Future Agriworld Co., Ltd.	Agribusiness exhibition and trade emporium centre	**56.2**	47.1
Suzhou Industrial Park Jian Wu Heng Ye Property Development Co., Ltd.	Property development	–[3]	44.3
Suzhou Speedling Co., Ltd.	Production and distribution of agricultural seedlings	**62.6**	52.8
Suzhou Wearnes Technology Co., Ltd.	Investment holding	**67.5**	56.2
Tangshan UE Shengxing Renewable Resources Co., Ltd.[5]	Treatment of industrial waste oil	**60**	60
UE Asia Pacific (Beijing) Co., Ltd.[2]	General activities	**100**	100
UE (Liaocheng) Water Co., Ltd.[2]	Treatment of waste water and related activities	**100**	100
UE Aton Environment (Shanghai) Co., Ltd.	De-registered	–	70

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15 INTERESTS IN SUBSIDIARIES *(continued)*

Name of company	Principal activities (Place of business) [1]	Effective equity interest held by the Group 2014 %	2013 %
Incorporated in The People's Republic of China *(continued)*			
UE Envirotech (Beijing) Co., Ltd. [2]	Treatment of medical waste and related activities	**100**	100
UE Envirotech (Chenzhou) Co., Ltd. [2]	Treatment of medical waste and related activities	**100**	100
UE Envirotech (Ji'an) Co., Ltd. [2]	Treatment of medical waste and related activities	**100**	100
UE Envirotech (Weifang) Co., Ltd. [2]	Treatment of medical waste and related activities	**100**	100
UE Envirotech (Xinxiang) Co., Ltd. [2]	Treatment of medical waste and related activities	**100**	100
Wearnes Automotive Changchun Co., Ltd.	Retailing of vehicles and other related services	–[3]	56.8
Wearnes Components Shenyang Ltd.	Manufacture of electronic components	**67.5**	56.8
Wearnes Electronics Shenyang Ltd. [β]	Dormant	**59.4**	37.8
Wearnes Global (Suzhou) Co., Ltd.	Liquidated	–	56.2
Wearnes Hollingsworth (Shenyang) Ltd.	Liquidated	–	45.4
Wearnes Precision (Shenyang) Ltd.	Diecasting and precision engineering	**67.5**	56.2
Wearnes Technology (Shenyang) Ltd.	Property investment	**54.1**	45.4
Wuhan Wearnes Technology Co., Ltd.	Under liquidation	**61.3**	51.7
Yuan-Wearnes Technology (Changsha) Limited [β]	Dormant	**37.2**	31.2
Incorporated in Australia			
Pacific Silica Pty Ltd [2, β]	Mineral sand mining	**49.9**	42.0
Incorporated in Cayman Islands			
M-Flex Cayman Islands, Inc. [β]	Investment holding	**42.8**	37.1

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15 INTERESTS IN SUBSIDIARIES *(continued)*

Name of company	Principal activities (Place of business)[1]	Effective equity interest held by the Group 2014 %	2013 %
Incorporated in Germany			
MFS Technology Europe UG	Marketing of flexible printed circuits and associated assembly	–[3]	48.6
Incorporated in Netherland			
MFLEX B.V.[β]	Investment holding	**42.8**	37.1
Incorporated in United Kingdom			
MFLEX UK Limited[β]	Research and development	**42.8**	37.1
Wearnes Cambion Limited[2]	Manufacture of electronic connectors	**67.5**	56.2
Incorporated in United States of America			
Multi-Fineline Electronix, Inc.[7,β]	Corporate headquarters and research and development	**42.8**	37.1
Speedling, Incorporated	Transplant technology provider and production of seedlings	**67.6**	56.8
Wearnes (USA), Inc	Investment holding	**67.6**	56.8

All the Singapore incorporated subsidiaries which are subject to an audit in 2014 (except for MFS Technology Ltd and Singapore incorporated subsidiary of MFLEX which are audited by PricewaterhouseCoopers LLP, Singapore) are audited by Ernst & Young LLP, Singapore.

In 2013, all the Singapore incorporated subsidiaries of WBL Group, which are subject to an audit, are audited by PricewaterhouseCoopers LLP, Singapore.

1 Place of business in the respective countries of incorporation unless otherwise stated.
2 Audited by member firms of Ernst & Young Global in the respective countries.
3 Subsidiaries disposed of during the financial year.
4 Not statutorily required to be audited.
5 During the financial year, the subsidiaries were reclassified as disposal group classified as held for sale (Note 10).
6 Not subject to audit as the subsidiary is under liquidation or in the process of de-registration.
7 Audited by PricewaterhouseCoopers LLP, Orange County, California.
@ Arising from the Group's disposal of UE E&C Ltd., the company is accounted for as an associate/joint venture of the Group.
# During the financial year, the company was reclassified as an associate of the Group as a result of dilution in equity interest.
* Singapore incorporated subsidiary of MFLEX.
β Accounted for as subsidiary as the company was held through WBL.

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15 INTERESTS IN SUBSIDIARIES *(continued)*

The Group has the following subsidiaries which have non-controlling interests (NCI) material to the Group.

Name of Subsidiary	Principal activities	Proportion of ownership interest held by NCI	Profit/(loss) allocated to NCI during the reporting period $000	Accumulated NCI at the end of the reporting period $000	Dividends paid to NCI $000
31 December 2014:					
WBL Corporation Limited	**Investment holding and provision of management services to related companies**	**32.4%**	**42,590**	**261,982**	**9,546**
Multi-Fineline Electronix, Inc and its subsidiaries	**Manufacture and assembly of flexible printed circuits**	**57.2%**	**(18,443)**	**248,063**	**–**
31 December 2013:					
WBL Corporation Limited	Investment holding and provision of management services to related companies	43.2%	18,429	284,701	6,299
Multi-Fineline Electronix, Inc and its subsidiaries	Manufacture and assembly of flexible printed circuits	62.9%	(78,182)	277,729	–

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interests are as follows:

Summarised statement of financial position

	WBL Corporation Limited		Multi-Fineline Electronix, Inc and its subsidiaries	
	2014 $000	2013 $000	**2014 $000**	2013 $000
Current				
Assets	**220,292**	39,503	**462,261**	445,216
Liabilities	**(6,256)**	(46,827)	**(261,951)**	(294,763)
Net current assets/(liabilities)	**214,036**	(7,324)	**200,310**	150,453
Non-current				
Assets	**815,483**	938,140	**233,756**	291,703
Liabilities	**(220,932)**	(271,786)	**(389)**	(615)
Net non-current assets	**594,551**	666,354	**233,367**	291,088
Net assets	**808,587**	659,030	**433,677**	441,541

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For the financial year ended 31 December 2014

15 INTERESTS IN SUBSIDIARIES *(continued)*

Summarised statement of comprehensive income

	WBL Corporation Limited		**Multi-Fineline Electronix, Inc and its subsidiaries**	
	January to December 2014 $000	June to December* 2013 $000	**January to December 2014 $000**	June to December 2013* $000
Revenue	**11,602**	47,627	**800,216**	553,823
Profit/(loss) before income tax	**132,055**	43,314	**(9,337)**	(128,367)
Income tax (expense)/benefit	**(604)**	(654)	**(22,906)**	4,072
Profit/(loss) after tax – continuing operations	**131,451**	42,660	**(32,243)**	(124,295)
Other comprehensive income	**24,209**	(23,415)	**16,596**	4,268
Total comprehensive income	**155,660**	19,245	**(15,647)**	(120,027)

* Consist of (7) seven months results as WBL Corporation Limited and its subsidiaries was consolidated with the Group from the month of June 2013.

Other summarised information				
Net cash flows (used in)/from operations	**(1,801)**	(365)	**41,686**	15,178
Acquisition of significant property, plant and equipment	**–**	11	**(20,289)**	(22,313)

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16 INTERESTS IN ASSOCIATES

	GROUP		COMPANY	
	2014 $000	2013 $000	**2014 $000**	2013 $000
Unquoted equity shares				
At cost	**46,275**	37,918	**317**	317
Impairment losses	**(1)**	(1)	**(2)**	(2)
Goodwill on acquisition	**(1,023)**	(1,023)	**–**	–
Currency realignment	**(8,498)**	(7,488)	**–**	–
Share of net gain on fair value changes recognised directly in other comprehensive income	**2,540**	4,940	**–**	–
Share of net post acquisition reserves	**19,654**	19,557	**–**	–
	58,947	53,903	**315**	315
Loans receivable	**52,054**	121,984	**–**	–
Amounts receivable	**4,791**	19,258	**86**	86
Amount payable	**–**	–	**–**	–
	56,845	141,242	**86**	86
Allowance for doubtful receivables	**(86)**	(86)	**(86)**	(86)
	56,759	141,156	**–**	–
	115,706	195,059	**315**	315

Included in loans receivable are interest bearing unsecured loans of $10,745,000 (2013: $61,693,000) which bear interest at 6.5% (2013: 5.0%) per annum. The other loans and amounts receivable are mainly non-trade in nature, unsecured, interest-free, to be settled in cash and are not expected to be repayable within the next 12 months.

The associates as at 31 December are as follows:

Name of company	Principal activities (Place of business) [1]	Effective equity interest held by the Group 2014 %	2013 %
Incorporated in Singapore			
Best Autos Pte Ltd	Importers and exporters of and traders in motor vehicles, related spare parts and accessories	–[3]	23.8
BEWGI-UE NEWater (S) Pte Ltd	Water management services	**20**	–
BEWGI-H2O Pte Ltd	Operate and maintenance of waste water service	**20**	–
Coral Edge Development Pte Ltd	Property development and investment	–[3]	20.5
Lycorpipe Investment Pte Ltd [β]	Investment holding	**11**	11
MaxLee Development Pte Ltd	Property development and investment	**35**[@]	–

Notes to the Financial Statements

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16 INTERESTS IN ASSOCIATES *(continued)*

Name of company	Principal activities (Place of business)[1]	Effective equity interest held by the Group 2014 %	2013 %
Incorporated in Singapore *(continued)*			
RFNet Technologies Pte Ltd [4, β]	Solution provider for wireless broadband communication and sale of routers, electrical and computing related products	**12.9**	10.8
The Seletar Mall Pte Ltd [2]	Property development and investment	**30**	30
Wingcrown Investment Pte Ltd	Property development and investment	–[3]	13.6
Incorporated in Malaysia			
Apex Pharmacy Holdings Sendirian Berhad	Investment holding	**30**	30
Asia Travel Service (Malaysia) Sdn Bhd	Dormant	**30**	30
NS Bluescope Lysaght Malaysia Sdn Bhd	Steel roofings	**40**	40
UE E&C Sanjia (M) Sdn Bhd	Property development and construction and/or project management	–[3]	20.5
Incorporated in Indonesia			
PT Grandauto Dinamika	Trading and distributing automotive	–[3]	23.7
Incorporated in Thailand			
Rank P.T. O'Connor's Co., Ltd	Distribution and installation of electronic equipments and as a dealer for the sales of motor vehicles and operation of service centers	**26.4**	22.1
Incorporated in Taiwan			
Global Investment Holdings Co., Ltd [β]	Investment holding and financial services	**13.9**	11.7
Wearnes Global Co. Ltd	Trading of electronic components	**32.8**	–
Incorporated in The People's Republic of China			
Advance Science-Lab Industries (Panyu) Co., Ltd [β]	Manufacture of laboratory equipment and furniture	**13.5**	11.4
Laiyang Speedling Co., Ltd	Under liquidation	**27.0**	22.7
Suzhou Goldenway Enterprise Co., Ltd	Dormant	–[3]	15.5

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For the financial year ended 31 December 2014

16 INTERESTS IN ASSOCIATES *(continued)*

Name of company	Principal activities (Place of business)[1]	Effective equity interest held by the Group 2014 %	2013 %
Incorporated in United States of America			
Chrontel Inc	Development of integrated circuits	**25.9**	21.8

[1] Place of business in the respective countries of incorporation unless otherwise stated.
[2] Audited by KPMG LLP, Singapore.
[3] Associates disposed of / deemed disposed of during the financial year.
[4] During the financial year, the associate was reclassified as disposal group classified as held for sale (Note 10).
[β] Accounted for as associate as the Group has significant influence over the financial and operating policy decisions of the investees.
[@] Arising from the Group's disposal of UE E&C Ltd., the company is accounted for as an associate of the Group.

The summarised financial information of the associates not adjusted for the proportion of ownership interest held by the Group which are not individually material, are as follows:

	GROUP 2014 $000	2013 $000
Assets and liabilities:		
Assets	**815,548**	1,511,954
Liabilities	**(617,242)**	(1,331,656)
Profit/(loss) for the financial year	**4,045**	(7,788)
Other comprehensive income	**(1,013)**	19,701
Total comprehensive income	**3,032**	11,913

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17 INTERESTS IN JOINT VENTURES

	GROUP	
	2014 **$000**	2013 $000
Unquoted equity shares, at cost	**70,012**	71,127
Currency realignment	**90**	192
Share of net post acquisition reserves	**22,030**	22,412
Dividends declared, net of tax	**(14,116)**	(5,938)
	78,016	87,793
Subordinated loans receivable	**15,208**	1,942
Subordinated amounts receivable	**–**	24,830
	15,208	26,772
	93,224	114,565

In 2014, the loans and amounts receivable from joint ventures are unsecured and interest free. In 2013, the subordinated loans to and amounts receivable from joint ventures are mainly non-trade, unsecured and bear interest of 5% to 10% per annum and are to be settled in cash. These loans and amounts receivable are subordinated to the repayment of bank loans.

The joint ventures as at 31 December are as follows:

Name of company	**Principal activities (Place of business)** [1]	**Effective equity interest held by the Group** **2014** **%**	2013 %
Incorporated in Singapore			
Balmoral Development Pte Ltd	Property development	**50**	50
Greatearth Developments Pte Ltd	Real estate development and investment holding	**50@**	–
HUGE Development Pte Ltd	Real estate developers	**–** [2]	20.5
Winpride Investment Pte Ltd	Property development and investment	**–** [2]	16.8

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17 INTERESTS IN JOINT VENTURES *(continued)*

Name of company	Principal activities (Place of business)[1]	Effective equity interest held by the Group 2014 %	2013 %
Incorporated in Malaysia			
Permata Alasan (M) Sdn Bhd	Property development and property investment	**33.8**	28.4
Renown Heritage Sdn Bhd	Property investment	**33.8**	28.4
Incorporated in Indonesia			
PT Wahana Auto Ekamarga	Trading and workshop for cars	–[2]	28.4
Incorporated in Thailand			
First Class Automotive Co., Ltd	Dormant	–[2]	27.8
Incorporated in Vietnam			
CT-Wearnes Vietnam Company Limited	Dormant	–[2]	27.8
Incorporated in The People's Republic of China			
Chongqing City Garden Co., Ltd	Dormant	–[2]	15.9
Chongqing Huaxin International Urban Development Co., Ltd.	Property development	–[2]	31.2
Chongqing Huaxin International Realty Co., Ltd.	Property development	**33.8**	28.4
Shanghai Olympic Garden Property Development Co., Ltd.	Property development	**30.5**	25.6
Shanghai Olympic Sports Center Co., Ltd	Provision of sport facilities and other related services	**30.5**	25.6
Shanghai Olympics Property Management Co., Ltd.	Property management	**30.5**	25.6
Suzhou Huaxin International Real Estate Co., Ltd.	Property development	**22.5**	18.9
Suzhou Industrial Park Huaxin International Urban Development Co., Ltd.	Property development	**32.1**	27.0

[1] Place of business in respective countries of incorporation unless otherwise stated.
[2] Joint ventures disposed of / deemed disposed of during the financial year.
[@] Arising from the Group's disposal of UE E&C Ltd., the company is accounted for as a joint venture of the Group.

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17 INTERESTS IN JOINT VENTURES *(continued)*

The summarised financial information of joint ventures relating to the Group's interest in the joint ventures which are not individually material, are as follows:

	GROUP	
	2014	2013
	$000	$000
Assets and liabilities:		
Assets	**120,071**	230,769
Liabilities	**(42,058)**	(142,976)
(Loss)/profit after tax from continuing operations	**(382)**	6,961
Other comprehensive income	**921**	2,029
Total comprehensive income	**539**	8,990

18 DEFERRED TAX

	GROUP	
	2014	2013
	$000	$000
Balance at beginning of the financial year	**53,008**	22,430
Acquisition of subsidiaries	**–**	62,928
Disposal of subsidiaries	**(39,547)**	–
Currency realignment	**(1,261)**	(742)
Credited to equity	**(4,374)**	(1,130)
Debited/ (credited) to income statement (Note 9)		
- current year	**5,609**	(30,569)
- under provision in respect of prior year	**8,119**	91
Balance at end of the financial year	**21,554**	53,008
The deferred taxation arises as result of:		
Deferred tax liabilities		
Accrued income on completed project	**58,771**	87,304
Convertible bonds	**–**	68
Excess of net book value over the tax written down value of property, plant and equipment	**4,705**	14,783
Fair value change of investment properties	**7,394**	7,769
Others	**1,762**	1,404
Unremitted earnings	**5,444**	4,856
	78,076	116,184
Deferred tax assets		
Excess of tax written down value over net book value of property, plant and equipment	**(9,297)**	(10,911)
General provisions	**(21,418)**	(37,772)
Provision for rental top-up	**(16,600)**	–
Share-based compensation	**(171)**	(6,991)
Tax losses	**(9,036)**	(7,502)
	(56,522)	(63,176)
	21,554	53,008

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18 DEFERRED TAX *(continued)*

Unrecognised tax losses, reinvestment allowance and capital allowances
Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profit is probable. As at 31 December 2014, the Group has unabsorbed tax losses, reinvestment allowance and unutilised capital allowances of approximately $495,763,000 (2013: $462,221,000), $4,781,000 (2013: $9,610,000) and $5,536,000 (2013: $6,876,000) respectively, available for set-off against future assessable income subject to agreement with the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

Deferred tax liabilities have not been recognised for withholding and other taxes that would be payable on the unremitted earnings of $170,151,000 (2013: $198,354,000) of certain overseas subsidiaries as the timing of the reversal of the temporary difference arising from such amounts can be controlled and it is probable that such temporary difference will not reverse in the foreseeable future.

Tax consequences of proposed dividends
There are no income tax consequences attached to the dividends to the shareholders proposed by the Company in the current and previous financial years but not recognised as a liability in the financial statements (Note 31).

19 OTHER INVESTMENTS

	GROUP		COMPANY	
	2014 $000	2013 $000	**2014 $000**	2013 $000
Non-current:				
Available-for-sale financial assets				
Quoted equity shares, at fair value	**23,612**	23,166	–	–
Unquoted equity shares, at fair value	**8,488**	8,887	**6,808**	7,202
Unquoted equity shares, at cost	**120**	221	–	–
	32,220	32,274	**6,808**	7,202
Current:				
Held for trading investments				
Quoted equity shares, at fair value	–	305	–	–
	–	305	–	–

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20 INVENTORIES

	GROUP	
	2014 **$000**	2013 $000
Statement of financial position:		
Inventories, at lower of cost and net realisable value		
- Engineering supplies and raw materials (at cost)	**328**	43,798
- Trading inventories and finished goods (at lower of cost and net realisable value)	**121,794**	221,685
- Work-in-progress	–	37,616
Total inventories at 31 December	**122,122**	303,099
Inventories are stated after deducting allowance of	**22,504**	23,017
Income statement:		
Inventories recognised as an expense in cost of sales	**639,001**	781,588

For the financial year ended 31 December 2014, no inventories are pledged as collateral for banking facilities. Inventories amounting to approximately $23,462,000 were pledged as collateral for banking facilities of certain subsidiaries for the financial year ended 31 December 2013.

21 TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2014 **$000**	2013 $000	**2014** **$000**	2013 $000
Total trade and other receivables (current):				
Trade receivable	**267,863**	490,625	**6,739**	5,466
Allowance for doubtful receivables	**(7,889)**	(8,742)	**(20)**	(13)
	259,974	481,883	**6,719**	5,453
Other receivables:				
Claims/expenses recoverable	**266**	1,462	**6**	482
Deposits	**6,864**	17,168	**205**	690
Due from subsidiaries	–	–	**39,841**	37,639
GST receivables	–	27,982	–	–
Project advance	**7,761**	9,170	–	–
Sundry receivables	**26,310**	43,056	**117**	72
	41,201	98,838	**40,169**	38,883
Allowance for doubtful receivables	**(2,832)**	(6,844)	**(2,052)**	(1,984)
	38,369	91,994	**38,117**	36,899
	298,343	573,877	**44,836**	42,352

Notes to the Financial Statements

For the financial year ended 31 December 2014

21 TRADE AND OTHER RECEIVABLES *(continued)*

	GROUP		COMPANY	
	2014	2013	**2014**	2013
	$000	$000	**$000**	$000
Total trade receivables (non-current):				
Retention sums	**104**	11,499	–	–
Total trade and other receivables (current and non-current)	**298,447**	585,376	**44,836**	42,352
Add:				
Loans and amounts receivables:				
- Subsidiaries (Note 15)	–	–	**1,015,588**	1,472,466
- Associates (Note 16)	**56,759**	141,156	–	–
- Joint ventures (Note 17)	**15,208**	26,772	–	–
Total trade and other receivables (current and non-current)	**370,414**	753,304	**1,060,424**	1,514,818
Bank balances and deposits (Note 24)	**650,247**	905,399	**60,276**	38,399
Total loans and receivables	**1,020,661**	1,658,703	**1,120,700**	1,553,217

Trade receivables
Trade receivables are non-interest bearing and are generally on 30 to 90 day terms. They are recognised at their original invoiced amounts which represent their fair values on initial recognition.

Included in the trade receivables are $1,692,000 (2013: $47,347,000) of retention sums relating to construction contracts.

The Group's trade receivables denominated in foreign currencies (with reference to the respective functional currencies of the Company and the respective subsidiaries) as at 31 December 2014 are as follows:

- $10,219,000 (2013: $39,480,000) denominated in United States Dollars and
- $2,193,000 (2013: $5,635,000) denominated in other foreign currencies.

Due from subsidiaries
Amounts receivable from subsidiaries are mainly non-trade in nature, unsecured, to be settled in cash and bear interest of 6.5% (2013: 6.5%) per annum except for $Nil (2013: $917,000) which are interest-free and are payable on demand. Interest rates are repriced at intervals of 1, 2, 3 or 6 months.

Receivables that are past due but not impaired
The Group has trade and other receivables amounting to $43,343,000 (2013: $82,748,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	GROUP	
	2014	2013
	$000	$000
Trade and other receivables past due but not impaired:		
Less than 30 days	**25,819**	33,490
30 to 60 days	**5,476**	14,112
61 to 90 days	**2,402**	5,716
91 to 120 days	**6,004**	2,650
More than 120 days	**3,642**	26,780
	43,343	82,748

Notes to the Financial Statements

For the financial year ended 31 December 2014

21 TRADE AND OTHER RECEIVABLES *(continued)*

Receivables that are impaired

The Group's trade and other receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	GROUP Individually impaired	
	2014	2013
	$000	$000
Trade and other receivables - nominal amounts	**11,889**	41,119
Less: Allowance for impairment	**(10,721)**	(15,586)
	1,168	25,533

	Trade receivables		Other receivables	
	2014	2013	**2014**	2013
	$000	$000	**$000**	$000
Movement in allowance accounts:				
At 1 January	**(8,742)**	(6,731)	**(6,844)**	(6,502)
Charge for the year	**(1,742)**	(3,903)	**(1,841)**	(806)
Written-off	**989**	686	**210**	–
Written back	**1,645**	157	**5,730**	476
Exchange differences	**(39)**	1,049	**(87)**	(12)
At 31 December	**(7,889)**	(8,742)	**(2,832)**	(6,844)

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

22 GROSS AMOUNT DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORK

	GROUP	
	2014	2013
	$000	$000
Costs incurred and attributable profits less recognised losses to-date	**193,527**	884,139
Less: Progress billings	**(157,558)**	(880,245)
Amounts due from customers for contract work, net	**35,969**	3,894
Presented as:		
Gross amount due from customers for contract work	**39,004**	23,953
Gross amount due to customers for contract work	**(3,035)**	(20,059)
	35,969	3,894
Included in progress billings are retention sums of	**1,302**	43,809

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For the financial year ended 31 December 2014

23 PROPERTIES HELD FOR SALE

	GROUP	
	2014	2013
	$000	$000
Completed properties, at cost		
Land cost	**10,793**	9,446
Development costs	**118,495**	59,288
	129,288	68,734
Properties under development		
Land cost	**654,101**	930,177
Development expenditure	**568,034**	672,907
Interest costs	**49,787**	53,736
	1,271,922	1,656,820
Add: Attributable profits	**22,191**	2,451
	1,294,113	1,659,271
Less: Progress billings	**(293,264)**	(118,469)
	1,000,849	1,540,802
	1,130,137	1,609,536

During the financial year, the Group writes down certain properties under development by $15,858,000 (2013: $Nil), based on an independent professional valuation performed as at 31 December 2014.

Interest capitalised during the financial year is $21,696,000 (2013: $24,960,000) at rates ranging from 1.0% to 8.0% (2013: 1.7% to 7.0%) per annum.

Properties held for sale amounting to $960,199,000 (2013: $1,445,138,000) have been mortgaged to secure term loan facilities of certain subsidiaries (Note 27).

Certain projects amounting to $767,123,000 (2013: $837,589,000) included in properties held for sale are expected to be recovered more than twelve months after the reporting period.

The following table provides information about agreements that are in progress at the reporting date whose revenue is recognised based on percentage of completion method:

	GROUP	
	2014	2013
	$000	$000
Aggregate costs incurred and recognised to date, including attributable profits	**827,185**	686,804
Less: Progress billings	**(293,264)**	(118,469)
	533,921	568,335

During the financial year, cost of sales amounting to $443,829,000 (2013: $37,374,000) relating to development properties recognised based on percentage of completion method were recorded.

Notes to the Financial Statements

For the financial year ended 31 December 2014

24 BANK BALANCES AND DEPOSITS

	GROUP		COMPANY	
	2014 **$000**	2013 $000	**2014** **$000**	2013 $000
Cash at banks and in hand	**390,484**	581,996	**22,076**	30,499
Fixed deposits	**64,639**	230,968	**38,200**	7,900
Project accounts	**88,998**	92,435	–	–
Restricted deposits	**106,126**	–	–	–
	650,247	905,399	**60,276**	38,399

The Group's bank balances and deposits denominated in foreign currencies (with reference to the respective functional currencies of the Company and the respective subsidiaries) as at 31 December 2014 are as follows:

- $5,143,000 (2013: $24,882,000) denominated in United States Dollars; and
- $2,288,000 (2013: $4,428,000) denominated in other foreign currencies.

Bank balances and deposits earn interest at effective interest rates ranging from 0.03% to 7.25% (2013: 0.01% to 7.25%) per annum. Short-term deposits are made for varying periods of between one day and three months depending on the cash requirements of the Group, and earn interests at the respective short-term deposit rates.

The project accounts are maintained in accordance with the Project Account Rules – 1997 Ed. Withdrawals are restricted to payments for expenditure incurred on development projects. A sum of $40,000,000 (2013: $22,000,000) of the project accounts has been placed in fixed deposits as at year end.

Restricted deposits represent cash placed in an escrow account. This is in compliance with SGX-ST's Rules as a Singapore-listed subsidiary of the Group, MFS Technology Ltd ("MFS"), ceased to have any operating business and is deemed a cash company after the sale by MFS of the disposed assets and liabilities on 18 November 2014. MFS has until 18 November 2015 to acquire a new business.

The amount placed in escrow account cannot be drawn down until the completion of the acquisition of a business by MFS, except for payment of expenses to be incurred in a reverse takeover approved by MFS shareholders and pro-rata distributions to MFS shareholders.

25 SHARE CAPITAL AND TREASURY SHARE

	GROUP AND COMPANY			
	2014		2013	
	No. of shares 000	**$000**	No.of shares 000	$000
(a) Share Capital				
Issued and fully paid:				
7.5 cents cumulative preference shares	**875**	**875**	875	875
Ordinary shares issued and fully paid:				
Balance at 1 January	**624,429**	**792,936**	305,408	327,114
Share options exercised	**857**	**1,415**	918	1,528
Conversion of convertible bonds (Note 28)	**11,783**	**12,044**	9,007	9,968
Issuance of Rights Shares	–	–	309,096	454,326
Balance at 31 December	**637,069**	**806,395**	624,429	792,936
	637,944	**807,270**	625,304	793,811

Notes to the Financial Statements

For the financial year ended 31 December 2014

25 SHARE CAPITAL AND TREASURY SHARE *(continued)*

The holders of ordinary and preference shares are entitled to receive dividends as and when declared by the Company. The ordinary shares have no par value. The voting rights of the shares are as follows:

Preference Share – One vote for every member present in person or by proxy or attorney; upon a poll, one vote for each share held by every member present in person or by proxy or attorney.

Ordinary Stock – One vote for every member present in person or by proxy or attorney; upon a poll, one vote for each stock unit held by every member present in person or by proxy or attorney.

The Company undertook a renounceable rights issue of 309,096,083 new ordinary shares in the capital of the Company (the Rights Shares) at an issue price of S$1.50 for each Rights Share on the basis of one Right Share for every one existing stock unit in the capital of the Company. The Rights Shares were issued on 18 September 2013, and listed for quotation on the Main Board of the SGX-ST on 19 September 2013.

Outstanding options

Movement in the number of options during the financial year is as follows:

Date of Grant	Exercise Period	Exercise Price	Balance as at 01.01.14	No. of shares under option exercised during the financial year	No. of shares under option forfeited during the financial year	Balance as at 31.12.14
25.11.04	25.11.05 to 24.11.14	$1.43	245,911	245,911	–	–
30.11.05	30.11.06 to 29.11.15	$1.63	479,126	260,361	98,482	120,283
27.11.06	27.11.07 to 26.11.16	$1.90	723,252	299,955	189,333	233,964
6.12.07	6.12.08 to 5.12.17	$3.31	1,535,040	–	400,494	1,134,546
20.05.09	20.05.10 to 19.05.19	$1.36	185,990	50,980	251	134,759
			3,169,319	857,207	688,560	1,623,552

	GROUP			
	2014		2013	
	No. of shares 000	**$000**	No.of shares 000	$000
(b) Treasury shares				
Balance at 1 January	**(21,712)**	**(62,313)**	–	–
Addition arising from acquisition of subsidiaries	–	–	(21,712)	(62,313)
Balance at 31 December	**(21,712)**	**(62,313)**	(21,712)	(62,313)

Treasury shares relate to ordinary shares of the Company that is held by a subsidiary. Under the Singapore Companies Act, Chapter 50, the subsidiary is required to dispose of its shareholding in the Company within 12 months of becoming a subsidiary. The subsidiary has successfully applied and obtained extension from the Court of Singapore which ruled that the period within which the Company shall dispose of its shares in the Company be extended to 24 months from the date it became a subsidiary of the Company.

Notes to the Financial Statements

For the financial year ended 31 December 2014

26 OTHER RESERVES

GROUP

	AFS reserve $000	Share option reserve $000	Translation reserve $000	Equity component of convertible bonds $000	Capital reserve on change in non-controlling interests $000	Gain or loss on reissuance of treasury shares $000	Capital reserve on fair value gain from long-term loans $000	Exercise of shares options of subsidiaries and related income tax benefit $000	Others reserves, total $000
Opening balance at 01/01/2014	9,093	4,183	(4,059)	14,667	6,013	2,659	2,222	1,937	36,715
Gains on exchange differences on translation, net of tax	–	–	15,077	–	–	–	–	–	15,077
Gains on remeasuring available-for-sale financial assets, net of tax	87	–	–	–	–	–	–	–	87
Realisation of reserves to income statement on disposal of subsidiaries, net of tax	(869)	–	–	–	(4,455)	–	–	–	(5,324)
Share of other comprehensive income from equity-accounted associate, net of tax	(298)	–	–	–	–	–	–	–	(298)
Equity portion of convertible bonds	–	–	–	(9)	–	–	–	–	(9)
Transfer of equity component of convertible bonds to retained earnings upon lapse of the conversion option	–	–	–	(14,658)	–	–	–	–	(14,658)
Additional interests in subsidiaries	–	–	–	–	(8,892)	–	–	–	(8,892)
Dilution of interests in subsidiaries	–	–	–	–	(3,662)	–	–	–	(3,662)
Employee share option scheme/ share appreciation rights:									
- value of employee services	–	36	–	–	–	–	–	2,941	2,977
Income tax benefit arising from share-based compensation	–	–	–	–	–	–	–	1,111	1,111
Reclassification of reserves to retained earnings upon disposal of interests in subsidiaries	–	–	–	–	(2,092)	–	–	–	(2,092)
Closing balance at 31/12/2014	8,013	4,219	11,018	–	(13,088)	2,659	2,222	5,989	21,032

Notes to the Financial Statements

For the financial year ended 31 December 2014

26 OTHER RESERVES *(continued)*

GROUP

	AFS reserve $000	Share option reserve $000	Translation reserve $000	Equity component of convertible bonds $000	Capital reserve on change in non-controlling interests $000	Gain or loss on reissuance of treasury shares $000	Capital reserve on fair value gain from long-term loans $000	Exercise of shares options of subsidiaries and related income tax benefit $000	Others reserves, total $000
Opening balance at 01/01/2013	33,508	4,081	(4,142)	14,637	8,065	–	–	–	56,149
Gains on exchange differences on translation, net of tax	–	–	83	–	–	–	–	–	83
Gains on remeasuring available-for-sale financial assets, net of tax	11,844	–	–	–	–	–	–	–	11,844
Realisation of reserves to income statement on deemed disposal of available-for-sale financial assets, net of tax	(1,895)	–	–	–	–	–	–	–	(1,895)
Realisation of reserves to income statement on disposal of available-for-sale financial assets, net of tax	(11,922)	–	–	–	–	–	–	–	(11,922)
Realisation of reserves to income statement on deemed disposal of available-for-sale financial assets held through associates, net of tax	(19,520)	–	–	–	–	–	–	–	(19,520)
Share of other comprehensive income from equity-accounted associate, net of tax	(2,922)	–	–	–	–	–	2,222	–	(700)
Gain on sale of the Company nil-paid rights held by subsidiary	–	–	–	–	–	2,659	–	–	2,659
Equity portion of convertible bonds	–	–	–	30	–	–	–	–	30
Additional interests in subsidiaries	–	–	–	–	(654)	–	–	–	(654)
Dilution of interests in subsidiaries	–	–	–	–	(1,398)	–	–	–	(1,398)
Employee share option scheme/ share appreciation rights:									
- value of employee services	–	102	–	–	–	–	–	1,417	1,519
Income tax benefit arising from share-based compensation	–	–	–	–	–	–	–	520	520
Closing balance at 31/12/2013	9,093	4,183	(4,059)	14,667	6,013	2,659	2,222	1,937	36,715

Notes to the Financial Statements

For the financial year ended 31 December 2014

26 OTHER RESERVES *(continued)*

COMPANY

	AFS reserve $000	Share option reserve $000	Equity component of convertible bonds $000	Other reserves, total $000
Opening balance at 01/01/2014	5,972	4,081	14,652	24,705
Gains on remeasuring available-for-sale financial assets, net of tax	(359)	–	–	(359)
Equity portion of convertible bonds	–	–	6	6
Transfer of equity component of convertible bonds to retained earnings upon lapse of the conversion option	–	–	(14,658)	(14,658)
Closing balance at 31/12/2014	5,613	4,081	–	9,694
Opening balance at 01/01/2013	5,709	4,081	14,637	24,427
Gains on remeasuring available-for-sale financial assets, net of tax	263	–	–	263
Equity portion of convertible bonds	–	–	15	15
Closing balance at 31/12/2013	5,972	4,081	14,652	24,705

(a) AFS reserve records the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are derecognised or impaired.

(b) Share option reserve represents the equity-settled share options granted to employees (Note 34). The reserve is made up of the cumulative value of services received from employees recorded on grant of equity-settled share options.

(c) Translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(d) Equity component of convertible bonds reserve represents the residual amount of convertible bonds after deducting the fair value of the liability component. This amount is presented net of transaction costs and deferred tax liability arising from convertible bonds.

(e) Capital reserve on change in non-controlling interests is used to record the differences arising from the movement in non-controlling interests resulting from the restructuring of the Group.

(f) Gain or loss on reissuance of treasury shares represents the gain or loss arising from purchase, sale, issue or cancellation of treasury shares. No dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made in respect of this reserve.

(g) Capital reserve on fair value gains from long-term loans relates to fair value gains from shareholders loans of an associate.

Notes to the Financial Statements

For the financial year ended 31 December 2014

27 BORROWINGS

	GROUP		COMPANY	
	2014	2013	**2014**	2013
	$000	$000	**$000**	$000
Current				
Bank overdrafts:				
- unsecured	**6,303**	16,453	–	–
Bank trust receipts and bills payable:				
- unsecured	–	1,146	–	–
Convertible bonds:				
- United Engineers Limited 1.0% Convertible bonds [(1)] (Note 28)	–	12,669	–	12,669
- WBL Corporation Limited 2.5% Convertible bonds [(1)]	–	3,124	–	–
Bank terms loans:				
- secured	**153,540**	501,295	–	200,582
- unsecured	**173,932**	578,380	**115,000**	417,971
	327,472	1,079,675	**115,000**	618,553
	333,775	1,113,067	**115,000**	631,222
Non-current				
Unsecured bank borrowings under MTN Programme	**247,318**	247,591	**250,568**	250,841
Bank term loans				
- secured				
- Repayable within 2 years	**534,337**	10,260	–	–
- Repayable within 3 to 5 years	**573,010**	1,188,164	–	–
	1,107,347	1,198,424	–	–
- unsecured				
- Repayable within 2 years	**26,561**	179,062	**25,500**	33,000
- Repayable within 3 to 5 years	**1,908**	144,132	–	70,500
	28,469	323,194	**25,500**	103,500
	1,383,134	1,769,209	**276,068**	354,341
Total borrowings	**1,716,909**	2,882,276	**391,068**	985,563

(1) The $132,974,599 1%, 5 years convertible bonds issued by the Company in 2009 and the $158,427,479 2.5%, 5 years convertible bonds by WBL Corporation Limited in 2009 matured on 3 March 2014 and 10 June 2014 respectively. These convertible bonds have been fully redeemed on the maturity date and there are no convertible bonds outstanding at the end of the financial year.

Notes to the Financial Statements

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27 BORROWINGS *(continued)*

Bank overdrafts, trust receipts and bills payable bear effective interest rates ranging from 7.0% to 8.4% (2013: 1.4% to 8.1%) per annum. Bank overdrafts are repayable on demand. Trust receipts and bills payable are repriced at intervals of 3 to 6 months.

The banking facilities of certain subsidiaries are secured by mortgages on their respective properties (Note 12), debentures over their other assets, assignment of rental proceeds in respect of investment properties and covered by corporate guarantees given by their respective holding companies.

Unsecured borrowings under the MTN Programme comprise fixed rate notes with interest at 4.2% per annum. The notes are expected to be repayable by 2017.

The Group's floating rate term loans comprise:

	2014			2013		
	Effective interest rate % p.a.	**Maturity**	**Total $000**	Effective interest rate % p.a.	Maturity	Total $000
Singapore Dollars	**1.5 – 3.5**	**2015 – 2018**	**1,207,423**	1.5 – 3.5	2014 – 2018	2,256,249
Malaysian Ringgit	**5.7 – 6.9**	**2015**	**7,605**	5.1 – 6.6	2014	21,988
Chinese Renminbi	**7.0 – 7.2**	**2015 – 2017**	**138,303**	6.8 – 8.1	2014 – 2016	205,250
United States Dollars	**2.7 – 5.9**	**2015**	**7,549**	2.7 – 5.9	2014 – 2015	8,330
Other currencies	**11.5 – 12.5**	**2015**	**1,771**	2.3 – 10.8	2014	7,428
			1,362,651			2,499,245

Term loans of $2,251,832,000 (2013: $2,572,267,000) of the subsidiaries are secured by mortgages on their respective properties and debentures over their assets (Notes 12, 13 and 23).

The Company does not have any secured borrowings at the end of the financial year. In 2013, term loan of $200,582,000 of the Company was secured by a first fixed charge of 100% shareholding in a wholly owned subsidiary, UE Orchard Pte Ltd, as well as assignments of the shareholder's loans, insurances, development documents, project documents and bank accounts.

28 CONVERTIBLE BONDS

On 3 March 2009, the Company issued 1% coupon-rate convertible bonds denominated in Singapore Dollars with a nominal value of $132,974,599. The bonds are due for repayment five years from the issue date at their nominal value of $132,974,599 or conversion into shares of the Company at the holder's option at the rate of $1.34 per conversion share.

As a result of the Rights Issue (disclosed in Note 25), the conversion price of the convertible bonds was adjusted from $1.34 per stock unit to $1.02 per stock unit with effect from 18 September 2013.

The fair value of the liability component, included in borrowings, is calculated using a market interest rate for an equivalent non-convertible bond at the date of issue. The residual amount, representing the value of the equity conversion component, is included in shareholders' equity in other reserves (Note 26), net of deferred taxes.

On 3 March 2014, the Company announced that all the convertible bonds had been fully redeemed on the maturity date and there were no convertible bonds outstanding at the end of the financial year.

Notes to the Financial Statements

For the financial year ended 31 December 2014

28 CONVERTIBLE BONDS *(continued)*

The carrying amount of the liability component of the convertible bonds at the end of the reporting period is arrived at as follows:

	GROUP AND COMPANY	
	2014	2013
	$000	$000
Liability component at 1 January	**12,669**	21,986
Conversion into share capital (Note 25)	**(12,044)**	(9,968)
Interest expense (Note 7)	**268**	717
Interest accrual	**(893)**	(66)
Liability component at 31 December (Note 27)	–	12,669

29 PROVISIONS

	GROUP		
	Rental top-up $000	**Development charge $000**	**Total $000**
At 1 January 2014	105,513	–	105,513
Additions during the year	5,900	20,000	25,900
Utilised during the year	(13,718)	–	(13,718)
At 31 December 2014	97,695	20,000	117,695
As at 31 December 2014 (Current)	14,861	–	14,861
As at 31 December 2014 (Non-current)	82,834	20,000	102,834
	97,695	20,000	117,695
As at 31 December 2013 (Current)	19,584	–	19,584
As at 31 December 2013 (Non-current)	85,929	–	85,929
	105,513	–	105,513

Rental top-up

The provision for rental top-up relates to rental income support for the business park and the retail spaces of *UE BizHub EAST*, which is equivalent to the differences between the agreed amount and net property income, being rental income received from tenants by REIT trustee net of operating expenses, for each 12-month period commencing from the completion date over a duration of 4 to 9 years (2013: 5 to 10 years). Assumptions used to calculate the provision for the rental top-up were based on current occupancy level, rental rate and current information available to compute the net operating expenses.

Development charge

The provision for development charge relates to the undertaking provided by a subsidiary to the share purchaser in connection with the divestment of the Group's Automotive business. The undertaking is for the subsidiary to pay a maximum sum of $20.0 million for its share of any potential development charge and/or differential premiums payable by the share purchaser to government agencies or local authority in respect of certain properties located in Singapore in order to secure or obtain from such properties the benefit of any increase in plot ratio up the maximum allowable in respect of the approved use and zoning of such properties. The undertaking will continue up to the date falling 10 years from the date of completion of the sale of the Automotive business.

Notes to the Financial Statements

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30 TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2014	2013	**2014**	2013
	$000	$000	**$000**	$000
Total trade and other payables (current):				
Trade payables	**254,950**	417,716	**400**	80
Other payables:				
Accrued property development cost	**7,310**	24,470	**–**	–
Accrued staff cost	**13,607**	36,512	**1,964**	2,197
Accrued job cost	**40,820**	184,995	**–**	–
Accrued operating expenses	**56,771**	71,377	**–**	–
Deferred income	**7,944**	11,143	**–**	–
Deposits	**18,500**	32,046	**6,551**	6,659
Due to subsidiaries	**–**	–	**829**	208
Interest payable	**5,729**	11,143	**5,929**	6,479
Other accruals	**49,305**	28,958	**4,891**	4,098
Payable for purchase of property, plant and equipment	**9,212**	13,819	**–**	–
Progress billing received in advance	**5,305**	203,338	**–**	–
Sundry payables	**38,756**	78,918	**646**	691
	253,259	696,719	**20,810**	20,332
	508,209	1,114,435	**21,210**	20,412
Total trade and other payables (non-current):				
Other payables	**400**	2,001	**–**	–
Retention sums	**2,153**	13,492	**–**	–
	2,553	15,493	**–**	–
Total trade and other payables (current and non-current)	**510,762**	1,129,928	**21,210**	20,412
Add:				
Borrowings (Note 27)	**1,716,909**	2,882,276	**391,068**	985,563
Less:				
Deferred income	**(7,944)**	(11,143)	**–**	–
Progress billing received in advance	**(5,305)**	(203,338)	**–**	–
Total financial liabilities carried at amortised cost	**2,214,422**	3,797,723	**412,278**	1,005,975

Trade payables / Other payables
Trade payables are non-interest bearing and are normally settled on 30 to 60 day terms.

The Group's payables denominated in foreign currencies (with reference to the respective functional currencies of the Company and the respective subsidiaries) as at 31 December 2014 are as follows:

- $3,393,000 (2013: $17,066,000) denominated in United States Dollars,
- $842,000 (2013: $17,405,000) denominated in Great British Pound, and
- $2,361,000 (2013: $7,210,000) denominated in other foreign currencies.

Other payables are non-interest bearing and have an average term of six months.

Due to subsidiaries
Amounts payable to subsidiaries are mainly non-trade in nature, unsecured, interest-free, repayable on demand and to be settled in cash.

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31 DIVIDENDS PAID

The following dividends were paid:

	GROUP		COMPANY	
	2014	2013	**2014**	2013
	$000	$000	**$000**	$000
Declared and paid during the financial year:				
Cumulative Preference Shares:				
Tax exempt (one-tier) dividend of 7.5 cents (2013: 7.5 cents)	**66**	66	**66**	66
Ordinary Stock:				
- First and final tax exempt (one-tier) dividend of 5 cents (2013: 5 cents)	**30,746**	15,415	**31,832**	15,415
- Special tax exempt (one-tier) dividend of 2 cents (2013: 5 cents)	**12,298**	15,415	**12,732**	15,415
	43,110	30,896	**44,630**	30,896

Proposed but not recognised as a liability as at 31 December:
The directors have proposed a first and final tax exempt (one-tier) dividend of 5 cents per ordinary stock and a special tax exempt (one-tier) dividend of 5 cents per ordinary stock, amounting to a total of $63,707,000 and a tax exempt (one-tier) dividend of 7.5 cents on the cumulative preference shares, amounting to $66,000. The dividends are subject to shareholders' approval at the upcoming Annual General Meeting.

32 FUTURE CAPITAL COMMITMENTS

	GROUP	
	2014	2013
	$000	$000
Capital commitments contracted for not recognised in the financial statements	**5,426**	369,313

33 OPERATING LEASE COMMITMENTS

(a) Lessees' lease commitments

The Group leases certain properties and office equipment under lease agreements that are non-cancellable within a year. The leases expire at various dates and contain provisions for rental adjustments. There are no renewal options or contingent rent provision included in the lease agreements. There are no restrictions placed upon the lessee by entering into these leases. Operating lease payments recognised in the income statement during the financial year amounted to $17,495,000 (2013: $18,659,000). The Group is restricted from subleasing leased equipment to third parties.

Future minimum lease payments payable under non-cancellable operating leases with initial or remaining term of one year or more at the end of the reporting period are as follows:

	GROUP		COMPANY	
	2014	2013	**2014**	2013
	$000	$000	**$000**	$000
Within one year	**14,995**	21,683	**1,511**	1,397
After one year but not more than five years	**47,413**	56,880	**6,650**	6,727
After five years	**40,190**	61,126	**–**	–
	102,598	139,689	**8,161**	8,124

Notes to the Financial Statements

For the financial year ended 31 December 2014

33 OPERATING LEASE COMMITMENTS *(continued)*

(b) Lessors' lease commitments

The Group has entered into commercial property leases on its investment properties. These non-cancellable leases have remaining lease terms of between 1 to 14 years (2013: 1 to 15 years). All leases include a clause to enable revision of the rental charge on an annual basis based on prevailing market conditions.

Future minimum rental receivable in respect of significant non-cancellable operating leases at the end of the reporting period are as follows:

	GROUP		COMPANY	
	2014 $000	2013 $000	**2014 $000**	2013 $000
Within one year	**72,281**	78,243	**33,012**	39,013
After one year but not more than five years	**94,163**	175,574	**35,415**	77,614
After five years	**3,944**	11,961	–	–
	170,388	265,778	**68,427**	116,627

34 EMPLOYEE SHARE OPTION SCHEME

Share options are granted to senior executives with more than 12 months' service. The exercise price of the options is equal to the average of the last dealt prices of the shares for the three (3) consecutive trading days immediately preceding the grant. The options vest if the employee remains in service for a period of one year from the date of grant. The option period commences 1 year after the date of the grant and expires on the day immediately before the 10th anniversary of the date of the grant. There are no cash settlement alternatives.

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options during the financial year:

	2014 No.	**2014 WAEP($)**	2013 No.	2013 WAEP($)
Outstanding at beginning of the financial year	**3,169,319**	**2.47**	4,029,050	2.58
Adjusted during the financial year [4]	–	–	344,901	2.43
Granted during the financial year [3]	–	–	–	–
Exercised during the financial year [1]	**(857,207)**	**1.65**	(917,921)	1.52
Forfeited during the financial year	**(688,560)**	**2.68**	(286,711)	3.26
Outstanding at the end of the financial year [2]	**1,623,552**	**2.82**	3,169,319	2.47
Exercisable at end of the financial year	**1,623,552**	**2.82**	3,169,319	2.47

1 The weighted average share price during the financial year was $2.44 (2013: $2.31).

2 The range of exercise prices for options outstanding at the end of the year was $1.36 to $3.31 (2013: $1.36 to $3.31). The weighted average remaining contractual life for these options is 2.87 years (2013: 3.35 years).

3 During the financial year, the Company did not grant any employee share option.

4 During the previous financial year, the Company adjusted the exercise price and number of options pursuant to the Rights Issue.

Notes to the Financial Statements

For the financial year ended 31 December 2014

34 EMPLOYEE SHARE OPTION SCHEME *(continued)*

The fair value of share options as at the date of grant, is estimated by an external valuer using the Binomial model, taking into account the terms and conditions upon which the options were granted. The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

35 RELATED PARTY TRANSACTIONS

The following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year.

(a) Transactions with directors of the Company

	GROUP	
	2014 $000	2013 $000
Sale of residential apartment under development to a director	–	467
Sale of motor vehicle to a director/spouse of director	**174**	165

(b) Compensation of key management executives

Short term employee benefits	**6,321**	5,010
Central Provident Fund	**98**	94
Share-based payment	**239**	313
Total compensation paid to key management executives	**6,658**	5,417

Key Management Executives' Interests in Employee Share Option Scheme
No share options were granted to the directors of the Company and other key management executives during the current and previous financial year. During the current financial year, no option was exercised by the directors (2013: 100,000). Other key management executives exercised options for 89,098 (2013: 108,000) ordinary stock units of the Company at $1.43 (2013: $1.51 to $1.61), with a total cash consideration of $127,410 (2013: $332,080) paid to the Company. The outstanding number of share options granted to a director of the Company and other key management executives at the end of the financial year were Nil and 71,278 (2013: 503,407 and 418,761) respectively. No share options have been granted to the Company's non-executive directors.

Directors' fees amount to $1,181,990 (2013: $891,285).

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36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivative financial instruments, comprise bank loans and overdraft, cash and term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The main risks arising from the Group's financial instruments are credit risk, market price risk, foreign currency risk, interest rate risk and liquidity risk. The Board of directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Corporate Office. The Audit & Risk Committee provides independent oversight to the effectiveness of the risk management systems and practices for effective risk identification and management, and compliance with internal guidelines and external requirements. The Group does not hold or issue derivative financial instruments for trading purposes. Derivative transactions, including principally interest rate swaps and foreign currency forward contracts are entered into for the purpose of managing the interest rate and currency risks arising from the Group's operations and its sources of financing.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. Credit risk arising from the inability of a customer to meet the terms of the Group's financial instrument contracts is generally limited to the amounts, if any, by which the customer's obligations exceed the obligations of the Group. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities and bank balances and deposits), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

It is the Group's policy to sell to a diverse group of customers who have been assessed for their credit worthiness to reduce credit risk. The Group has a formal Group Credit Committee to oversee the management of the Group's debts.

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For the financial year ended 31 December 2014

36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk *(continued)*

Excessive risk concentration
Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on managing the concentration of credit risks. Selective hedging is used within the Group to manage risk concentrations at both the relationship and industry levels.

Exposure to credit risk
At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of trade and other receivables recognised in the statements of financial position. No other financial assets carry a significant exposure to credit risk.

Credit risk concentration profile
The Group determines concentrations of credit risk by monitoring the country and industry sector profile/segment of its trade and other receivables on an on-going basis. The credit risk concentration profile of the Group's trade and other receivables at the end of the reporting period is as follows:

	GROUP			
	2014		2013	
	$000	**% of total**	$000	% of total
By country:				
Singapore	**120,084**	**32**	370,961	49
China	**169,575**	**46**	225,990	30
USA	**32,658**	**9**	17,267	2
Brunei	–	–	43,437	6
Other countries	**48,097**	**13**	95,649	13
	370,414	**100**	753,304	100
By industry sector/segment:				
Engineering and Construction	–	–	238,452	32
Engineering	**15,656**	**4**	–	–
Property Rental & Services	**23,826**	**7**	104,651	14
Property Development	**52,763**	**14**	19,527	3
WBL	**275,548**	**74**	387,139	51
Corporate Services & Others	**2,621**	**1**	3,535	–[1]
	370,414	**100**	753,304	100

[1] Less than 1%.

A major subsidiary has a significant amount of trade receivables arising from a few major customers which constituted approximately 44% (2013: 21%) of the Group's total trade receivables. This subsidiary has the policy of performing ongoing credit evaluations of its customers and adjusting credit limits and credit worthiness, based on its review of the customers' current credit information. It continuously monitors collections and payments from its customers and maintains an allowance for impairment based on its historical experience, anticipation of uncollectible amounts and any specific customer collection issues that it has identified.

Apart from the above, the Group does not have credit risk concentration in any customers.

Notes to the Financial Statements

For the financial year ended 31 December 2014

36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

***Credit risk** (continued)*

Financial assets that are neither past due nor impaired
Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Bank balances and deposits and investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired
Information regarding financial assets that are either past due or impaired is disclosed in Note 21 (Trade and other receivables).

Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group is exposed to equity price risk arising from its investment in quoted equity instruments. These instruments are quoted on the SGX-ST in Singapore and are classified as available-for-sale financial assets.

It is not the Group's policy to actively trade in quoted equity instruments. The Group's holdings of the quoted equity instruments arose from the divestment of *UE BizHub EAST*.

Sensitivity analysis for equity price risk
Had the available-for-sale quoted equity instruments listed on the SGX-ST held by the Group been 5% (2013: 5%) higher/lower with all other variables held constant, the Group's AFS reserve would have been $1,181,000 (2013: $1,158,000 higher/lower) higher/lower, arising as a result of an increase/decrease in the fair value of equity instruments classified as available-for-sale.

Foreign currency risk

The Group has exposure to foreign exchange risk as a result of transactions denominated in a currency other than the respective functional currencies of Group entities, arising from normal trading activities.

As at 31 December 2014, the Group has foreign currencies exposure mainly in United States Dollars in its bank balances and deposits, trade receivables, trade payables, trust receipts and bills payable as disclosed in the respective notes.

It is the Group's policy to hedge these risks through foreign currency forward contracts. The primary purpose of the Group's foreign currency hedging activities is to protect against volatility associated with foreign currency purchases of materials and other assets and liabilities created in the normal course of business. The Group does not use foreign currency forward contracts for trading purposes.

In addition to transactional exposure, the Group is also exposed to currency translation risk arising from its net investments in foreign operations. The Group's net investments in foreign subsidiaries are not hedged as currency positions are considered to be long-term in nature.

The treasury transactions of the listed subsidiaries, associated companies and joint ventures are carried out in accordance with their own policies and guidelines.

Notes to the Financial Statements

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36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Foreign currency risk *(continued)*

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD exchange rate against SGD, with all other variables held constant.

	GROUP	
	2014	2013
	$000	$000
	Profit net of tax	Profit net of tax
USD/SGD - strengthened 5% (2013: 5%)	**+598**	+2,365
- weakened 5% (2013: 5%)	**-598**	-2,365

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's interest rate exposure relates primarily to its investment portfolio in fixed deposits and the Company's long-term debt obligations. Majority of the Group's and the Company's financial assets and liabilities are at floating rates and are contractually repriced at intervals of 1, 2, 3 or 6 months (2013: 1, 2, 3 or 6 months) from the end of the reporting period.

The Group's policy is to manage interest costs using combination of fixed and floating rate debts taking into consideration the funding requirements of the Group. It is also the Group's policy to hedge its interest rate risk through interest rate cap and swap contracts. As at 31 December 2014 and 2013, the Group has no outstanding interest rate cap and swap contracts.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if SGD interest rates had been 75 (2013: 75) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been $9,056,000 (2013: $16,908,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate term loans and bank borrowings.

Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is to monitor its net operating cash flows and maintain an adequate level of committed banking facilities through regular review of its working capital requirements. At the end of the reporting period, approximately 20% (2013: 39%) of the Group's borrowings (Note 27) will mature in less than one year based on the carrying amount reflected in the financial statements excluding discontinued operation. Approximately 30% (2013: 64%) of the Company's borrowings will mature in less than one year at the end of the reporting period.

The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

Notes to the Financial Statements

For the financial year ended 31 December 2014

36 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Liquidity risk *(continued)*

Analysis of financial instruments by remaining contractual maturities
The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on contractual undiscounted payments obligations.

	2014 1 year or less $000	**2014** 1 to 5 years $000	**2014** Total $000	2013 1 year or less $000	2013 1 to 5 years $000	2013 Total $000
Group						
Trade and other payables	**508,209**	**2,553**	**510,762**	1,114,435	15,493	1,129,928
Borrowings	**371,019**	**1,450,956**	**1,821,975**	1,183,943	1,887,366	3,071,309
	879,228	**1,453,509**	**2,332,737**	2,298,378	1,902,859	4,201,237
Company						
Trade and other payables	**21,210**	**–**	**21,210**	20,412	–	20,412
Borrowings	**129,992**	**298,398**	**428,390**	655,314	392,283	1,047,597
	151,202	**298,398**	**449,600**	675,726	392,283	1,068,009

37 CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to maintain healthy capital ratios to sustain growth, maximise shareholder value and fulfill all borrowing covenants.

The Group manages its capital structure and may make adjustments to it, in light of changes in economic conditions. In order to manage or adjust the capital structure, the Group may obtain new borrowings or reduce its borrowings. No changes were made in the objectives, policies and processes during the years ended 31 December 2014 and 2013.

The Group monitors capital using a net debt to equity ratio, which is net borrowings divided by shareholders equity. The Group endeavours to keep its medium to long term net debt to equity ratio to below 1.1 times but will manage the ratio taking into consideration business opportunities and liquidity conditions. Net borrowings include interest-bearing borrowings less bank balances and deposits. Equity includes equity attributable to the owners of the Company.

	GROUP **2014** $000	GROUP 2013 $000
Borrowings	**1,716,909**	2,882,276
Less: Bank balances and deposits	**(650,247)**	(905,399)
Net borrowings	**1,066,662**	1,976,877
Equity attributable to owners of the Company	**1,803,846**	1,711,660
Net debt to equity (times)	**0.59**	1.15

38 FAIR VALUE OF ASSETS AND LIABILITIES

(A) *Fair value hierarchy*

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1– Quoted prices (unadjusted) in active markets for identical assets or liabilities, that the Group can access at the measurement date;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (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.

Notes to the Financial Statements

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38 FAIR VALUE OF ASSETS AND LIABILITIES *(continued)*

(B) *Assets and liabilities measured at fair value*

The following table shows an analysis of assets and liabilities measured at fair value at the end of the reporting period:

	GROUP			
	2014 $000 Fair value measurement at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	**Significant observable inputs other than quoted prices (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Assets measured at fair value				
Financial assets:				
Available-for-sale financial assets (Note 19)				
- Equity instruments (quoted)	23,612	–	–	23,612
- Equity instruments (unquoted)	–	–	8,488	8,488
Financial assets as at 31 December 2014	**23,612**	**–**	**8,488**	**32,100**
Non-financial assets:				
Investment properties (Note 13)	–	–	1,847,071	1,847,071
Non-financial assets as at 31 December 2014	**–**	**–**	**1,847,071**	**1,847,071**

	GROUP			
	2013 $000 Fair value measurement at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets measured at fair value				
Financial assets:				
Held for trading investments (Note 19)				
- Equity instruments (quoted)	305	–	–	305
Available-for-sale financial assets (Note 19)				
- Equity instruments (quoted)	23,166	–	–	23,166
- Equity instruments (unquoted)	–	–	8,887	8,887
Financial assets as at 31 December 2013	23,471	–	8,887	32,358
Non-financial assets:				
Investment properties (Note 13)	–	–	1,870,923	1,870,923
Non-financial assets as at 31 December 2013	–	–	1,870,923	1,870,923

Notes to the Financial Statements

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38 FAIR VALUE OF ASSETS AND LIABILITIES *(continued)*

(C) *Level 3 fair value measurement*

i) Information about significant unobservable inputs used in Level 3 fair value measurements

Description	**Fair Value at 31 December 2014 $000**	**Valuation techniques**	**Unobservable inputs**	**Range (weighted average)**
Recurring fair value measurement Available-for-sale financial assets - Equity instruments (unquoted)	**8,488**	Fair value of underlying assets of investment	Statement of financial position	NA
Investment properties	**1,847,071**	Market Capitalisation Method	Capitalisation Rate	3.0% to 5.3%

Description	Fair Value at 31 December 2013 $000	Valuation techniques	Unobservable inputs	Range (weighted average)
Recurring fair value measurement Available-for-sale financial assets - Equity instruments (unquoted)	8,887	Fair value of underlying assets of investment	Statement of financial position	NA
Investment properties	1,870,923	Market Capitalisation Method	Capitalisation Rate	3.0% to 4.5%

For equity instruments (unquoted), a significant increase/decrease in the fair value of underlying assets of the investment would result in a significantly higher/lower fair value measurement.

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.

		31 December 2014	
		Effect of reasonably possible alternative assumptions	
	Carrying amount $000	**Profit or loss $000**	**Other comprehensive income $000**
Recurring fair value measurement Available-for-sale financial assets - Equity instruments (unquoted)	**8,488**	**–**	**424**

		31 December 2013	
		Effect of reasonably possible alternative assumptions	
	Carrying amount $000	Profit or loss $000	Other comprehensive income $000
Recurring fair value measurement Available-for-sale financial assets - Equity instruments (unquoted)	8,887	–	444

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38 FAIR VALUE OF ASSETS AND LIABILITIES *(continued)*

(C) *Level 3 fair value measurement (continued)*

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 equity instruments (unquoted), the Group adjusted the discount for lack of marketability by increasing and decreasing the assumptions by 5%.

ii) Movements in level 3 financial assets and liabilities measured at fair value

The following table presents the reconciliation for all the assets measured at fair value based on significant unobservable inputs (level 3).

	GROUP Available-for-sale financial assets Equity instruments (unquoted)	
	2014 **$000**	2013 $000
Opening balance	**8,887**	7,061
Total gains or losses:		
- included in other comprehensive income:		
Gain on remeasuring available-for- sale financial assets, net of tax	**(399)**	1,826
Closing balance	**8,488**	8,887

	GROUP Investment properties	
	2014 **$000**	2013 $000
Opening balance	**1,870,923**	1,203,765
Purchases	**1,463**	832,677
Transfer to assets of disposal group classified as held for sale & property, plant and equipment	**(19,867)**	(208,464)
Arising from acquisition of subsidiaries	**–**	32,028
Arising from disposal of subsidiaries	**(5,014)**	–
Currency realignment	**(434)**	33
Total gains or losses:		
- included in income statement: net surplus on revaluation of investment properties	**–**	10,884
Closing balance	**1,847,071**	1,870,923

There has been no transfer from Level 1 and Level 2 to Level 3 during the financial years ended 31 December 2014 and 2013.

iii) Valuation policies and procedures

The Group's Chief Financial Officer (CFO), who is assisted by the financial controllers (collectively referred to as the "CFO office") oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's valuation policies and procedures. In this regard, the CFO office reports to the Group's Audit and Risk Committee.

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. The CFO office is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and FRS 113 fair value measurement guidance.

For valuations performed by external valuation experts, the appropriateness of the valuation methodologies and assumptions adopted are reviewed along with the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations.

Notes to the Financial Statements

For the financial year ended 31 December 2014

38 FAIR VALUE OF ASSETS AND LIABILITIES *(continued)*

(C) *Level 3 fair value measurement (continued)*

iii) Valuation policies and procedures *(continued)*

In selecting the appropriate valuation models and inputs to be adopted for each valuation that uses significant unobservable inputs, external valuation experts are requested to calibrate the valuation models and inputs to actual market transactions (which may include transactions entered into by the Group with third parties as appropriate) that are relevant to the valuation if such information are reasonably available. For valuations that are sensitive to the unobservable inputs used, external valuation experts are required, to the extent practicable to use a minimum of two valuation approaches to allow for cross-checks.

Significant changes in fair value measurements from period to period are evaluated by the CFO office for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

The CFO office documents and reports its analysis and results of the external valuations to the Audit & Risk Committee on an annual basis. The Audit & Risk Committee performs a high-level independent review of the valuation process and results and recommends if any revisions need to be made before presenting the results to the Board of Directors for approval.

(D) *Fair value of assets and liabilities by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value*

Management has determined that the carrying amounts of cash and short term deposits, trade and other receivables, trade and other payables and floating rate borrowings, based on their notional amounts, reasonably approximate their fair values because these are mostly short-term in nature or that they are floating rate instruments that are repriced to market interest rates on or near the end of the reporting period.

(E) *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*

The loans and amounts receivable/payable from/to subsidiaries, associates and joint ventures have no fixed terms of repayment. Accordingly, their fair values cannot be measured reliably as the timing of the future cash flows cannot be determined.

The aggregate of these financial assets for the Group and Company amounted to $71,967,000 (2013: $167,928,000) and $1,015,588,000 (2013: $1,472,466,000) respectively.

Fair value information has not been disclosed for the Group's investment in unquoted equity instrument that are carried at cost amounting to $120,000 (2013: $221,000) (Note 19) because fair value cannot be measured reliably. These investments represent ordinary shares in companies that are not quoted in any market and do not have any comparable industry peer that is listed. In addition, the variability in the range of reasonable fair value estimates derived from valuation techniques is significant. The Group does not intend to dispose of the investment in the foreseeable future.

Notes to the Financial Statements

For the financial year ended 31 December 2014

39 SUBSIDIARIES' SHARE OPTION SCHEMES

Multi-Fineline Electronix, Inc. ("MFLEX")
Multi-Fineline Electronix, Inc. 2014 Equity Incentive Plan ("MFLEX 2014 Equity Incentive Plan")
Multi-Fineline Electronix, Inc. 2004 Stock Incentive Plan ("MFLEX 2004 Stock Incentive Plan")

At the MFLEX's annual general meeting of stockholders on 5 March 2014, the MFLEX's stockholders approved the MFLEX 2014 Equity Incentive Plan. Upon stockholder approval of the MFLEX 2014 Equity Incentive Plan, MFLEX 2004 Stock Incentive Plan, as amended and restated to date was terminated. The MFLEX 2014 Equity Incentive Plan is administered by MFLEX's board of directors or a committee thereof (the "Administrator").

The MFLEX 2014 Equity Incentive Plan provides for the granting of stock options, stock appreciation rights ("SSAR" or "SSARs"), restricted share awards and restricted stock units ("RSUs") to employees, directors (including non-employee directors), advisors and consultants. Grants under the MFLEX 2014 Equity Incentive Plan vest and expire based on periods determined by the Administrator, but in no event can the expiration date be later than ten years from the date of grant (five years after the date of grant if the grant is an incentive stock option to an employee who owns more than 10% of the total combined voting power of all classes of MFLEX's capital stock. Grants of stock options may be either incentive stock options or non-qualified stock options.

MFLEX's assessment of the estimated fair value of stock options and SSARs granted is affected by the MFLEX's stock price as well as assumptions regarding a number of complex and subjective variables and the related tax impact. MFLEX utilises the Black-Scholes option valuation model to estimate the fair value of stock options and SSARs granted. Expected forfeitures are estimated based on the historical turnover of the MFLEX's employees. The fair value of service-based RSUs granted is based on the closing price of the MFLEX's common stock on the date of grant.

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. This model also requires the input of highly subjective assumptions including:

(a) the expected volatility of MFLEX's common stock price, which MFLEX determines based on historical volatility of MFLEX's common stock;

(b) expected dividends, which are zero, as MFLEX does not currently anticipate issuing dividends;

(c) the expected term of the stock option or SSAR, which is estimated based on the historical stock option and SSAR exercise behaviour of MFLEX's employees; and

(d) the risk-free interest rate, which is based on observed interest rates (zero coupon U.S. Treasury debt securities) appropriate for the expected holding period.

No stock options were granted during the financial year ended 31 December 2014.

During the financial year ended 31 December 2014, MFLEX granted service-based restricted stock units ("RSU" or "RSUs") equal to 648,528 (2013: 614,955) shares of MFLEX's common stock. These grants were made under the MFLEX 2014 Equity Incentive Plan (2013: MFLEX 2004 Stock Incentive Plan) to certain employees (including executive officers) and directors at no cost to such individuals. Each RSU represents one hypothetical share of MFLEX's common stock, without voting or dividend rights. The RSUs granted to employees vest over a period of three years with one-third vesting on each of the anniversary dates of the grant date. Total compensation cost related to the RSUs is determined based on the fair value of MFLEX's common stock on the date of grant and is amortised into expense over the vesting period using the straight-line method.

Notes to the Financial Statements

For the financial year ended 31 December 2014

39 SUBSIDIARIES' SHARE OPTION SCHEMES *(continued)*

Multi-Fineline Electronix, Inc. ("MFLEX") *(continued)*
Multi-Fineline Electronix, Inc. 2014 Equity Incentive Plan ("MFLEX 2014 Equity Incentive Plan") *(continued)*
Multi-Fineline Electronix, Inc. 2004 Stock Incentive Plan ("MFLEX 2004 Stock Incentive Plan") *(continued)*

MFLEX also grants performance-based RSUs to certain employees (including executive officers) from time to time. For such performance-based RSUs, MFLEX records share-based compensation cost based on the grant date fair value and the probability that the performance metrics will be achieved. MFLEX's management generally considers the probability that the performance metrics will be achieved to be a 70% chance or greater ("Probability Threshold"). At the end of each reporting period, MFLEX evaluates the awards to determine if the related performance metrics meet the Probability Threshold. If MFLEX determines that the vesting of any of the outstanding performance-based RSUs does not meet the Probability Threshold, the stock-based compensation expense related to those performance-based RSUs is reversed in the period in which this determination is made. However, if at a future date conditions have changed and the Probability Threshold is deemed to be met, the previously reversed stock-based compensation expense, as well as all subsequent projected stock-based compensation expense through the date of evaluation, is recognised in the period in which this new determination is made.

On 22 October 2014, MFLEX granted 289,417 performance-based RSUs (the "MFLEX TSR PSUs"), which vest upon both market and performance conditions. The market condition was measured by determining MFLEX's total shareholder return ("TSR"), rounded to the nearest whole number, for the three-year period beginning 1 October 2014 through 31 December 2017 versus the TSR of the Nasdaq Total Return Index (the "Index") for the same period, using the calendar three-month average daily closing price of each on 1 October 2014 as compared to 31 December 2017.

On 22 October 2014, MFLEX also granted 94,507 performance-based RSUs (the "MFLEX Stock Price PSUs") containing both market and performance conditions, whereby the market condition was measured by the increase in the stock price of MFLEX, using the previous 20 trading day average daily closing price of each on 21 October 2014 and 31 December 2015.

An award with a market condition is accounted for and measured differently from an award that has only a performance or service condition. The effect of a market condition is reflected in the award's fair value on the grant date (e.g., a discount may be taken when estimating the fair value of such grant to reflect the market condition). The fair value may be lower than the fair value of an identical award that has only a service or performance condition because those awards will not include a discount on the fair value. All stock-based compensation expense for an award that has a market condition will be recognised if the requisite service period is fulfilled, even if the market condition is never satisfied.

The grant date fair value of the MFLEX TSR PSUs was calculated utilising the following assumptions:

	MFLEX TSR PSUs	Index Benchmark Inputs
Expected stock return/discount rate [1]	0.88%	0.88%
Dividend yield	-	-
Volatility [2]	40.0%	15.0%
Grant date	22 Oct 14	22 Oct 14
Three-month average share price [3]	US$ 10.20	US$ 4,952.85
Expected vesting period (in years)	3.3	N/A
Correlation	0.47	0.47
Fair value per share	US$ 5.57	N/A

[1] The expected stock return/discount rate was based on yield to maturity of short-term US government bonds over the expected term as of the grant date.

[2] Volatilities were calculated as of fiscal year end dates for MFLEX.

[3] The three-month daily average share price was based on the average of the three-month daily closing price for MFLEX's common stock and the Index as of 1 October 2014.

Notes to the Financial Statements

For the financial year ended 31 December 2014

39 SUBSIDIARIES' SHARE OPTION SCHEMES *(continued)*

Multi-Fineline Electronix, Inc. ("MFLEX") *(continued)*
Multi-Fineline Electronix, Inc. 2014 Equity Incentive Plan ("MFLEX 2014 Equity Incentive Plan") *(continued)*
Multi-Fineline Electronix, Inc. 2004 Stock Incentive Plan ("MFLEX 2004 Stock Incentive Plan") *(continued)*

The grant date fair value of the MFLEX Stock Price PSUs was calculated utilising the following assumptions:

	MFLEX Stock Price PSUs
Expected stock return/discount rate [1]	0.20%
Dividend yield	-
Volatility [2]	35.0%
Grant date	22 Oct 14
20-trading day average share price [3]	US$ 9.39
Expected vesting period (in years)	1.2
Fair value per share	US$ 4.73

1 The expected stock return/discount rate was based on yield to maturity of short-term US government bonds over the expected term as of the grant date.

2 the volatility was calculated as of fiscal year end dates for MFLEX.

3 The 20-trading day average share price was based on the previous 20 day average closing price for MFLEX's common stock as of 21 October 2014.

No SSARs were granted during the financial year ended 31 December 2014 (2013: 216,092). During the financial period 2013, the Administrator approved the grant of SSARs to be settled in MFLEX's common stock. These grants were made under the MFLEX 2004 Stock Incentive Plan to certain employees (including executive officers) at no cost to such individual. Each SSAR has a base appreciation amount that is equal to the closing price of a share of MFLEX's common stock on each applicable grant date as reported on the NASDAQ Global Select Market. The SSARs granted to employees generally vest either over a period of three years with one-third vesting on each of the anniversary dates of the grant date or may vest completely on the third anniversary date of the grant date and have a contractual life of 10 years. MFLEX's SSARs are treated as equity awards and are measured using the initial compensation element of the award at the time of grant and the expense is recognised over the requisite service period (the vesting period) with an exercise price equal to the stock price on the date of grant. Upon exercise, each SSAR will be settled in the MFLEX's common stock. Whole MFLEX shares will be issued based on the percentage of share appreciation between the weighted-average price per share for all grant dates and the fair market value per share on the exercise date, multiplied by the number of SSARs units being exercised. Total compensation cost related to SSARs is recognised over the vesting period and is determined based on the whole number of shares multiplied by the grant date fair value.

Notes to the Financial Statements

For the financial year ended 31 December 2014

39 SUBSIDIARIES' SHARE OPTION SCHEMES *(continued)*

Multi-Fineline Electronix, Inc. ("MFLEX") *(continued)*
Multi-Fineline Electronix, Inc. 2014 Equity Incentive Plan ("MFLEX 2014 Equity Incentive Plan") *(continued)*
Multi-Fineline Electronix, Inc. 2004 Stock Incentive Plan ("MFLEX 2004 Stock Incentive Plan") *(continued)*

Movements in the number of unissued ordinary shares under options, RSUs and SSARs granted under the MFLEX 2014 Equity Incentive Plan (2013: MFLEX 2004 Stock Incentive Plan) at the end of the financial year/period and their exercise price were as follows:

Date of grant	Exercise period/ vesting date	Exercise price	Beginning of financial year	Options granted during the financial year	Shares under option exercised	Shares under option lapsed	End of financial year
2014							
MFLEX 2014 Equity Incentive Plan							
25.06.2004	25.06.2005 to 25.06.2014	US$10.00	143,547	-	(75,777)	(67,770)	-
04.03.2005	04.03.2006 to 04.03.2015	US$20.81	15,000	-	-	-	15,000
# 05.12.2008	05.12.2011 to 05.12.2018	US$10.76	41,237	-	-	-	41,237
# 05.03.2009	05.12.2011 to 05.03.2019	US$12.70	34,938	-	-	-	34,938
# 05.06.2009	05.12.2011 to 05.06.2019	US$21.90	20,260	-	-	-	20,260
# 04.09.2009	05.12.2011 to 04.09.2019	US$28.58	15,524	-	-	-	15,524
# 16.11.2009	16.11.2012 to 30.11.2019	US$25.96	117,567	-	-	-	117,567
# 15.11.2010	15.11.2011 to 15.11.2020	US$22.17	108,948	-	-	-	108,948
* 14.11.2011	30.09.2014 @	US$0.00	110,046	-	(110,046)	-	-
# 14.11.2011	15.11.2012 to 14.11.2021	US$19.65	141,107	-	-	-	141,107
# 13.11.2012	15.11.2013 to 15.11.2015	US$17.90	216,092	-	-	-	216,092
* 18.12.2012	30.09.2015 @	US$0.00	72,031	-	-	-	72,031
* 24.06.2013	⌖⌖⌖	US$0.00	2,100	-	(700)	(1,400)	-
* 27.06.2013	⌖⌖⌖	US$0.00	118,350	-	(29,750)	(31,300)	57,300
* 01.07.2013	⌖⌖⌖	US$0.00	3,600	-	(1,200)	-	2,400

Notes to the Financial Statements

For the financial year ended 31 December 2014

39 SUBSIDIARIES' SHARE OPTION SCHEMES *(continued)*

Multi-Fineline Electronix, Inc. ("MFLEX") *(continued)*
Multi-Fineline Electronix, Inc. 2014 Equity Incentive Plan ("MFLEX 2014 Equity Incentive Plan") *(continued)*
Multi-Fineline Electronix, Inc. 2004 Stock Incentive Plan ("MFLEX 2004 Stock Incentive Plan") *(continued)*

Date of grant	Exercise period/ vesting date	Exercise price	Beginning of financial year	Options granted during the financial year	Shares under option exercised	Shares under option lapsed	End of financial year
2014							
MFLEX 2014 Equity Incentive Plan *(continued)*							
* 14.08.2013	⌖⌖	US$0.00	5,722	-	(5,722)	-	-
* 08.10.2013	⌖⌖⌖	US$0.00	2,100	-	-	(2,100)	-
* 11.11.2013	◈	US$0.00	183,292	-	-	-	183,292
* 11.11.2013	⌖⌖⌖	US$0.00	267,427	-	(76,540)	(42,600)	148,287
* 13.11.2013	⌖⌖⌖	US$0.00	2,100	-	(700)	-	1,400
* 06.12.2013	05.03.2014	US$0.00	1,745	-	(1,745)	-	-
* 19.12.2013	◈	US$0.00	78,553	-	-	-	78,553
* 02.01.2014	⌖⌖⌖	US$0.00	-	2,100	-	-	2,100
* 04.03.2014	⌖⌖⌖	US$0.00	-	7,500	-	-	7,500
* 20.03.2014	⌖⌖⌖	US$0.00	-	2,400	-	(2,400)	-
* 20.03.2014	05.03.2015	US$0.00	-	37,116	-	-	37,116
* 29.04.2014	⌖⌖⌖	US$0.00	-	1,800	-	-	1,800
* 25.09.2014	⌖⌖⌖	US$0.00	-	2,700	-	-	2,700
* 22.10.2014	01.01.2016 to 01.01.2018	US$0.00	-	592,812	-	(4,500)	588,312
* 22.10.2014	◈	US$0.00	-	383,474	-	-	383,474
* 09.12.2014	⌖⌖⌖	US$0.00	-	2,100	-	-	2,100
			1,701,286	1,032,002	(302,180)	(152,070)	2,279,038

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For the financial year ended 31 December 2014

39 SUBSIDIARIES' SHARE OPTION SCHEMES *(continued)*

Multi-Fineline Electronix, Inc. ("MFLEX") *(continued)*
Multi-Fineline Electronix, Inc. 2014 Equity Incentive Plan ("MFLEX 2014 Equity Incentive Plan") *(continued)*
Multi-Fineline Electronix, Inc. 2004 Stock Incentive Plan ("MFLEX 2004 Stock Incentive Plan") *(continued)*

Date of grant	Exercise period/ vesting date	Exercise price	Beginning of financial period	Options granted during the financial period	Shares under option exercised	Shares under option lapsed	End of financial period
2013							
MFLEX 2004 Stock Incentive Plan							
25.06.2004	25.06.2005 to 25.06.2014	US$10.00	204,492	-	(60,945)	-	143,547
04.03.2005	04.03.2006 to 04.03.2015	US$20.81	15,000	-	-	-	15,000
# 05.12.2008	05.12.2011 to 05.12.2018	US$10.76	41,237	-	-	-	41,237
# 05.03.2009	05.12.2011 to 05.03.2019	US$12.70	34,938	-	-	-	34,938
# 05.06.2009	05.12.2011 to 05.06.2019	US$21.90	20,260	-	-	-	20,260
# 04.09.2009	05.12.2011 to 04.09.2019	US$28.58	15,524	-	-	-	15,524
* 16.11.2009	⌖⌖⌖	US$0.00	10,551	-	(10,551)	-	-
* 16.11.2009	◈	US$0.00	89,037	-	-	(89,037)	-
# 16.11.2009	16.11.2012 to 30.11.2019	US$25.96	117,567	-	-	-	117,567
* 17.11.2009	⌖⌖⌖	US$0.00	834	-	(834)	-	-
* 03.12.2009	⌖⌖⌖	US$0.00	21,173	-	(21,173)	-	-
* 19.05.2010	⌖⌖⌖	US$0.00	1,200	-	(1,200)	-	-
* 06.10.2010	⌖⌖⌖	US$0.00	1,667	-	(1,667)	-	-
* 15.11.2010	⌖⌖⌖	US$0.00	87,996	-	(84,796)	(3,200)	-
# 15.11.2010	15.11.2011 to 15.11.2020	US$22.17	108,948	-	-	-	108,948
* 15.11.2010	30.09.2013 @	US$0.00	84,089	-	(84,089)	-	-
* 08.03.2011	⌖	US$0.00	21,000	-	(21,000)	-	-
* 13.07.2011	⌖⌖⌖	US$0.00	1,334	-	-	(1,334)	-
* 03.08.2011	⌖⌖⌖	US$0.00	1,334	-	(1,334)	-	-
* 14.11.2011	⌖⌖⌖	US$0.00	142,429	-	(137,931)	(4,498)	-
* 14.11.2011	30.09.2014 @	US$0.00	110,046	-	-	-	110,046
# 14.11.2011	15.11.2012 to 14.11.2021	US$19.65	141,107	-	-	-	141,107
* 13.12.2011	⌖⌖⌖	US$0.00	2,000	-	(666)	(1,334)	-
* 14.02.2012	☼☼	US$0.00	3,465	-	(3,465)	-	-

Notes to the Financial Statements

For the financial year ended 31 December 2014

39 SUBSIDIARIES' SHARE OPTION SCHEMES *(continued)*

Multi-Fineline Electronix, Inc. ("MFLEX") *(continued)*
Multi-Fineline Electronix, Inc. 2014 Equity Incentive Plan ("MFLEX 2014 Equity Incentive Plan") *(continued)*
Multi-Fineline Electronix, Inc. 2004 Stock Incentive Plan ("MFLEX 2004 Stock Incentive Plan") *(continued)*

Date of grant	Exercise period/ vesting date	Exercise price	Beginning of financial period	Options granted during the financial period	Shares under option exercised	Shares under option lapsed	End of financial period
2013							
MFLEX 2004 Stock Incentive Plan *(continued)*							
* 06.03.2012	⌖⌖	US$0.00	15,894	-	(15,894)	-	-
* 09.03.2012	⌖⌖	US$0.00	2,196	-	(2,196)	-	-
* 14.03.2012	☼☼	US$0.00	1,499	-	(1,499)	-	-
* 16.04.2012	☼☼	US$0.00	1,627	-	(1,627)	-	-
* 23.07.2012	⌖⌖⌖	US$0.00	2,100	-	(2,100)	-	-
* 27.08.2012	⌖⌖⌖	US$0.00	4,200	-	(4,200)	-	-
* 08.10.2012	⌖⌖⌖	US$0.00	-	2,100	(2,100)	-	-
* 16.10.2012	⌖⌖⌖	US$0.00	-	1,800	(1,800)	-	-
* 13.11.2012	⌖⌖⌖	US$0.00	-	175,291	(170,791)	(4,500)	-
# 13.11.2012	15.11.2013 to 15.11.2015	US$17.90	-	216,092	-	-	216,092
* 18.12.2012	30.09.2015 @	US$0.00	-	72,031	-	-	72,031
* 09.01.2013	⌖⌖⌖	US$0.00	-	2,100	(2,100)	-	-
* 07.03.2013	⌖⌖	US$0.00	-	24,520	(24,520)	-	-
* 01.04.2013	⌖⌖⌖	US$0.00	-	3,000	(3,000)	-	-
* 24.06.2013	⌖⌖⌖	US$0.00	-	2,100	-	-	2,100
* 27.06.2013	⌖⌖⌖	US$0.00	-	121,350	-	(3,000)	118,350
* 27.06.2013	◈	US$0.00	-	24,525	-	(24,525)	-
* 01.07.2013	⌖⌖⌖	US$0.00	-	3,600	-	-	3,600
* 14.08.2013	⌖⌖	US$0.00	-	5,722	-	-	5,722
* 08.10.2013	⌖⌖⌖	US$0.00	-	2,100	-	-	2,100
* 11.11.2013	◈	US$0.00	-	183,292	-	-	183,292
* 11.11.2013	⌖⌖⌖	US$0.00	-	267,427	-	-	267,427
* 13.11.2013	⌖⌖⌖	US$0.00	-	2,100	-	-	2,100
* 06.12.2013	05.03.2014	US$0.00	-	1,745	-	-	1,745
* 19.12.2013	◈	US$0.00	-	78,553	-	-	78,553
			1,304,744	1,189,448	(661,478)	(131,428)	1,701,286

* RSUs.
\# Stock appreciation rights.
⌖ vests 25% annually from date of grant.
⌖⌖ vests 100% one year from date of grant.
⌖⌖⌖ vests 1/3 annually from date of grant.
◈ vests based on performance targets set by MFLEX's management.
☼☼ vests 100% two years from date of grant.
@ conversion of performance-based RSUs to service-based RSUs as a result of the change in control that occurred during May 2013.

Notes to the Financial Statements

For the financial year ended 31 December 2014

39 SUBSIDIARIES' SHARE OPTION SCHEMES *(continued)*

Multi-Fineline Electronix, Inc. ("MFLEX") *(continued)*
Multi-Fineline Electronix, Inc. 2014 Equity Incentive Plan ("MFLEX 2014 Equity Incentive Plan") *(continued)*
Multi-Fineline Electronix, Inc. 2004 Stock Incentive Plan ("MFLEX 2004 Stock Incentive Plan") *(continued)*

Out of the outstanding 2,279,038 shares (2013: 1,701,286), options on 710,673 shares (2013: 663,120) are exercisable, which consisted of 15,000 (2013: 158,547) stock options and 695,673 (2013: 504,573) SSARs. Stock options exercised in 2014 resulted in 75,777 (2013: 60,945) shares being issued at the weighted average exercise price of US$10.00 (2013: US$10.00) per stock unit.

The fair value of RSUs granted between the period of 2 January 2014 and 9 December 2014 (2013: 8 October 2012 and 19 December 2013) based on the market price of MFLEX stock units on the grant date ranging from US$8.96 to US$14.58 (2013: US$12.50 to US$22.74) was US$9,500,324 (2013: US$14,115,351).

The fair value of SSARs granted on 13 November 2012 based on the market price of MFLEX stock units on the grant date was US$3,868,047.

	2014 **US$**	2013 US$
Weighted average share price at the date of exercise (per stock unit)	**10.64**	15.67

Change in control in 2013
In connection with the stock acquisition made by the Company of WBL as discussed in Note 15, MFLEX reviewed its MFLEX 2004 Stock Incentive Plan and its Change in Control Plan dated 18 January 2012 (the "Plan") and determined that a "Change in Control" as defined in the MFLEX 2004 Stock Incentive Plan and the Plan, occurred as of 23 May 2013. As a result, MFLEX recorded stock-based compensation expense of US$9,582,000 ($11,934,000) during the financial period ended 31 December 2013 related to the accelerated vesting of outstanding service-based RSUs and SSARs, as well as the conversion of performance-based RSUs to service-based RSUs for awards outstanding as of 23 May 2013.

Notes to the Financial Statements

For the financial year ended 31 December 2014

39 SUBSIDIARIES' SHARE OPTION SCHEMES *(continued)*

MFS Technology Ltd ("MFS")
MFS Share Option Scheme ("MFS Scheme")
MFS Share Appreciation Rights Plan ("MFS SAP") and Performance Share Plan ("MFS PSP")

MFS Scheme

The MFS Scheme was approved by the shareholders of MFS at the extraordinary general meeting on 28 December 2001. The MFS Scheme is administered by the Remuneration Committee of MFS ("MFS RC"). Under the MFS Scheme, share options are granted to employees and directors of the MFS Group. The options are vested one year after the date of grant and are exercisable thereafter for a contractual term of nine years in the case of executives (including executive directors) and four years in the case of non-executive directors.

The exercise price of the granted options is equal to the average of the last dealt prices of MFS ordinary shares on the SGX-ST for the three consecutive market days immediately preceding the date of grant.

During the financial year ended 31 December 2014, no options were granted pursuant to the MFS Scheme. All outstanding share options granted under the MFS Scheme expired or lapsed upon completion of the disposal of MFS subsidiaries on 18 November 2014.

Movements in the number of MFS share options at the end of the financial year/period and their exercise prices were as follows:

Date of grant	Exercise period	Exercise price	Beginning of financial year/period	Shares under option lapsed	End of financial year/period
2014					
19.05.2005	19.05.2006 to 18.05.2015	$0.585	902,750	(902,750)	-
			902,750	(902,750)	-
2013					
18.11.2003	18.11.2004 to 17.11.2013	$0.760	798,500	(798,500)	-
19.05.2005	19.05.2006 to 18.05.2015	$0.585	950,250	(47,500)	902,750
			1,748,750	(846,000)	902,750

MFS SAP and MFS PSP

MFS SAP and MFS PSP were approved by the shareholders of MFS at the extraordinary general meeting on 30 July 2008.

The MFS SAP and MFS PSP awards of fully paid-up ordinary shares in MFS ("Awards"), their equivalent cash value or combinations thereof will be granted, free of payment, to selected employees (including executive directors) of MFS Group. Non-executive directors of MFS Group will not be eligible to participate in the MFS SAP and MFS PSP.

The selection of an employee and the number of shares, which are the subject of each Award to be granted to an employee in accordance with MFS SAP and/or MFS PSP, shall be determined at the discretion of MFS RC taking into account criteria such as his rank, job performance, and contribution to the success and development of the MFS Group.

Notes to the Financial Statements

For the financial year ended 31 December 2014

39 SUBSIDIARIES' SHARE OPTION SCHEMES *(continued)*

MFS Technology Ltd ("MFS") *(continued)*
MFS Share Option Scheme ("MFS Scheme") *(continued)*
MFS Share Appreciation Rights Plan ("MFS SAP") and Performance Share Plan ("MFS PSP") *(continued)*

MFS SAP and MFS PSP *(continued)*
The final number of share appreciation rights ("SARs") under MFS SAP and/or performance shares ("PS") under MFS PSP will depend on the achievement of pre-determined target(s) at the end of one-year performance period of MFS. No SARs and/or PS will be vested if the threshold target(s) are not met at the end of the performance period. More SARs and/or PS could be awarded, up to a maximum of 200% of the baseline award, if superior target(s) are met.

The MFS RC is authorised to grant MFS SAP and/or MFS PSP Awards and to allot and issue from time to time such number of fully paid-up shares as may be required to be allotted and issued pursuant to the vesting of Awards under the respective plans. The aggregate number of shares granted under MFS SAP and/or MFS PSP, which may be issued pursuant to Awards, shall not exceed 10% of the total number of issued shares from time to time.

The MFS RC has the discretion under the MFS SAP and MFS PSP to settle in cash instead of shares.

In December 2012 in view that some of the overseas recipients do not have a securities account with the Central Depository Pte Limited for the credit of shares and that the settlement will result in fractional shares, the MFS RC has decided to settle the awards in cash.

This resulted in a reclassification from an equity-settled share-based payment to a cash-settled share-based payment (liability). At the date of modification, the fair value of the MFS SAP and MFS PSP liability were re-measured using the fair value of the equity-settled award on the modification date. This amount was recognised as a liability, with a corresponding reduction of the share option reserve.

The liability is re-measured to its fair value at each subsequent reporting date until the settlement of the MFS SAP and MFS PSP. Any changes in fair value of the liability will be recorded in the income statement.

During the financial period ended 31 December 2013, the final tranche of MFS PSP awards granted on 1 December 2009, MFS PSP awards granted on 6 March 2012, and MFS PSP awards granted on 5 December 2012 that vested on 2 December 2013 were settled in cash.

During the financial year ended 31 December 2014, the MFS RC amended the vesting date for the final tranche of PSP awards granted on 5 December 2012 from 1 December 2014 to 1 November 2014 and settled them in cash. There are no outstanding MFS PS at the end of the financial year.

Notes to the Financial Statements

For the financial year ended 31 December 2014

39 SUBSIDIARIES' SHARE OPTION SCHEMES *(continued)*

MFS Technology Ltd ("MFS") *(continued)*
MFS Share Option Scheme ("MFS Scheme") *(continued)*
MFS Share Appreciation Rights Plan ("MFS SAP") and Performance Share Plan ("MFS PSP") *(continued)*

Movements in the number of MFS PSs at the end of the financial year/period were as follows:

Date of grant	Vesting period	Beginning of financial year/period	Adjusted*	PS granted during the financial year/ period	PS paid/ vested/ lapsed	End of financial year/period
2014						
MFS PSP						
05.12.2012	01.11.2014	2,069,185	-	-	(2,069,185)	-
		2,069,185	**-**	**-**	**(2,069,185)**	**-**
2013						
MFS PSP						
01.12.2009	01.01.2011 to 01.01.2013	58,400	-	-	(58,400)	-
06.03.2012	01.12.2012 to 01.12.2013	4,911,820	-	-	(4,911,820)	-
05.12.2012	02.12.2013 to 01.12.2014	-	1,354,376	3,250,500	(2,535,691)	2,069,185
		4,970,220	**1,354,376**	**3,250,500**	**(7,505,911)**	**2,069,185**

* Adjusted at the end of performance period based on level of achievement of pre-set performance targets.

The fair value of MFS PS granted on 1 December 2009, 6 March 2013 and 5 December 2013 were determined to be $294,720, $769,350 and $460,488 respectively.

The outstanding MFS PSP was re-measured to its fair value on 31 December 2013 based on share price of $0.146 per share.

During the financial year ended 31 December 2014, all outstanding MFS SAR were exercised and settled in cash.

Movements in the number of MFS SARs at the end of the financial year/period were as follows:

Date of grant	Vesting period	Beginning of financial year/period	SARs granted during the financial year/period	SARs paid/vested/ lapsed	End of financial year/period
2014					
MFS SAP					
06.03.2012	01.12.2012 to 01.12.2013	11,862,000	-	(11,862,000)	-
2013					
MFS SAP					
06.03.2012	01.12.2012 to 01.12.2013	14,062,000	-	(2,200,000)	11,862,000

Notes to the Financial Statements

For the financial year ended 31 December 2014

39 SUBSIDIARIES' SHARE OPTION SCHEMES *(continued)*

MFS Technology Ltd ("MFS") *(continued)*
MFS Share Option Scheme ("MFS Scheme") *(continued)*
MFS Share Appreciation Rights Plan ("MFS SAP") and Performance Share Plan ("MFS PSP") *(continued)*

The fair value of the MFS SARs granted on 6 March 2012 was $766,514, determined using the Black-Scholes Valuation Model. The significant inputs into the model were share price of $0.115 per share at the date of grant, vesting period over two years, the volatility of the shares over the last one year was 56%, dividend yield of 0%, and one-year, two-year and three-year risk-free interest rates of 0.58% to 0.67% based on the Singapore Sovereign Yield Curve.

MFS SAR was re-measured to its fair value at $0.07 per unit on 31 December 2013 using the Black-Scholes valuation model and this is consistent with the valuation methodology for the previous grants.

Pacific Silica Pty Ltd ("PSPL")
PSPL Employee Share Option Scheme ("PSPL Scheme")

Share options are granted to employees and directors of PSPL under the PSPL Scheme.

During the current financial year and previous financial period, no grant under the PSPL Scheme has been made and as at 31 December 2014 and 2013, there were no outstanding options in respect of unissued shares for PSPL.

Notes to the Financial Statements

For the financial year ended 31 December 2014

40 SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and the reportable operating segments are as follows:

1. The Engineering segment* is in the business of water and medical waste environmental engineering and related services.

2. The Property Development segment encompasses activities such as bidding for land, project financing, design and construction to project management, property marketing and sales, and the overall coordination of all these activities.

3. The Property Rental and Services segment is in the business of providing services for asset management and hospitality management.

4. The WBL Group key businesses comprise automotive, property, technology, engineering, manufacturing & distribution and others.

5. Corporate Services & Others segment comprises investment management and corporate activities, neither of which constitutes a separately reportable segment.

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Allocation basis and transfer pricing
Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate revenue, assets, expenses and liabilities, income tax, deferred tax assets and liabilities and borrowings.

Segment accounting policies are the same as the policies described in Note 2. The Group generally accounts for inter-segment sales and transfers as if the sales or transfers were to third parties at current market prices. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

* UE E&C formed part of the Engineering and Construction segment in 2013 and before. Following the Group's divestment of UE E&C towards the end of 2014, the results of UE E&C has been presented separately on the consolidated income statement as Discontinued Operation; and consequently, the Engineering and Construction segment has been renamed as Engineering segment at the end of 2014.

Notes to the Financial Statements

For the financial year ended 31 December 2014

40 SEGMENT INFORMATION *(continued)*

(a) Business segments

The following tables present revenue and profit information regarding industry segments for the years ended 31 December 2014 and 2013 and certain asset and liability information regarding industry segments at 31 December 2014 and 2013.

	Engineering $000	Property Development $000	Property Rental and Services $000	WBL Group $000	Corporate Services & Others $000	Elimination $000	Total $000
Year ended 31 December 2014							
Operating segments							
Segment revenue							
Sales to external customers	90,565	865,794	239,873	2,012,018	1,071	–	3,209,321
Inter-segment sales	13	–	2,019	412	10,174	(12,618)	–
Total revenue	90,578	865,794	241,892	2,012,430	11,245	(12,618)	3,209,321
Segment results	(4,966)	54,212	84,983	(9,639)	(9,769)	–	114,821
Finance costs							(41,965)
Interest income							3,183
Share of profit /(loss) from equity-accounted associates	479	(149)	1,532	(1,765)	–	–	97
Share of profit /(loss) from equity-accounted joint ventures	–	81	–	(463)	–	–	(382)
Profit before tax							75,754
Income tax expense							(35,267)
Profit from continuing operations, net of tax							40,487
Profit from discontinued operation, net of tax							90,055
Profit net of tax							130,542
Segment assets	73,247	655,149	2,068,346	1,767,712	59,982	–	4,624,436
Interests in associates	9,348	42,665	35,457	28,071	165	–	115,706
Interests in joint ventures	–	10,741	3,073	79,410	–	–	93,224
Unallocated assets							67,048
Total assets							4,900,414
Segment liabilities	24,674	56,864	171,531	378,502	9,600	–	641,171
Unallocated liabilities							1,879,049
Total liabilities							2,520,220

Notes to the Financial Statements

For the financial year ended 31 December 2014

40 SEGMENT INFORMATION *(continued)*

(a) Business segments *(continued)*

	Engineering $000	Property Development $000	Property Rental and Services $000	WBL Group $000	Corporate Services & Others $000	Elimination $000	Total $000
Year ended 31 December 2014							
Other operating segment information:							
Allowance for doubtful trade receivables	180	–	74	1,488	–	–	1,742
Capital expenditure	1,164	–	3,586	56,315	349	–	61,414
Depreciation and amortisation	1,939	12	3,577	84,341	220	–	90,089
Gain on disposal of available-for-sale financial assets	–	–	–	37	–	–	37
Gain on disposal of assets of disposal group classified as held for sale	–	–	–	1,365	–	–	1,365
(Impairment loss)/reversal of impairment loss on property, plant & equipment	(3,000)	–	–	24,151	–	–	21,151
Impairment loss on intangible assets	–	–	–	6,330	–	–	6,330
Realisation of translation reserve upon liquidation of subsidiaries	–	–	–	4,382	–	–	4,382
Net gain on disposal of subsidiaries, associates and joint ventures	–	–	–	11,598	38	–	11,636
Restructuring expenses	–	–	–	20,042	–	–	20,042

Notes to the Financial Statements

For the financial year ended 31 December 2014

40 SEGMENT INFORMATION *(continued)*

(a) Business segments *(continued)*

	Engineering $000	Property Development $000	Property Rental and Services $000	WBL Group $000	Corporate Services & Others $000	Elimination $000	Total $000
Year ended 31 December 2013							
Operating segments							
Segment revenue							
Sales to external customers	55,108	39,945	203,985	1,365,069	814	–	1,664,921
Inter-segment sales	13	–	1,709	–	7,628	(9,350)	–
Total revenue	55,121	39,945	205,694	1,365,069	8,442	(9,350)	1,664,921
Segment results	6,659	3,663	180,548	(112,904)	(503)	–	77,463
Finance costs							(31,605)
Interest income							1,612
Share of (loss)/profit from equity-accounted associates	(252)	(2,355)	1,454	(112)	–	–	(1,265)
Share of profit from equity-accounted joint ventures	–	1,897	–	5,064	–	–	6,961
Profit before tax							53,166
Income tax expense							(40,146)
Profit from continuing operations, net of tax							13,020
Profit from discontinued operation, net of tax							47,312
Profit net of tax							60,332
Segment assets	67,747	1,025,662	2,433,793	2,180,561	464,585	362,557*	6,534,905
Interests in associates	6,035	41,805	11,863	43,978	167	91,211*	195,059
Interests in joint ventures	–	14,052	–	87,975	–	12,538*	114,565
Unallocated assets							95,706
Total assets							6,940,235
Segment liabilities	20,642	220,772	182,363	598,385	7,903	209,942*	1,240,007
Unallocated liabilities							3,178,872
Total liabilities							4,418,879

* Adjustments relates to the disposal of discontinued operation, UE E&C Ltd.

Notes to the Financial Statements

For the financial year ended 31 December 2014

40 SEGMENT INFORMATION *(continued)*

(a) Business segments *(continued)*

	Engineering $000	Property Development $000	Property Rental and Services $000	WBL Group $000	Corporate Services & Others $000	Elimination $000	Total $000
Year ended 31 December 2013							
Other operating segment information:							
Allowance for doubtful trade receivables	33	–	13	2,803	–	–	2,849
Capital expenditure	6,078	27	18	59,092	340	–	65,555
Depreciation and amortisation	1,615	6	6,594	66,414	240	–	74,869
Gain on deemed disposal of available-for-sale financial assets	–	–	–	–	21,415	–	21,415
Gain on disposal of available-for-sale financial assets	–	–	–	12,326	–	–	12,326
Gain on disposal of assets of disposal group classified as held for sale	–	–	115,856	–	–	–	115,856
Gain on sale of subsidiaries	3,020	–	–	–	–	–	3,020
Gain on re-measurement of previously held interest in joint venture	–	–	–	4,638	–	–	4,638
Impairment loss on property, plant & equipment	–	–	–	74,068	–	–	74,068
Impairment loss on intangible assets	–	–	–	13,349	–	–	13,349
Net surplus on revaluation of investment properties	–	–	9,299	1,585	–	–	10,884

Notes to the Financial Statements

For the financial year ended 31 December 2014

40 SEGMENT INFORMATION *(continued)*

(b) Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue		Non-current assets	
	2014	2013	**2014**	2013
	$000	$000	**$000**	$000
Singapore	**1,779,058**	646,725	**1,892,829**	2,142,283
Malaysia	**186,334**	145,380	**22,009**	64,853
ASEAN (excluding Singapore and Malaysia)*	**12,951**	10,341	**1,454**	20,276
China	**656,421**	534,525	**308,216**	437,192
Hong Kong	**220,203**	118,155	**–**	1,180
Taiwan	**61,008**	51,288	**15,366**	16,128
Asia (excluding ASEAN, China, Hong Kong and Taiwan)*	**62,214**	34,341	**116**	86
Others (or Non-Asian countries)*	**231,132**	124,166	**27,465**	69,605
	3,209,321	1,664,921	**2,267,455**	2,751,603

* This includes countries which individually contribute less than 5% of revenue/ non-current assets to the Group.

Non-current assets information presented above consist of property, plant and equipment, investment properties, intangible assets and trade and other receivables as presented in the statement of financial position.

41 AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 December 2014 were authorised for issue in accordance with a resolution of the directors on 18 March 2015.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

The information in this Appendix III has been reproduced from the audited consolidated financial statements of the Group for the financial year ended 31 December 2015 and has not been specifically prepared for inclusion in this Information Memorandum. Investors should read the consolidated financial data in conjunction with the related notes.

INDEPENDENT AUDITOR'S REPORT

To the Members of United Engineers Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of United Engineers Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 54 to 147, which comprise the statements of financial position of the Group and the Company as at 31 December 2015, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

OPINION

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

ERNST & YOUNG LLP
Public Accountants and
Chartered Accountants
Singapore

18 March 2016

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2015

	Note	GROUP 2015 $000	GROUP 2014 $000
Continuing operations			
Revenue	4	1,856,993	3,209,321
Cost of sales		(1,516,417)	(2,794,731)
Gross profit		340,576	414,590
Other items of income			
Interest income	5	4,460	3,183
Other income	6	43,680	19,380
Other items of expense			
Distribution costs		(46,187)	(98,610)
Administrative expenses		(141,480)	(172,618)
Finance costs	7	(37,139)	(41,965)
Other expenses		(31,692)	(47,921)
Share of profit from equity-accounted associates		1,853	97
Share of profit/(loss) from equity-accounted joint ventures		2,543	(382)
Profit before tax from continuing operations	8	136,614	75,754
Income tax expense	9	(6,593)	(35,267)
Profit from continuing operations, net of tax		130,021	40,487
Discontinued operation			
Profit from discontinued operation, net of tax	10	–	90,055
Profit net of tax		130,021	130,542
Profit/(loss) attributable to:			
Owners of the Company			
- Continuing operations, net of tax		102,210	46,036
- Discontinued operation, net of tax		–	77,547
		102,210	123,583
Non-controlling interests			
- Continuing operations, net of tax		27,811	(5,549)
- Discontinued operation, net of tax		–	12,508
		27,811	6,959
Earnings per stock unit - continuing operations attributable to owners of the Company (cents)			
Basic	11(a)	16.0	7.2
Diluted	11(a)	16.0	7.2
Earnings per stock unit (cents)			
Basic	11(b)	16.0	19.4
Diluted	11(b)	16.0	19.4

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2015

	GROUP 2015 $000	GROUP 2014 $000
Profit net of tax	130,021	130,542
Other comprehensive income		
Items that will not be reclassified to income statement:		
Remeasurements of defined benefit pension plans	123	(4,161)
Items that may be reclassified subsequently to income statement:		
Gains on exchange differences on translation, net of tax	5,449	29,192
(Losses)/gains on remeasuring available-for-sale financial assets, net of tax	(2,667)	87
Realisation of reserves on disposal of available-for-sale financial assets, net of tax	(5,759)	–
Realisation of reserves on disposal of subsidiaries, net of tax	–	(5,324)
Share of other comprehensive income from equity-accounted associates, net of tax	2,279	(298)
	(698)	23,657
Other comprehensive income, net of tax	(575)	19,496
Total comprehensive income	129,446	150,038
Attributable to:		
Owners of the Company	89,158	130,312
Non-controlling interests	40,288	19,726
Total comprehensive income for the year	129,446	150,038
Attributable to:		
Owners of the Company		
Total comprehensive income from continuing operations, net of tax	89,158	45,581
Total comprehensive income from discontinued operation, net of tax	–	84,731
Total comprehensive income for the year attributable to owners of the Company	89,158	130,312

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

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2015

	Note	GROUP 2015 $000	GROUP 2014 $000	COMPANY 2015 $000	COMPANY 2014 $000
ASSETS					
Non-current assets					
Property, plant and equipment	12	359,385	389,315	23,424	23,813
Investment properties	13	1,857,542	1,847,071	676,572	675,100
Intangible assets	14	30,023	30,965	–	–
Interests in subsidiaries	15	–	–	1,343,594	1,216,472
Interests in associates	16	125,469	115,706	315	315
Interests in joint ventures	17	57,135	93,224	–	–
Deferred tax assets	18	61,981	56,522	–	–
Other investments	19	23,829	32,220	1,078	6,808
Trade and other receivables	21	–	104	–	–
Total non-current assets		2,515,364	2,565,127	2,044,983	1,922,508
Current assets					
Inventories	20	109,103	122,122	–	–
Income tax receivables		638	2,037	–	–
Trade and other receivables	21	231,796	298,343	44,962	44,836
Gross amount due from customers for contract work	22	42,448	39,004	–	–
Prepayments		10,094	12,663	2,355	2,023
Properties held for sale	23	1,023,838	1,130,137	–	–
Bank balances and deposits	24	544,127	650,247	14,188	60,276
		1,962,044	2,254,553	61,505	107,135
Assets of disposal group classified as held for sale	10	2,185	80,734	–	–
Total current assets		1,964,229	2,335,287	61,505	107,135
Total assets		4,479,593	4,900,414	2,106,488	2,029,643
EQUITY AND LIABILITIES					
Equity					
Share capital	25(a)	807,519	807,270	807,519	807,270
Treasury shares	25(b)	(62,313)	(62,313)	–	–
Retained earnings		1,078,829	1,037,857	785,094	795,743
Other reserves	26	6,568	21,032	3,929	9,694
Equity attributable to owners of the Company		1,830,603	1,803,846	1,596,542	1,612,707
Non-controlling interests		556,864	576,348	–	–
Total equity		2,387,467	2,380,194	1,596,542	1,612,707
Non-current liabilities					
Provisions	28	84,249	102,834	–	–
Deferred tax liabilities	18	80,388	78,076	–	–
Trade and other payables	29	3,166	2,553	–	–
Borrowings	27	829,458	1,383,134	250,295	276,068
Total non-current liabilities		997,261	1,566,597	250,295	276,068
Current liabilities					
Provisions	28	21,813	14,861	–	–
Income tax payable		34,976	61,511	3,206	4,658
Trade and other payables	29	420,843	508,209	21,545	21,210
Borrowings	27	614,303	333,775	234,900	115,000
Gross amount due to customers for contract work	22	2,364	3,035	–	–
		1,094,299	921,391	259,651	140,868
Liabilities of disposal group classified as held for sale	10	566	32,232	–	–
Total current liabilities		1,094,865	953,623	259,651	140,868
Total liabilities		2,092,126	2,520,220	509,946	416,936
Total equity and liabilities		4,479,593	4,900,414	2,106,488	2,029,643

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2015

GROUP

	Total equity $000	Equity attributable to owners of the Company $000	Share capital (Note 25(a)) $000	Treasury shares (Note 25(b)) $000	Retained earnings $000	Other reserves (Note 26) $000	Non-controlling interests $000
		Attributable to owners of the Company					
Opening balance at 01/01/2015	2,380,194	1,803,846	807,270	(62,313)	1,037,857	21,032	576,348
Profit for the year	130,021	102,210	–	–	102,210	–	27,811
Remeasurements of defined benefit pension plans	123	83	–	–	83	–	40
Gains/(losses) on exchange differences on translation, net of tax	5,449	(6,988)	–	–	–	(6,988)	12,437
Losses on remeasuring available-for-sale financial assets, net of tax	(2,667)	(2,667)	–	–	–	(2,667)	–
Realisation of reserves to income statement on disposal of available-for-sale financial assets, net of tax	(5,759)	(5,759)	–	–	–	(5,759)	–
Share of other comprehensive income from equity-accounted associate, net of tax	2,279	2,279	–	–	–	2,279	–
Other comprehensive income for the year	(575)	(13,052)	–	–	83	(13,135)	12,477
Total comprehensive income for the year	129,446	89,158	–	–	102,293	(13,135)	40,288
Contributions by and distributions to owners							
Ordinary shares issued on exercise of share options converted into ordinary stocks	249	249	249	–	–	–	–
Dividends paid (Note 30)	(61,603)	(61,603)	–	–	(61,603)	–	–
Dividend paid to non-controlling interests	(54,402)	–	–	–	–	–	(54,402)
Total contributions by and distributions to owners	(115,756)	(61,354)	249	–	(61,603)	–	(54,402)
Changes in ownership interests in subsidiaries							
Additional interests in subsidiaries	(2,354)	1,043	–	–	–	1,043	(3,397)
Dilution of interests in subsidiaries	9	(4,124)	–	–	–	(4,124)	4,133
Disposal of interests in subsidiaries and associates	(10,097)	(8)	–	–	–	(8)	(10,089)
Employee share option scheme/ share appreciation rights: - value of employee services	6,025	3,348	–	–	–	3,348	2,677
Reallocation of losses assumed by owners of the Company	–	(1,306)	–	–	(1,306)	–	1,306
Reclassification of reserves to retained earnings upon disposal of interests in subsidiaries	–	–	–	–	1,588	(1,588)	–
Total changes in ownership interests in subsidiaries	(6,417)	(1,047)	–	–	282	(1,329)	(5,370)
Total transactions with owners in their capacity as owners	(122,173)	(62,401)	249	–	(61,321)	(1,329)	(59,772)
Closing balance at 31/12/2015	2,387,467	1,830,603	807,519	(62,313)	1,078,829	6,568	556,864

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2015

GROUP

	Total equity $000	Equity attributable to owners of the Company $000	Share capital (Note 25(a)) $000	Treasury shares (Note 25(b)) $000	Retained earnings $000	Other reserves (Note 26) $000	Non-controlling interests $000
		Attributable to owners of the Company					
Opening balance at 01/01/2014	2,521,356	1,711,660	793,811	(62,313)	943,447	36,715	809,696
Profit for the year	130,542	123,583	–	–	123,583	–	6,959
Remeasurements of defined benefit pension plans	(4,161)	(2,813)	–	–	(2,813)	–	(1,348)
Gains on exchange differences on translation, net of tax	29,192	15,077	–	–	–	15,077	14,115
Gains on remeasuring available-for-sale financial assets, net of tax	87	87	–	–	–	87	–
Realisation of reserves to income statement on disposal of subsidiaries, net of tax	(5,324)	(5,324)	–	–	–	(5,324)	–
Share of other comprehensive income from equity-accounted associate, net of tax	(298)	(298)	–	–	–	(298)	–
Other comprehensive income for the year	19,496	6,729	–	–	(2,813)	9,542	12,767
Total comprehensive income for the year	150,038	130,312	–	–	120,770	9,542	19,726
Contributions by and distributions to owners							
Ordinary shares issued on conversion of convertible bonds converted into ordinary stocks	12,044	12,044	12,044	–	–	–	–
Ordinary shares issued on exercise of share options converted into ordinary stocks	1,415	1,415	1,415	–	–	–	–
Equity portion of convertible bonds	(9)	(9)	–	–	–	(9)	–
Transfer of equity component of convertible bonds to retained earnings upon lapse of the conversion option	–	–	–	–	14,658	(14,658)	–
Dividends paid (Note 30)	(43,110)	(43,110)	–	–	(43,110)	–	–
Dividend paid to non-controlling interests	(15,556)	–	–	–	–	–	(15,556)
Total contributions by and distributions to owners	(45,216)	(29,660)	13,459	–	(28,452)	(14,667)	(15,556)

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2015

GROUP *(continued)*

	Total equity $000	Equity attributable to owners of the Company $000	Share capital (Note 25(a)) $000	Treasury shares (Note 25(b)) $000	Retained earnings $000	Other reserves (Note 26) $000	Non-controlling interests $000
		Attributable to owners of the Company					
Changes in ownership interests in subsidiaries							
Additional interests in subsidiaries	(133,597)	(8,892)	–	–	–	(8,892)	(124,705)
Contribution from non-controlling interests	984	–	–	–	–	–	984
Dilution of interests in subsidiaries	(690)	(3,662)	–	–	–	(3,662)	2,972
Disposal of interests in subsidiaries	(120,235)	–	–	–	–	–	(120,235)
Employee share option scheme/ share appreciation rights:							
- value of employee services	5,360	2,977	–	–	–	2,977	2,383
Income tax benefit arising from share-based compensation	2,194	1,111	–	–	–	1,111	1,083
Reclassification of reserves to retained earnings upon disposal of interests in subsidiaries	–	–	–	–	2,092	(2,092)	–
Total changes in ownership interests in subsidiaries	(245,984)	(8,466)	–	–	2,092	(10,558)	(237,518)
Total transactions with owners in their capacity as owners	(291,200)	(38,126)	13,459	–	(26,360)	(25,225)	(253,074)
Closing balance at 31/12/2014	2,380,194	1,803,846	807,270	(62,313)	1,037,857	21,032	576,348

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2015

COMPANY

	Total equity $000	Share capital (Note 25(a)) $000	Retained earnings $000	Other reserves (Note 26) $000
Opening balance at 01/01/2015	1,612,707	807,270	795,743	9,694
Profit for the year	53,125	–	53,125	–
Losses on remeasuring available-for-sale financial assets, net of tax	(6)	–	–	(6)
Realisation of reserves to income statement on disposal of available-for-sale financial assets, net of tax	(5,759)	–	–	(5,759)
Other comprehensive income for the year	(5,765)	–	–	(5,765)
Total comprehensive income for the year	47,360	–	53,125	(5,765)
Contributions by and distributions to owners				
Ordinary shares issued on exercise of share options converted into ordinary stocks	249	249	–	–
Dividends paid (Note 30)	(63,774)	–	(63,774)	–
Total transactions with owners in their capacity as owners	(63,525)	249	(63,774)	–
Closing balance at 31/12/2015	1,596,542	807,519	785,094	3,929
Opening balance at 01/01/2014	1,476,194	793,811	657,678	24,705
Profit for the year	168,037	–	168,037	–
Losses on remeasuring available-for-sale financial assets, net of tax	(359)	–	–	(359)
Other comprehensive income for the year	(359)	–	–	(359)
Total comprehensive income for the year	167,678	–	168,037	(359)
Contributions by and distributions to owners				
Ordinary shares issued on conversion of convertible bonds converted into ordinary stocks	12,044	12,044	–	–
Ordinary shares issued on exercise of share options converted into ordinary stocks	1,415	1,415	–	–
Dividends paid (Note 30)	(44,630)	–	(44,630)	–
Equity portion of convertible bonds	6	–	–	6
Transfer of equity component of convertible bonds to retained earnings upon lapse of the conversion option	–	–	14,658	(14,658)
Total transactions with owners in their capacity as owners	(31,165)	13,459	(29,972)	(14,652)
Closing balance at 31/12/2014	1,612,707	807,270	795,743	9,694

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2015

	GROUP	
	2015 $000	2014 $000
Cash flows from operating activities		
Profit before tax from continuing operations	136,614	75,754
Profit before tax from discontinued operation	–	100,301
Profit before tax	136,614	176,055
Amortisation of intangible assets	2,393	3,622
Depreciation of property, plant and equipment	82,495	97,229
Dividend income from other investments	(2,519)	(2,914)
Finance costs	37,139	43,264
Gain on disposal of available-for-sale financial assets	(5,484)	(37)
Gain on disposal of assets of disposal group classified as held for sale	(8,469)	(1,365)
Impairment loss on intangible assets	846	6,330
Interest income	(4,460)	(6,584)
Loss/(gain) on disposal of property, plant and equipment	513	(2,651)
Loss on fair value adjustment on held for trading investments	–	4
Net gain on disposal/liquidation of subsidiaries, associates and joint ventures	(16,064)	(50,780)
Net inventories (written-back)/written-down	(15,770)	17,623
Properties held for sale written-down	12,489	15,858
Property, plant and equipment written-off	149	840
Reversal of impairment loss on property, plant and equipment	–	(21,151)
Share-based compensation expenses	6,066	5,526
Share of (profit)/loss from equity-accounted associates and joint ventures	(4,396)	2,845
Surplus on revaluation of investment properties	(2,179)	–
Unrealised exchange loss/(gain)	7,591	(9,581)
Operating cash flows before changes in working capital	226,954	274,133
Properties held for sale		
- Development expenditure	(164,763)	(207,507)
- Proceeds from progress billings	255,567	347,934
(Decrease)/increase in trade and other payables and provisions	(59,206)	88,015
Decrease in gross amount due to customers for contract work	(310)	(17,023)
Decrease in inventories	27,380	18,716
Decrease/(increase) in trade and other receivables	68,987	(62,846)
Increase in gross amount due from customers for contract work	(3,992)	(32,721)
Cash flows from operations	350,617	408,701
Share-based payments	–	(149)
Income taxes paid	(37,137)	(77,081)
Interest paid	(44,529)	(51,890)
Interest received	3,501	6,572
Net cash flows from operating activities	272,452	286,153

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2015

	GROUP	
	2015	2014
	$000	$000
Cash flows from investing activities		
Acquisition of intangible assets	(1,560)	(607)
Acquisition of non-controlling interests	(2,354)	(133,597)
Change in restricted deposits	43,578	(106,126)
Decrease/(increase) in amounts due from associates and joint ventures	5	(5,846)
Decrease in loans to joint ventures	–	441
Disposal of subsidiaries, net of cash disposed of (Note A)	(2,548)	397,203
Dividends received from associates	10,747	584
Dividends received from joint ventures	24,751	14,116
Dividends received from other investments	2,519	2,914
Investments in associates	(479)	–
Investments in joint ventures	–	(3,132)
(Increase)/decrease in loans to associates	(5,463)	4,534
Proceeds from disposal of available-for-sale financial assets	4,471	157
Proceeds from disposal of assets of disposal group classified as held for sale	12,088	16,091
Proceeds from disposal of intangible assets	–	68
Proceeds from disposal of property, plant and equipment	1,883	12,163
Proceeds from settlement of loans extended to disposed subsidiaries	–	353,326
Purchase of property, plant and equipment	(33,955)	(77,865)
Properties development expenditure	(930)	(126,999)
Net cash flows from investing activities	52,753	347,425
Cash flows from financing activities		
Contribution from non-controlling interests	–	984
Distribution to shareholders from striking off of a joint venture	500	–
Dividends paid	(61,603)	(43,110)
Dividends paid to non-controlling interests of subsidiaries	(54,402)	(15,556)
Increase/(decrease) in short-term loans	21,142	(99,923)
Increase/(decrease) in trust receipts and bills payable	5,894	(1,146)
Issuance of shares upon exercise of share options	249	1,415
Proceeds from long-term loans	161,589	141,919
Repayment of long-term loans	(455,171)	(970,686)
Net cash flows used in financing activities	(381,802)	(986,103)
Net decrease in cash and cash equivalents	(56,597)	(352,525)
Cash and cash equivalents, beginning balance	537,818	888,946
Effect of exchange rate changes on cash and cash equivalents	358	1,397
Cash and cash equivalents, ending balance	481,579	537,818
Cash and cash equivalents comprise:		
Bank balances and deposits (Note 24)	544,127	650,247
Restricted deposits (Note 24)	(62,548)	(106,126)
Bank overdrafts (Note 27)	–	(6,303)
Cash and cash equivalents	481,579	537,818

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2015

Note A: The net assets and liabilities arising from the disposal/liquidation of subsidiaries, associates and joint ventures and the cash flow effects of the disposal/liquidation are as follows:-

	GROUP	
	2015 $000	2014 $000
Property, plant and equipment	4,523	356,745
Investment properties	–	5,014
Properties development costs	–	441,448
Intangible assets	1,469	45,740
Interests in associates	–	100,503
Interests in joint ventures	–	16,993
Deferred tax assets	390	5,340
Other investments	–	401
Inventories	697	144,492
Trade and other receivables	26,693	334,869
Gross amount due from customers for contract work	606	18,391
Properties held for sale	–	152,191
Bank balances and deposits	25,683	289,445
Deferred tax liabilities	–	(44,235)
Income tax payables	(570)	(10,456)
Trade and other payables	(31,084)	(895,011)
Borrowings	(4,407)	(210,001)
Net assets disposed/liquidated	24,000	751,869
Foreign currency translation reserve realised	(6,840)	3,871
Less: Deemed disposal of subsidiaries retained as associates and joint venture	–	(19,636)
Less: Non-controlling interests	(10,089)	(120,235)
Add: Provisions	–	20,000
Net gain on disposal/liquidation of subsidiaries, associates and joint ventures	16,064	50,780
Total consideration in cash	23,135	686,649
Cash and cash equivalents in subsidiaries disposed/liquidated	(25,683)	(289,446)
Net cash (outflow)/inflow arising from disposal/liquidation	(2,548)	397,203

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

1 GENERAL

The Company is a limited liability company domiciled and incorporated in Singapore and is listed on the Singapore Exchange Securities Trading Limited (SGX-ST).

The Company operates in Singapore and its principal activities are those of a holding company and property owner and the provision of management services and deriving income therefrom. The principal activities and place of business of the subsidiaries are set out in Note 15 to the financial statements.

The registered office of the Company is located at:

12 Ang Mo Kio Street 64
#01-01 UE BizHub CENTRAL
Singapore 569088

The principal place of business of the Company is located at:

12 Ang Mo Kio Street 64
#03A-01 UE BizHub CENTRAL
Singapore 569088

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (FRS).

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

The financial statements are presented in Singapore Dollars (SGD or $) and all values in the tables are rounded to the nearest thousand ($000), except when otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2015. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2.3 Standards issued but not yet effective

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

	Effective date (Annual periods beginning on or after)
Amendments to FRS 16 and FRS 38 Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to FRS 111 Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Improvements to FRSs (November 2014)	
(a) Amendments to FRS 105 Non-current Assets Held for Sale and Discontinued Operations	1 January 2016
(b) Amendments to FRS 107 Financial Instruments: Disclosures	1 January 2016
Amendments to FRS 110 and FRS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
Amendments to FRS 1 Disclosure Initiative	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28 Investment Entities: Applying the Consolidation Exception	1 January 2016
Amendments to FRS 7 Disclosure Initiative	1 January 2017
Amendments to FRS 12 Recognition of Deterred Tax Assets for Unrealised Losses	1 January 2017
FRS 115 Revenue from Contracts with Customers	1 January 2018
FRS 109 Financial Instruments	1 January 2018

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

Except for FRS 115 and FRS 109, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 115 and FRS 109 are described below.

<u>FRS 115 Revenue from Contracts with Customers</u>
FRS 115 establishes a five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer i.e. when performance obligations are satisfied.

Key issues for the Group include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress toward satisfaction of a performance obligation, recognising contract cost assets and addressing disclosure requirements.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

<u>FRS 109 Financial Instruments</u>
FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

FRS 109 is effective for annual periods beginning on or after 1 January 2018 with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group is currently assessing the impact of FRS 109 and plans to adopt the standard on the required effective date.

2.4 Basis of consolidation and business combinations

<u>*Basis of consolidation*</u>
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 interests even if that results in a deficit balance.

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

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control 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 the income statement;
- re-classifies the Group's share of components previously recognised in other comprehensive income to the income statement or retained earnings, as appropriate.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

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

Business combinations
Business combinations (other than combinations involving entities or businesses under common control which are accounted for by applying the pooling of interest method) are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with FRS 39 either in the income statement or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not remeasured until it is finally settled within equity.

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

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 2.12(a). In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in the income statement on the acquisition date.

Business combinations involving entities under common control
Business combinations involving entities or businesses under common control are accounted for by applying the pooling of interest method. The assets and liabilities of the combining entities or businesses are reflected at their carrying amounts reported in the consolidated financial statements. The retained earnings and other reserves recognised in the combined financial statements are the retained earnings and other reserves of the combining entities or businesses immediately before the combination.

Any difference between the consideration paid and the share capital of the acquired entity or the net tangible asset amount of the acquired business is reflected within equity as merger reserve or deficit. The combined income statement reflects the results of the combining entities or businesses for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities or businesses had always been combined since the date the entities or businesses had come under common control.

2.5 Transactions with non-controlling interests

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

Changes in the Company'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 differences between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received are recognised directly in equity and attributed to owners of the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.6 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The following specific revenue criteria must also be met before revenue is recognised:

Sale of goods
Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

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

Contract revenue
Revenue from construction contracts is recognised on the percentage of completion method. Further details can be found in Note 2.18.

Rendering of services
Revenue from services rendered is recognised upon services performed.

Sale of development property held for sale
A development property held for sale is regarded as sold when the significant risks and rewards have been transferred to the buyer, which is normally on unconditional exchange of contracts. For conditional exchanges, sales are recognised only when all the significant conditions are satisfied.

Where development property is under construction and agreement has been reached to sell such property when construction is complete, the directors consider whether the contract comprises:
- A contract to construct a property; or
- A contract for the sale of completed property.

a) Where a contract is judged to be for the construction of a property, revenue is recognised using the percentage of completion method as construction progresses.

b) Where the contract is judged to be for the sale of a completed property, revenue is recognised when the significant risks and rewards of ownership of the real estate have been transferred to the buyer (i.e. revenue is recognised using the completion of construction method).

    i) If, however, the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the buyer, the percentage of completion method of revenue recognition is applied and revenue is recognised as work progresses.

    ii) In Singapore context, INT FRS 115 includes an accompanying note on application of INT FRS 115 in Singapore which requires the percentage of completion method of revenue recognition to be applied to sale of private residential properties in Singapore prior to completion of the properties that are regulated under the Singapore Housing Developers (Control and Licensing) Act (Chapter 130) and uses the standard form of sale and purchase agreements (SPAs) prescribed in the Housing Developers Rules.

In the above situations (i) and (ii), the percentage of work completed is measured based on the costs incurred up until the end of the reporting periods as a proportion of total costs expected to be incurred.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.6 Revenue recognition *(continued)*

Service concession arrangement
Revenue relating to construction services under a service concession arrangement is recognised based on the stage of completion of the work performed, consistent with the Group's accounting policy on recognising revenue on construction contracts (refer to Note 2.18). Operation or service revenue is recognised in the period in which the services are provided by the Group. When the Group provides more than one service in a service concession arrangement, the consideration received is allocated by reference to the relative fair values of the services delivered.

Revenues from services rendered in respect of water and medical waste treatment concession arrangements are recognised by reference to the unit price and quantity of water and medical waste treated respectively. Unit price is stated in each contract. Quantity of water and medical waste treated is measured according to the contract. Any losses are provided for as and when they become known.

Dividend and interest income
Dividend income is recognised when the Group's right to receive payment is established. Interest income is recognised using the effective interest method.

Compensation and insurance claims
Compensation and insurance claims are recognised when the right to receive payment is established.

2.7 Employee benefits

Defined contribution plans
The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. As required by law, the Group's companies in Singapore make contributions to the Central Provident Fund (CPF) scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

Equity compensation benefits
The Company also operates the United Engineers Share Option Scheme 2000 (Scheme 2000) to grant non-transferable options to certain employees of the Company as consideration for services rendered. When the options are exercised, the proceeds received net of any transaction costs are credited to share capital of the Company accordingly.

The compensation cost of these equity-settled transactions with employees is measured by reference to the fair value of the options at the date on which the share options are granted which takes into account market conditions and non-vesting conditions.

The compensation cost is recognised in the income statement with a corresponding increase in the employee share option reserve, over the vesting period that is the period which the service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the "vesting date"). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of options that will ultimately vest. The charge or credit to the income statement for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for options that do not ultimately vest, except for options where vesting is conditional upon a market or non-vesting condition, which are treated as vested irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. In the case where the option does not vest as the result of a failure to meet a non-vesting condition that is within the control of the Group or the employee, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in the income statement upon cancellation. The employee share option reserve is transferred to retained earnings upon expiry of the share options.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognised is the expense as if the terms had not been modified, if the original terms of the award are met. Additional expense is recognised for any increase in the total fair value of the share options due to the modification, as measured at the date of the modification.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.7 Employee benefits *(continued)*

Equity compensation benefits (continued)
Where the employee share option plan is cancelled, it is treated as if it had vested on the date of cancellation, and any expense that otherwise would have been recognised for services received over the remaining vesting period is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new employee share option plan is substituted for the cancelled employee share option plan, and designated as a replacement employee share option plan on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph. All cancellations of equity-settled transactions are treated equally.

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

2.8 Foreign currencies

The Group's consolidated financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) *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 the income statement except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to income statement of the Group on disposal of the foreign operation.

(b) *Consolidated financial statements*
For consolidation purpose, the assets and liabilities of foreign operations are translated into Singapore Dollars at the rate of exchange ruling at the end of the reporting period and their income statements are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in foreign currency translation reserve relating to that particular foreign operation is recognised in the income statement.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in the income statement. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to the income statement.

2.9 Income taxes

Current tax
Current tax assets and liabilities 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 taxes are recognised in the income statement except to the extent that the tax relates to items recognised outside income statement, 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.9 Income taxes *(continued)*

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.

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 utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to 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 income statement is recognised outside income statement. 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 tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Goods and services tax/sales tax
Revenues, expenses and assets are recognised net of the amount of goods and services tax/sales tax except:

- Where the goods and services tax/sales tax incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case the goods and services tax/sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- Receivables and payables that are stated with the amount of goods and services tax/sales tax included.

The net amount of goods and services tax/sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.10 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Such cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment.

For self-constructed assets, the cost includes materials, direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs.

The accounting policy for borrowing costs is set out in Note 2.25. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Leases with unexpired terms of over 100 years are classified as long leaseholds; those under 100 years are classified as leaseholds.

No depreciation is provided on freehold/long leasehold land as it has an unlimited and long useful life respectively.

Assets under construction are not depreciated as these assets are not yet available for use.

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

Leasehold land	- over terms of lease ranging from 8 to 99 years
Leasehold buildings	- lower of term of lease and 50 years
Freehold/long leasehold buildings	- 50 years
Plant and machinery	- 2 to 15 years
Motor vehicles and other assets	- 2 to 10 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 derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the income statement in the year the asset is derecognised.

2.11 Investment properties

Investment properties comprise completed properties and properties under construction or re-development held on a long-term basis for their investment potential and income.

Investment properties are initially recorded at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment properties are measured at fair value. Gains or losses arising from changes in the fair values of investment properties are included in the income statement in the year in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the income statement in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.10 up to the date of change in use.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.11 Investment properties *(continued)*

Investment properties under construction (IPUC)
IPUC is measured at fair value when the fair value is reliably determinable in accordance with FRS 40, Investment Property. When assessing whether the fair value of IPUC can be determined reliably the Company considers, among other things:

- Is the asset being constructed in a developed liquid market?
- Has a construction contract with the contractor been signed?
- Are the required building and letting permits obtained?
- What percentage of rentable area has been pre-leased to tenants?

IPUC for which fair value cannot be determined reliably is measured at cost less impairment.

The fair value of IPUC was determined at the end of the reporting period based on valuation by a qualified independent valuer. The valuation was performed based on open market value in existing state of construction, as deemed appropriate by the valuer. Each IPUC is individually assessed.

2.12 Intangibles

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

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 acquiree 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. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the income statement. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.8.

Goodwill and fair value adjustments which arose on acquisitions of foreign operations before 1 January 2005 are deemed to be assets and liabilities of the Company and are recorded in SGD at the rates prevailing at the date of acquisition.

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

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

Intangible assets with finite useful lives are amortised over their estimated useful lives. 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 are tested for impairment annually. Such intangible assets are not amortised.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.12 Intangibles *(continued)*

b) *Other intangible assets (continued)*
Gains or losses arising from derecognition 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 the income statement when the asset is derecognised.

(i) *Concession rights*
The Group recognises an intangible asset arising from a service concession arrangement when it has a right to charge for usage of the concession infrastructure whether acquired or self-constructed by the Group. Intangible assets received as consideration for providing construction services in a service concession arrangement are measured at fair value upon initial recognition, estimated by reference to the fair value of the construction services provided. When the Group receives an intangible asset and a financial asset as consideration for providing construction services in a service concession arrangement, the Group estimates the fair value of intangible assets as the difference between the fair value of the construction services provided and the fair value of the financial asset received.

The estimated useful life of an intangible asset in a service concession arrangement is the period when it is available for use to the end of the concession period.

(ii) *Distributorship and dealership rights*
The distributorship and dealership rights acquired in business combinations are carried at fair values at the date of acquisition, and amortised over a straight-line basis over the period of the expected benefits, which is estimated at 15 to 20 years.

(iii) *Development cost and technical know-how*
Development costs are recognised in the income statement as and when incurred except for development costs which will probably generate future economic benefits. Such development costs are recognised as intangible assets. These intangibles are stated at cost less accumulated amortisation and accumulated impairment losses. These are amortised to the income statement on a straight-line basis over a period of 5 to 10 years or their estimated useful lives whichever is shorter. Technical know-how acquired in business combination is carried at fair values at the date of acquisition.

(iv) *Customer relationships*
Customer relationships acquired in business combinations are carried at fair values at the date of acquisition, and amortised over a straight-line basis over the period of the expected benefits, which is estimated at 5 to 9 years.

(v) *Others*
This comprises the licence fees for trademark, software and marketing rights which are amortised on a straight-line basis over the respective licence periods/economic useful life.

The amortisation period and amortisation method of intangible assets other than goodwill are reviewed at the end of each reporting period. The effects of any revision are recognised in the income statement when the changes arise.

2.13 Subsidiaries, associates and joint ventures

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

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Associate
An associate is an entity, not being a subsidiary or a joint venture, in which the Group has the power to participate in the financial and operating policy decisions of the entity but does not have control or joint control of those policies. The entity will be treated as an associate from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.13 Subsidiaries, associates and joint ventures *(continued)*

Associate (continued)
The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates.

Goodwill relating to an associate is included in the carrying amount of the investment and is neither amortised nor tested individually for impairment.

Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is included as income in the determination of the Group's share of results of the associate in the period in which the investment is acquired.

The Group's share of the results of its associates is its effective share of the profit attributable to equity holders of the associates. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associates.

The Group's share of the results of its associates is shown on the face of income statement after tax and non-controlling interests in the associates.

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

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

The financial years of some of the associates are not co-terminous with that of the Company. In the case of the associates whose financial years are not co-terminous, the share of profits or losses is arrived at from the last audited financial statements available and unaudited management accounts to the end of the Company's financial year. Where necessary, adjustments are made for the effects of significant transactions or events that occur between that date and reporting date of the Company, and to bring the accounting policies in line with those of the Group.

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

Joint venture
A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control, where the strategic, financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control. The Group's investments in joint ventures are accounted for using the equity method. Under the equity method, the investment in joint venture is carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the joint venture. The income statement reflects the share of the results of operations of the joint ventures. Where there has been a change recognised in other comprehensive income by the 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 joint venture are eliminated to the extent of the interest in the joint ventures.

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.13 Subsidiaries, associates and joint ventures *(continued)*

Joint venture (continued)
When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss with respect to the Group's net investment in the joint ventures. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the 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 joint venture and its carrying value and recognises the amount in the income statement.

Upon loss of joint control, the Group measures any retained interest at its 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 income statement.

Accounting for subsidiaries, associates and joint ventures by the Company
In the Company's separate financial statements, investments in subsidiaries, associates and joint ventures are accounted for at cost less impairment losses. Loans and amounts due from or to subsidiaries, associates and joint ventures are classified and accounted for as loans and receivables under FRS 39. The accounting policy for this category of financial asset is stated in Note 2.15.

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. The costs incurred in bringing the inventories to their present location and condition are determined on a weighted average basis. Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value. The cost of finished goods and work-in-progress include raw materials, direct costs of production and an appropriate proportion of overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs to completion and the estimated costs necessary to make the sale.

2.15 Financial assets

Initial recognition and measurement
Financial assets 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 assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement
The subsequent measurement of financial assets depends on their 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. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group not designated as hedging instruments in hedge relationships as defined by FRS 39. Derivative, 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 (including exchange differences, interest and dividend income) are recognised in the income statement.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.15 Financial assets *(continued)*

Subsequent measurement (continued)

b) *Held-to-maturity investments*
Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold the investment to maturity. Investments intended to be held for an undefined period are not included in this classification. Subsequent to initial recognition, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in the income statement when the held-to-maturity investments are derecognised or impaired, as well as through the amortisation process.

c) *Loans and receivables*
Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in the income statement when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

d) *Available-for-sale financial assets*
Available-for-sale financial assets are financial assets that are not classified in any of the three preceding categories. After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in the income statement. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the income statement as a reclassification adjustment when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Derecognition
A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that has been recognised in other comprehensive income is recognised in the income statement.

Regular way purchase or sale of a financial asset
All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

2.16 Impairment of financial assets

The Group assesses at each reporting period whether there is any objective evidence that a financial asset is impaired.

Assets carried at amortised cost
If there is objective evidence that an impairment loss on loans and receivables or held-to-maturity investments 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 the income statement.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly in the income statement or if an amount was charged to the allowance account, the amounts charged to the allowance account are written-off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.16 Impairment of financial assets *(continued)*

Assets carried at amortised cost (continued)
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 the income statement.

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.

Available-for-sale financial assets
Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the income statement, is transferred from other comprehensive income and recognised in the income statement. Reversals of impairment losses in respect of equity instruments classified as available-for-sale are recognised in other comprehensive income. Reversals of impairment losses on debt instruments are recognised in the income statement, if the increase in fair value of the debt instrument can be objectively related to an event occurring after the impairment loss was recognised in the income statement.

2.17 Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting period to determine whether there is any indication of impairment. If any such indication exists, or when annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) 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 CGU exceeds its recoverable amount, the asset is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

Impairment losses of continuing operations are recognised in the income statement, 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. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. 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 the income statement unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.18 Construction contracts

Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the end of the reporting period, when the outcome of a construction contract can be estimated reliably. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that are likely to be recoverable and contract costs are recognised as expense in the period in which they are incurred. An expected loss on the construction contract is recognised as an expense immediately when it is probable that total contract costs will exceed total contract revenue.

Contract revenue comprises the initial amount of revenue agreed in the contract and variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

Contract costs include costs that relate directly to the specific contract and costs that are attributable to contract activity in general and can be allocated to the contract.

Revenue arising from fixed price contracts is recognised in accordance with the percentage of completion method. The stage of completion is measured by reference to professional surveys of work performed.

Revenue from cost plus contracts is recognised by reference to the recoverable costs incurred plus a percentage of the contract fee earned during the year. Percentage of the contract fee earned is measured by the proportion that the costs incurred to date bear to the estimated total costs of the contract. Only costs that reflect services performed are included in the estimated total costs of the contract. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

2.19 Properties held for sale

Development properties held for sale
Development projects for which revenue is recognised using the percentage of completion method is stated at cost plus estimated profits to-date less progress billings. Progress claims from purchasers of residential units for sale are shown as a deduction from the cost of the development properties held for sale.

Development projects for which revenue is recognised using the completed contract method is stated at cost. Progress claims from purchasers of residential units for sale are included in “trade and other payables” as “progress billings received in advance”.

Allowance for foreseeable losses is made when it is anticipated that the net realisable value has fallen below cost.

Costs include cost of land and construction, related overhead expenditure and financing charges incurred up to the completion of construction. Financing charges incurred to finance the development of such properties are capitalised during the period that is required to complete and prepare each property for its sale. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

Developments are considered completed upon the issue of Temporary Occupation Permit. When completed, development properties held for sale are transferred to completed properties held for sale.

Profit on development properties held for sale using the percentage of completion method is recognised on partly completed projects which have been sold and is based on the accounting policy in Note 2.6. The expected profit is assessed having regard to the sales procured less attributable total costs including the cost of land, construction and interest and after making due allowance for known potential costs over-runs and allowance for contingencies.

Progress billings not yet paid by customers are included in trade and other receivables.

Completed properties held for sale
Completed properties held for sale are stated at the lower of cost and net realisable value. Cost includes cost of land and construction, related overhead expenditure, and financing charges and other net costs incurred during the period of development. The costs are assigned by using specific identification. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

Allowance for impairment is made when it is anticipated that the net realisable value has fallen below cost.

Revenue from completed properties held for sale is recognised upon execution of Sale and Purchase Agreements and issue of Notice of Vacant Possession.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.20 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and at bank, demand deposits and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts which form an integral part of the Group's cash management.

2.21 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
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 income statement over the period of the borrowings using the effective interest method.

Convertible bonds
When convertible bonds are issued, the total proceeds are allocated to the liability component and the equity component, which are separately presented on the statement of financial position.

The liability component is recognised initially at its fair value, determined using a market interest rate for equivalent non-convertible bonds. It is subsequently carried at amortised cost using the effective interest method until the liability is extinguished on conversion or redemption of the bonds.

The difference between the total proceeds and the liability component is allocated to the conversion option (equity component), which is presented in equity net of deferred tax effect. The carrying amount of the conversion option is not adjusted in subsequent periods. When the conversion option is exercised, its carrying amount will be transferred to the share capital account. When the conversion option lapses, its carrying amount will be transferred to retained earnings.

2.22 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.

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
Subsequent to initial recognition, financial liabilities that are not carried at fair value through profit or loss are measured at amortised cost using the effective interest method. Gains or losses are recognised in the income statement when the liabilities are derecognised, and through the amortisation process.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged, cancelled or has 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 derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is presented in the statements of financial position, 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.23 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation, and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

A provision for warranty is recognised for all products under warranty at the end of the reporting period. The provision is calculated based on service history.

2.24 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of INT FRS 104.

As lessor
Leases where the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.6. Contingent rents are recognised as revenue in the period in which they are earned.

As lessee
Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the income statement. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as expense in the income statement on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

2.25 Borrowing costs

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.26 Derivative financial instruments

The Group uses derivative financial instruments such as interest rate swaps and foreign currency forward contracts to hedge its risks associated primarily with interest rate and foreign currency fluctuations. It is the Group's policy not to trade in derivative financial instruments.

Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivative financial instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Any gain or loss arising from changes in fair value on derivative financial instruments is taken to the income statement for the year.

The fair value of foreign currency forward contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments.

Details of the Group's financial risk management objectives and policies are set out in Note 35.

2.27 Financial guarantees

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantees are recognised initially at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in the income statement over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to the income statement.

2.28 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:
   (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
   (ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the statement of financial position of the Group, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.29 Government grants

Government grants are recognised when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Government grants are recognised in the income statement on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Grants related to income are deducted in reporting the related expenses.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.30 Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managing directors and responsible for or have an oversight over the performance of the respective segments under their charge. The management and board of directors of the Company regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 39.

2.31 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.32 Treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) or arising from business combination are recognised at cost and deducted from equity. No gain or loss is recognised in income statement on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group.

2.33 Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:
- (i) Has control or joint control over the Company;
- (ii) Has significant influence over the Company; or
- (iii) Is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:
- (i) The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2.34 Non-current assets and disposal group held for sale and discontinued operations

Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. A component of the Group is classified as a 'discontinued operation' when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

In the income statement of the previous year, all income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after taxes, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in the income statement.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.35 Transfers between levels of the fair value hierarchy

Transfers between levels of the fair value hierarchy are deemed to have occurred on the date of the event or change in circumstances that caused the transfers.

3 SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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 disclosure of contingent liabilities at the end of each reporting period. However, 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.

3.1 Judgements made in applying accounting policies

The following is the judgement, apart from those involving estimations, made by management in the process of applying the Group's accounting policies that has the most significant effect on the amounts recognised in the financial statements.

Income tax
The Group has exposure to income taxes in numerous jurisdictions. Significant judgement is involved in determining the Group-wide provision for income taxes. Tax is computed in accordance with taxation rules in each jurisdiction. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amount of the Group's income tax payable, deferred tax liabilities and deferred tax assets as at 31 December 2015 are $34,976,000 (2014: $61,511,000), $80,388,000 (2014: $78,076,000) and $61,981,000 (2014: $56,522,000) respectively.

Impairment of property, plant and equipment
Property, plant and equipment are reviewed for impairment whenever there is an indication that these assets may be impaired. The Group considers the guidance of FRS 36 in assessing whether there is any indication that an item of property, plant and equipment may be impaired. This assessment required significant judgement. If any such indication exists, the recoverable amount of the property, plant and equipment is estimated to ascertain the amount of impairment loss. The recoverable amount is defined as the higher of the fair value less cost to sell and value-in-use.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Useful lives of plant and machinery
The cost of plant and machinery is depreciated on a straight-line basis over the useful lives estimated to be within 2 to 15 years. The carrying amount of the plant and machinery as at 31 December 2015 was $170,683,000 (2014: $208,687,000). Changes in the expected level of usage could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. Based on management's estimates, a 5% difference in the expected useful lives of these assets would result in approximately 2% (2014: 4%) variance in the Group's profit before tax from continuing operations for the financial year.

Construction contracts
The Group recognises contract revenue to the extent of contract costs incurred where it is probable those costs will be recoverable or based on the percentage of completion method. The stage of completion is measured by reference to professional surveys of work performed.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

3 SUMMARY OF SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES *(continued)*

3.2 Key sources of estimation uncertainty *(continued)*

Construction contracts (continued)
Significant assumptions are required in determining the stage of completion, the extent of the contract costs incurred, the estimated total contract revenue and contract costs and liquidated damage claims, as well as the recoverability of the contract costs incurred. Total contract revenue also includes an estimation of the uncertified recoverable variation works that are recoverable from the customers. In making the estimation, the Group evaluates by relying on past experience and knowledge of the project engineers and/or the work of specialists. An estimation of recoverable variation works amounting to $2,726,000 (2014: $1,856,000) was taken into consideration in arriving at the estimated loss of construction contracts. Any shortfall in recovery of this estimation will impact the results of the Group by the same quantum. The gross amount due from customers for contract work was $42,448,000 (2014: $39,004,000). The gross amount due to customers for contract work was $2,364,000 (2014: $3,035,000).

Impairment of loans and receivables
The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables with impairment indicators at the end of the reporting period is disclosed in Note 21 to the financial statements. If the present value of estimated future cash flows of receivables that are past due but not impaired and those that are impaired, varies by 5% from management's estimates, the Group's allowance for impairment will increase by $1,413,000 (2014: $2,226,000).

In the flexible printed circuits business within the Group's Technology and Manufacturing segment, majority of its receivables are concentrated in relatively few customers; therefore, a significant adverse change in the liquidity or financial position of any one customer could make it difficult for the business segment to collect its accounts receivables and this will increase the allowance for impairment.

Estimation of net realisable value of properties held for sale
Properties held for sale are stated at the lower of cost and net realisable value.

Net realisable value of the properties represents the estimated selling price in the ordinary course of the business, based on market prices at the end of the reporting period and discounted for the time value of money if material, less estimated costs to be incurred in selling the property.

Revaluation of investment property
Investment property comprises real estate (land or building, or both) held by the Group in order to earn rentals or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes.

The Group carries its completed investment properties at fair value, with changes in fair values being recognised in the income statement. The Group engaged independent valuation specialists to determine fair value as at 31 December 2015. The valuers used a valuation technique based on discounted cash flow models.

The determination of the fair values of these investment properties require the use of estimates such as future cash flows from assets (such as lettings, tenants' profiles, future revenue streams, any environmental matters and the overall repair and condition of the property) and discount rates applicable to those assets. These estimates are based on local market conditions existing at the end of each reporting date.

The key methodology used for valuing investment property is set out in Note 13.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

4 REVENUE

	GROUP 2015 $000	GROUP 2014 $000
Sale of goods	1,117,459	1,936,711
Sale of properties held for sale (recognised on percentage of completion basis)	380,389	463,569
Sale of properties held for sale (recognised on completed contract basis)	21,019	416,301
Rendering of services	31,717	133,049
Contract revenue	172,779	131,312
Rental income	131,111	125,468
Dividend income	2,519	2,911
	1,856,993	3,209,321

5 INTEREST INCOME

Interest income from loans and receivables	4,460	3,183

6 OTHER INCOME

Other income includes the following items:

Gain on disposal of available-for-sale financial assets	5,484	37
Gain on disposal of assets of disposal group classified as held for sale	8,469	1,365
Net foreign exchange gains	4,475	44
Net gain on disposal of subsidiaries, associates and joint ventures	16,488	11,636
Surplus on revaluation of investment properties (Note 13)	2,179	–

7 FINANCE COSTS

Interest expense on:		
- Bank loans and bank overdrafts	48,289	63,393
- Convertible bonds	–	268
	48,289	63,661
Less: Interest expense capitalised in:		
- Properties held for sale (Note 23)	(11,150)	(21,696)
Total finance costs	37,139	41,965

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

8 PROFIT BEFORE TAX FROM CONTINUING OPERATIONS

	GROUP	
	2015	2014
	$000	$000
Profit before tax from continuing operations is stated after including the following expenses by nature:		
Amortisation of intangible assets (Note 14)	(2,393)	(3,622)
Depreciation of property, plant and equipment (Note 12)	(82,495)	(86,467)
Direct operating expenses arising from investment properties	(33,797)	(35,905)
Impairment loss on financial assets:		
- Trade receivables (Note 21)	(6,462)	(1,742)
- Other receivables (Note 21)	(501)	(1,841)
Impairment loss on intangible assets (Note 14)	(846)	(6,330)
Inventories recognised as an expense in cost of sales	(668,070)	(639,001)
(Loss)/gain on disposal of property, plant and equipment	(513)	2,238
Net inventories written-back/(written-down)	15,770	(17,623)
Reversal of impairment loss on property, plant and equipment (Note 12)	–	21,151
Properties held for sale written-down	(12,489)	(15,858)
Realisation of translation reserve upon liquidation of subsidiaries	(424)	(4,382)
Restructuring expenses	(316)	(20,042)
Staff costs (including director's remuneration)		
- Salaries, wages, bonuses and other costs	(263,258)	(377,657)
- Central Provident Fund and other defined contribution plans	(35,664)	(44,852)
Audit fees:		
- Auditor of the Company	(660)	(1,024)
- Other auditors	(2,628)	(928)
Non-audit fees:		
- Auditor of the Company	(149)	(333)
- Other auditors	(1,152)	(475)
Total audit and non-audit fees	(4,589)	(2,760)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

9 INCOME TAX EXPENSE

Major components of income tax expense for the financial years ended 31 December are:

	GROUP	
	2015 $000	2014 $000
Income Statement		
Current income tax – continuing operations:		
- Current income taxation	24,347	24,678
- Over provision in respect of prior years	(14,603)	(3,139)
	9,744	21,539
Deferred tax – continuing operations (Note 18):		
- Origination and reversal of temporary differences	(3,151)	13,728
Income tax attributable to continuing operations	6,593	35,267
Income tax attributable to discontinued operation (Note 10)	–	10,246
Income tax expense recognised in the income statement	6,593	45,513

The income tax expense on the results for the financial year varies from the amount of income tax determined by applying the Singapore standard rate of income tax to profit before tax due to the following factors:

	GROUP	
	2015 %	2014 %
Applicable tax rate	17.0	17.0
Adjustments:		
Expenses not deductible for tax purposes	10.9	27.0
Income not subject to tax	(10.0)	(25.9)
Utilisation of previously unrecognised deferred tax assets	(1.3)	(11.1)
Utilisation of tax losses/capital allowances under group relief	(2.9)	(0.2)
Losses of subsidiaries not utilised and not available under group relief	4.5	24.6
Over provision of income tax in respect of prior years	(10.7)	(1.3)
Effect of differences in tax rates in other countries where the Group operates	(2.2)	(4.5)
Share of (profit)/loss from equity-accounted associates and joint ventures	(0.5)	0.3
Effective tax rate	4.8	25.9

Tax losses and capital allowances of $518,000 (2014: $14,073,000) and $1,865,000 (2014: $5,400,000) respectively for the Group have been utilised during the financial year.

There are no income tax consequences attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 30).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

10 DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

Disposal group classified as held for sale

2015
The disposal group classified as held for sale as at 31 December 2015 comprised the following transactions:

(a) The Group entered into conditional sale and purchase agreements with Zhang Xiaodong and Wu Liang to dispose of its entire interests in Suzhou Speedling Co., Ltd. for a consideration of approximately RMB 5.5 million (equivalent to approximately $1.2 million) subject to relevant authority's approval in China.

2014
The disposal group classified as held for sale as at 31 December 2014 comprised the following transactions:

(a) The Group entered into conditional agreement with Panasonic Asia Pacific Pte. Ltd. to dispose of its entire 12.9% shareholding interest in an associated company, RFNet Technologies Pte Ltd, for a consideration of approximately $2.4 million. The disposal was completed in January 2015.

(b) The Company's wholly-owned subsidiary, UE UMC Pte Ltd entered into a conditional sale and purchase agreement for the sale of its entire 60% shareholding interest in its subsidiary, Tangshan UE Shengxing Renewable Resources Co., Ltd. (UETS) to Chemoil Environment Holding Pte. Ltd. for a consideration of RMB 6 million (equivalent to approximately $1.3 million). The divestment of UETS was completed in January 2015.

(c) The Company's wholly-owned subsidiary, United Engineers Developments Pte Ltd entered into a conditional sale and purchase agreement for the sale of its entire 51% shareholding interest in its subsidiaries, (1) United Managed Solutions Pte Ltd and its subsidiaries (collectively known as "UEMS Group") and (2) UE ServiceCorp (Taiwan) Limited (UESC) to Asia Facility Solutions Pte. Ltd. for a consideration of $12.2 million and $0.5 million respectively. The divestments of UEMS Group and UESC were completed in January 2015.

(d) The Group entered into a conditional sale and purchase agreement with Cao Jun Qi and Liu Yan to dispose of its investment property at No. 211 Qing Nian Da Jie, Shenhe District, Shenyang City, Liaoning Province, China 110015.

In view that the buyers have difficulty in securing the financing arrangement and the time for completion of a sale could not be estimated, this property has been reclassified to "Investment Property" as at 31 December 2015 as it no longer meets the criteria to be classified as "held for sale".

(e) MFLEX announced a restructuring plan to consolidate its production facilities to reduce the total manufacturing floor space by approximately one-third. As part of the restructuring, MFLEX Chengdu, along with two satellite manufacturing facilities in MFLEX Suzhou, China (one of which is a leased facility), were consolidated into MFLEX's two main manufacturing plants under MFLEX Suzhou.

Consequently, MFLEX's manufacturing facility in Chengdu and one of the satellite facilities in Suzhou ceased operations, and certain property, plant and equipment in Chengdu and Suzhou ceased to be in use and met the held for sale criteria in accordance with FRS 105.

MFLEX completed the sale of one of its satellite facilities in Suzhou, China and certain machinery and equipment in the financial year ended 31 December 2015.

Despite MFLEX's intent to sell the manufacturing facility in Chengdu, the time of completion of a sale could not be estimated. As a result, this facility has been reclassified to "Property, plant and equipment" as at 31 December 2015 as it no longer meets the criteria to be classified as "held for sale".

(f) The Group has committed to a plan and has appointed agent to sell its properties at Lot Nos. 9694, 19533 and 19534, Pontian, State of Johor Darul Takzim, Malaysia.

Despite the Group's intent to sell the properties in Malaysia, the time of completion of a sale could not be estimated. As a result, the properties have been reclassified to "Property, plant and equipment" as at 31 December 2015 as it no longer meets the criteria to be classified as "held for sale".

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

10 DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE *(continued)*

Disposal group classified as held for sale *(continued)*

2014 *(continued)*

	GROUP 2015 $000	GROUP 2014 $000
Details of the assets of disposal group classified as held for sale are as follows:		
Property, plant and equipment	263	25,163
Investment properties (Note 13)	–	7,362
Intangible assets (Note 14)	–	1,441
Interests in associates	–	252
Deferred tax assets	–	388
Inventories	1,044	342
Trade and other receivables	563	25,440
Bank balances and deposits	315	20,346
	2,185	80,734
Details of the liabilities of disposal group classified as held for sale are as follows:		
Income tax payable	–	538
Trade and other payables	566	27,359
Borrowings	–	3,223
Deferred tax liabilities	–	1,112
	566	32,232

Discontinued operation

2014

On 3 October 2014, the Group announced that it has entered into a binding term sheet with Universal EC Investments Pte. Ltd. (UECI) and Southern Capital Group Private Limited pursuant to which UECI has agreed that subject to the fulfilment of certain pre-conditions, it shall make a voluntary conditional offer (the UE E&C Offer) to acquire UE E&C Ltd. (UE E&C) and the Group has undertaken to accept the UE E&C Offer in respect of its entire 68.2% equity interest in UE E&C for a consideration of approximately $230.2 million.

At an EGM held on 28 November 2014, the shareholders of the Company approved the proposed disposal of UE E&C to UECI. On 29 December 2014, the Group announced that it has accepted the voluntary conditional offer made by UECI and UE E&C has thereafter ceased to be a subsidiary of the Company.

As at 31 December 2014, the result of UE E&C has been presented separately on the consolidated income statement as Discontinued Operation.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

10 DISCONTINUED OPERATION AND DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE *(continued)*

Discontinued operation *(continued)*

2014 *(continued)*

Income statement disclosures

The results for UE E&C Group for the year ended 31 December 2014 are as follows:

	GROUP $000
Revenue	326,192
Expenses	(268,118)
Profit from operations	58,074
Finance costs	(1,299)
Profit before tax from discontinued operation	56,775
Taxation:	
- Related to profit from ordinary activities of the discontinued operation (Note 9)	(10,246)
Profit from discontinued operation, net of tax	46,529
Gain on disposal of subsidiary	43,526
	90,055
Cash flow statement disclosures	
Operating	26,125
Investing	(4,038)
Financing	(24,470)
Net cash outflows	(2,383)

Earnings per stock unit disclosures

Earnings per stock unit from discontinued operation attributable to owners of the Company (cents)	
Basic	12.2
Diluted	12.2

Basic earnings per stock unit (EPS) from discontinued operation in 2014 is calculated by dividing net profit from discontinued operation attributable to owners of the Company of $77,547,000 by the weighted average number of ordinary stock units in issue during 2014 of 635,688,860.

Diluted EPS from discontinued operation in 2014 is calculated by dividing the net profit from discontinued operation attributable to owners of the Company by the weighted average number of ordinary stock units outstanding during 2014 plus the weighted average number of ordinary stock units that would be issued on the conversion of all the dilutive potential ordinary stock units into ordinary stock units.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

11 EARNINGS PER STOCK UNIT

a) Continuing operations

Basic earnings per stock unit (EPS) from continuing operations is calculated by the dividing net profit from continuing operations attributable to owners of the Company and after deducting preference dividends by the weighted average number of ordinary stock units in issue during the financial year.

Diluted EPS from continuing operations is calculated by dividing the net profit from continuing operations attributable to owners of the Company and after deducting preference dividends by the weighted average number of ordinary stock units outstanding during the financial year plus the weighted average number of ordinary stock units that would be issued on the conversion of all the dilutive potential ordinary stock units into ordinary stock units.

b) Earnings per stock unit

Basic EPS is calculated by dividing the net profit attributable to owners of the Company and after deducting preference dividends by the weighted average number of ordinary stock units in issue during the financial year.

Diluted EPS is calculated by dividing the net profit attributable to owners of the Company and after deducting preference dividends by the weighted average number of ordinary stock units outstanding during the financial year plus the weighted average number of ordinary stock units that would be issued on the conversion of all the dilutive potential ordinary stock units into ordinary stock units.

The following tables reflect the profit and stock unit data used in the computation of the basic and diluted earnings per stock unit for the year ended 31 December:

	GROUP	
	2015 $000	2014 $000
Net profit attributable to owners of the Company used in computation of basic and diluted EPS	102,210	123,583
Less: Net profit from discontinued operation attributable to owners of the Company	–	(77,547)
Net profit from continuing operations attributable to owners of the Company used in computation of basic and diluted EPS	102,210	46,036
Less: Preference dividends	(66)	(66)
	102,144	45,970

	No. of shares 000	No. of shares 000
Weighted average number of ordinary stock units applicable to basic EPS	637,122	635,689
Effect of dilutive securities:		
- Share options	101	151
Adjusted weighted average number of ordinary stock units applicable to diluted EPS	637,223	635,840

417,590 (2014: 1,134,546) of share options granted to the employees under the existing employee share option plans have not been included in the calculation of diluted EPS because they are anti-dilutive for the current and previous financial years presented.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

12 PROPERTY, PLANT AND EQUIPMENT

	Freehold/ long leasehold land $000	Freehold/ long leasehold buildings $000	Leasehold land and buildings $000	Capital work-in-progress $000	Plant and machinery $000	Motor vehicles and other assets $000	Total $000
GROUP							
Cost							
At 1 January 2014	26,889	12,326	384,755	11,682	457,687	95,781	989,120
Additions	–	435	4,033	3,556	48,225	21,616	77,865
Amount written-off	–	–	(626)	–	(7,265)	(1,151)	(9,042)
Currency realignment	(692)	1,864	3,888	131	(2,642)	555	3,104
Disposal of subsidiaries	–	–	(233,750)	(360)	(152,244)	(60,617)	(446,971)
Disposals	–	–	–	(271)	(17,541)	(11,265)	(29,077)
Reclassification	–	–	–	(8,285)	8,292	(7)	–
Reclassification to assets of disposal group classified as held for sale	–	–	(32,882)	(2,040)	(76,308)	(4,992)	(116,222)
At 31 December 2014 and 1 January 2015	26,197	14,625	125,418	4,413	258,204	39,920	468,777
Additions	247	109	463	696	25,295	7,145	33,955
Amount written-off	–	–	(31)	–	(13,676)	(1,348)	(15,055)
Currency realignment	(686)	2,974	1,192	65	6,594	161	10,300
Disposal of subsidiaries	(392)	(621)	(54)	(2,083)	(2,991)	(4,432)	(10,573)
Disposals	–	–	(733)	(762)	(9,619)	(3,920)	(15,034)
Reclassification	–	–	–	(72)	62	10	–
Reclassification from/(to) assets of disposal group classified as held for sale	283	8,140	9,926	2,040	(1,240)	1,588	20,737
At 31 December 2015	25,649	25,227	136,181	4,297	262,629	39,124	493,107
Accumulated depreciation and impairment loss							
At 1 January 2014	–	(1,355)	(13,978)	(349)	(165,386)	(25,809)	(206,877)
Amount written-off	–	–	462	–	6,667	1,073	8,202
Charge for the financial year							
- Continuing operations	–	(1,266)	(14,013)	–	(56,689)	(14,569)	(86,537)
- Discontinued operation	–	–	(938)	–	(9,565)	(842)	(11,345)
Currency realignment	–	(1,499)	(1,856)	–	(9,808)	(448)	(13,611)
Disposal of subsidiaries	–	–	15,626	–	64,019	11,047	90,692
Disposals	–	–	–	–	14,358	7,209	21,567
Impairment loss/ (reversal of impairment loss)	–	–	(14,491)	–	36,471	(829)	21,151
Reclassification to assets of disposal group classified as held for sale	–	–	22,800	–	70,416	4,080	97,296
At 31 December 2014 and 1 January 2015	–	(4,120)	(6,388)	(349)	(49,517)	(19,088)	(79,462)
Amount written-off	–	–	22	–	13,643	1,241	14,906
Charge for the financial year							
- Continuing operations	–	(1,914)	(8,597)	–	(65,323)	(6,730)	(82,564)
Currency realignment	–	(2,553)	(624)	–	(3,509)	(44)	(6,730)
Disposal of subsidiaries	–	320	–	–	2,304	3,426	6,050
Disposals	–	–	508	–	9,316	2,815	12,639
Reclassification (from)/to assets of disposal group classified as held for sale	–	(2,038)	2,320	–	1,140	17	1,439
At 31 December 2015	–	(10,305)	(12,759)	(349)	(91,946)	(18,363)	(133,722)
Net book value							
At 31 December 2014	26,197	10,505	119,030	4,064	208,687	20,832	389,315
At 31 December 2015	25,649	14,922	123,422	3,948	170,683	20,761	359,385

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

12 PROPERTY, PLANT AND EQUIPMENT *(continued)*

	Leasehold land and building $000	Capital work-in-progress $000	Motor vehicles and other assets $000	Total $000
COMPANY				
Cost				
At 1 January 2014	25,938	–	7,747	33,685
Additions	–	281	1,302	1,583
Disposals	–	–	(602)	(602)
At 31 December 2014 and 1 January 2015	25,938	281	8,447	34,666
Additions	–	194	1,059	1,253
Disposals	–	–	(547)	(547)
At 31 December 2015	25,938	475	8,959	35,372
Accumulated depreciation				
At 1 January 2014	(2,948)	–	(6,971)	(9,919)
Charge for the financial year	(786)	–	(696)	(1,482)
Disposals	–	–	548	548
At 31 December 2014 and 1 January 2015	(3,734)	–	(7,119)	(10,853)
Charge for the financial year	(786)	–	(432)	(1,218)
Disposals	–	–	123	123
At 31 December 2015	(4,520)	–	(7,428)	(11,948)
Net book value				
At 31 December 2014	22,204	281	1,328	23,813
At 31 December 2015	21,418	475	1,531	23,424

	GROUP 2015 $000	2014 $000
The depreciation charge for the financial year in the income statement is as follows:		
Depreciation for the financial year	82,564	97,882
Current financial year's depreciation capitalised	(69)	(653)
	82,495	97,229
Less: Attributable to discontinued operation		
Depreciation for the financial year	–	(11,345)
Current financial year's depreciation capitalised	–	583
	–	(10,762)
Charged to the income statement – continuing operations (Note 8)	82,495	86,467

Certain property, plant and equipment have been pledged as collateral to secure the banking facilities for certain subsidiaries, as follows:

	2015 $000	2014 $000
Leasehold land and buildings	5,165	2,504

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

13 INVESTMENT PROPERTIES

Investment properties owned by the Group include office, hospitality and commercial space and comprised mainly completed properties.

	GROUP 2015 $000	GROUP 2014 $000	COMPANY 2015 $000	COMPANY 2014 $000
Statement of financial position:				
(a) Freehold land and buildings				
At 1 January	839,815	838,455	–	–
Currency realignment	–	(3)	–	–
Revaluation surplus recognised in the income statement (Note 6)	1,451	–	–	–
Subsequent expenditure	186	1,363	–	–
At 31 December	841,452	839,815	–	–
(b) Long leasehold land and buildings				
At 1 January	676,173	676,080	675,100	675,000
Currency realignment	–	(7)	–	–
Revaluation surplus recognised in the income statement (Note 6)	728	–	728	–
Subsequent expenditure	744	100	744	100
At 31 December	677,645	676,173	676,572	675,100
(c) Leasehold land and buildings				
At 1 January	331,083	356,388	–	–
Currency realignment	–	(424)	–	–
Disposal of subsidiaries	–	(5,014)	–	–
Disposals	–	(12,505)	–	–
Transfer from/(to) assets of disposal group classified as held for sale (Note 10)	7,362	(7,362)	–	–
At 31 December	338,445	331,083	–	–
At valuation	1,857,542	1,847,071	676,572	675,100
Income statement:				
Rental income from investment properties:				
- Minimum lease payments	81,738	80,110	39,409	38,555
Direct operating expenses (including repairs and maintenance) (Note 8) arising from continuing operations:				
- Rental generating properties	33,725	35,571	19,787	20,129
- Non-rental generating properties	72	334	–	–

Investment properties are stated at their fair value, which has been determined based on independent professional valuations performed as at 31 December 2015 and 31 December 2014. The valuations were performed by DTZ Debenham Tie Leung (SEA) Pte Ltd, Colliers International Consultancy & Valuation (Singapore) Pte Ltd, PA International Property Consultants Sdn Bhd, JS Valuers Property Consultant (E.M) Sdn Bhd and Yinxin Appraisal Co., Ltd. These were independent valuers with recognised and relevant professional qualification and with experience in the location and category of the properties being valued. Majority of the valuations are based on the income method that makes reference to estimated market rental values, equivalent yields and discount rate. Others are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction. In relying on the valuation reports, management has exercised its judgement and is satisfied that the valuation methods and estimates are reflective of current market conditions. Details of the valuation techniques and inputs are disclosed in Note 37.

Investment properties amounting to $1,128,000,000 (2014: $1,125,000,000) have been mortgaged to secure term loan facilities for certain subsidiaries (Note 27).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

14 INTANGIBLE ASSETS

	Concession rights $000	Distributorship and dealership rights $000	Development costs and technical know-how $000	Customer relationships $000	Goodwill $000	Others[1] $000	Total $000
GROUP							
Cost							
At 1 January 2014	29,299	38,618	13,734	4,295	21,167	4,063	111,176
Additions – internal development	–	–	476	–	–	131	607
Currency realignment	686	4	–	–	–	31	721
Disposal	–	–	(80)	–	–	–	(80)
Disposal of subsidiaries	–	(38,622)	–	–	(9,711)	(18)	(48,351)
Transfer to assets of disposal group classified as held for sale (Note 10)	–	–	–	–	–	(2,987)	(2,987)
At 31 December 2014 and 1 January 2015	29,985	–	14,130	4,295	11,456	1,220	61,086
Additions – internal development	–	–	1,458	–	–	102	1,560
Currency realignment	896	–	–	–	–	40	936
Transfer from assets of disposal group classified as held for sale (Note 10)	–	–	–	–	–	2,987	2,987
Disposal of subsidiaries	–	–	–	–	–	(3,016)	(3,016)
At 31 December 2015	30,881	–	15,588	4,295	11,456	1,333	63,553
Accumulated amortisation and impairment losses							
At 1 January 2014	(4,294)	(1,141)	(11,886)	(997)	(3,423)	(2,497)	(24,238)
Amortisation	(1,163)	(1,474)	(478)	(432)	–	(75)	(3,622)
Currency realignment	(103)	–	–	–	–	(2)	(105)
Disposal	–	–	13	–	–	–	13
Disposal of subsidiaries	–	2,615	–	–	–	–	2,615
Impairment loss	–	–	–	–	(6,330)	–	(6,330)
Transfer to assets of disposal group classified as held for sale (Note 10)	–	–	–	–	–	1,546	1,546
At 31 December 2014 and 1 January 2015	(5,560)	–	(12,351)	(1,429)	(9,753)	(1,028)	(30,121)
Amortisation	(1,195)	–	(750)	(432)	–	(16)	(2,393)
Currency realignment	(170)	–	–	–	–	–	(170)
Transfer from assets of disposal group classified as held for sale (Note 10)	–	–	–	–	–	(1,546)	(1,546)
Disposal of subsidiaries	–	–	–	–	–	1,546	1,546
Impairment loss	–	–	(775)	–	–	(71)	(846)
At 31 December 2015	(6,925)	–	(13,876)	(1,861)	(9,753)	(1,115)	(33,530)
Net carrying amount							
At 31 December 2014	24,425	–	1,779	2,866	1,703	192	30,965
At 31 December 2015	23,956	–	1,712	2,434	1,703	218	30,023

[1] Others comprise mainly trademark, software licence and marketing rights.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

14 INTANGIBLE ASSETS *(continued)*

(a) Concession rights

The Group has service concession arrangements with various government bodies and agencies of the government of the People's Republic of China ("the grantors"). Under these concession arrangements, the Group will typically construct and operate the water and medical waste treatment plants to collect and treat water and medical waste for local hospitals and clinics at the tariffs which are determined by the grantors for concession periods of between 20 to 30 years. The plants are transferred to the grantors at the end of the concession periods. The concession rights are amortised evenly over their economic useful lives of 20 to 30 years. The range of remaining amortisation period of the concession rights is 12 to 24 years (2014: 13 to 25 years).

(b) Development costs and technical know-how

Development costs and technical know-how are separately identified intangible assets recognised and acquired as part of business combination mainly relating to the technology business of WBL Group, MFLEX. Development costs and technical know-how are amortised evenly over their economic useful lives of 5 to 10 years. The range of remaining amortisation period is 1 to 5 years (2014: 1 to 5 years).

(c) Customer relationships

Customer relationships acquired in business combinations are carried at fair values at the date of acquisition, and amortised over a straight-line basis over the period of the expected benefits, which is estimated at 5 to 9 years. The range of remaining amortisation period is 2 to 6 years (2014: 3 to 7 years).

Amortisation expense

Amortisation of intangible assets is included in the line "Other items of expense" in the income statement.

(d) Goodwill

Goodwill acquired through business combinations have been allocated to the following cash-generating units (CGUs), which are also the basis for impairment testing:

Cash-generating unit (CGU)	2015 $000	Basis on which recoverable values were determined	Discount rate	Years of cash flow projections
UE Envirotech Pte Ltd (UEEV) Group	1,703	Value-in-use	13%	20 to 30
	1,703			

Cash-generating unit (CGU)	2014 $000	Basis on which recoverable values were determined	Discount rate	Years of cash flow projections
UEEV Group	1,703	Value-in-use	13%	20 to 30
	1,703			

14 INTANGIBLE ASSETS *(continued)*

(d) Goodwill *(continued)*

Goodwill is tested for impairment annually. For CGUs with recoverable values determined based on the value-in-use method, the value-in-use calculations apply a discounted cash flow model using cash flow projections based on financial budgets and forecasts approved by management for periods as stated in the table above. The cash flows beyond the budget period were extrapolated using a terminal growth rate of 3% (2014: 3%) per annum. The terminal growth rate does not exceed the long-term average growth rate of the respective industry and country in which the entity operates. The discount rates applied to the cash flow projections are pre-tax and reflected a reasonable risk premium at the date of the assessment of the respective cash-generating units.

With regards to the assessment of value in use, management believes that no reasonably possible changes in any of the above key assumptions would cause the carrying value of the unit to materiality exceed its recoverable amount.

15 INTERESTS IN SUBSIDIARIES

	COMPANY	
	2015 $000	2014 $000
Unquoted equity shares at cost	261,079	263,047
Impairment losses	(60,286)	(62,163)
Carrying amount of investments	200,793	200,884
Loans receivable	1,188,004	1,065,988
Allowance for doubtful loans receivable	(45,203)	(50,400)
	1,142,801	1,015,588
	1,343,594	1,216,472

Included in loans receivable are non-interest bearing unsecured loans of $839,018,000 (2014: $662,883,000) which form part of the Company's net investment in the subsidiaries. The other loans receivable are unsecured and bear interest ranging from 0.3% to 6.5% (2014: 0.15% to 6.5%) per annum. All loans receivable are not expected to be repayable within the next 12 months.

Receivables that are impaired
At the end of the reporting period, the Company has provided an allowance of $45,203,000 (2014: $50,400,000) for impairment of the unsecured loans to certain subsidiaries. These subsidiaries have been suffering significant financial losses for the current and past financial years.

	COMPANY	
	2015 $000	2014 $000
Movement in the allowance account is as follows:		
At 1 January	(50,400)	(51,779)
Written back	9,256	1,710
Exchange differences	(4,059)	(331)
At 31 December	(45,203)	(50,400)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

15 INTERESTS IN SUBSIDIARIES *(continued)*

Disposal of subsidiaries

2015
During the financial year ended 31 December 2015, the Group disposed of the following subsidiaries:

a) In January 2015, the Group completed the following disposals:
- 51% shareholdings in UE Managed Solutions Pte Ltd;
- 100% shareholdings in UE ServiceCorp (Taiwan) Limited; and
- 60% shareholdings in Tangshan UE Shengxing Renewable Resources Co., Ltd.

b) In June 2015, the Group completed the disposal of its 100% shareholdings in Chengdu Huaxin Ruitai Property Management Co., Ltd.

c) In October 2015, the Group completed the disposal of its 100% shareholdings in PT United Engineers Indonesia.

2014
During the financial year ended 31 December 2014, the Group disposed of the following subsidiaries:

a) In February 2014, the Group completed the disposal of its 100% shareholdings in Delichem Pte Ltd.

b) In September 2014, the Group completed the disposal of its 100% shareholdings in UE Orchard Pte Ltd and UE Somerset Pte Ltd.

c) In November 2014, the Group completed the following disposals:

- 78% shareholding interest in Suzhou Industrial Park Jian Wu Heng Ye Property Development Co., Ltd.;
- the entire issued and paid up share capital in MFS Technology (S) Pte Ltd and certain assets and liabilities identified on MFS Technology Ltd's balance sheet; and
- the entire issued and paid up share capital in Wearnes Automotive Pte. Ltd. and Associated Motor Industries (Private) Limited, subject to purchase price adjustment in accordance with the sale and purchase agreement. Subsequent to the year end, the Group has received a notice from the purchaser proposing adjustments to the purchase price amounting to approximately $23.0 million. The Group is of the opinion that the adjustments proposed by the purchaser are without merit, and accordingly no provision has been made in the financial statements.

d) In December 2014, the Group accepted the voluntary conditional offer made by UECI and completed the divestment of its 68.2% shareholdings in UE E&C. The gain on disposal before tax was approximately $43.5 million.

Acquisition of additional shareholding interests from non-controlling interests

During the previous financial year ended 31 December 2014, UE Centennial Venture Pte. Ltd. acquired additional shareholding interest in WBL Corporation Limited (WBL) from its non-controlling interests via voluntary delisting offers to acquire all the issued ordinary stock units and outstanding convertible bonds of WBL for a consideration of $131.8 million. As a result of the acquisition and the conversion of WBL convertible bonds, the Group's shareholding interest in WBL increased to 67.6%. The difference of $9.7 million between the consideration paid and the carrying value of the additional interest acquired was recognised within equity.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

15 INTERESTS IN SUBSIDIARIES *(continued)*

The subsidiaries as at 31 December are as follows:

Name of company	Principal activities (Place of business) [1]	Effective equity interest held by the Group 2015 %	2014 %
Incorporated in Singapore			
McAlister and Company, Limited	Supply of industrial equipment, general trading and general engineering (Singapore and Malaysia)	100	100
MFS Technology Ltd	Investment holding	57	57
MPL Pte Ltd	Liquidated	–	100
Multi-Fineline Electronix Singapore Pte. Ltd. [*, β]	Regional office	42.5	42.8
O'Connor's Holdings Pte Ltd	Investment holding	67.6	67.6
O'Connor's Singapore Pte Ltd	System Integrator and value-added reseller of security, telecommunication, scientific and medical systems	67.6	67.6
O'Connor's Technology Pte. Ltd.	Manufacture of medical tools, development and manufacture of systems for tracking equipment and consumables in hospitals, and distribution of software solutions	67.6	67.6
Puffersoft Labs Pte. Ltd.	Dormant	54.1	54.1
Shenyang Summer Palace Pte Ltd	Investment holding	67.6	67.6
Speedling Investment Pte Ltd	Investment holding	67.6	67.6
UE Centennial Venture Pte. Ltd.	Investment holding	100	100
UE Development (Alexandra) Pte. Ltd.	Property development and leasing	100	100
UE Development (Anson) Pte. Ltd.	Property development and leasing	100	100
UE Development (Bendemeer) Pte. Ltd.	Property development	100	100
UE Envirotech Pte. Ltd.	Investment holding and trading of specialised waste disposal equipment	100	100
UE H2O Pte. Ltd.	Environmental engineering and investment holding	100	100
UE Managed Solutions Pte Ltd	Investment holding	–[3]	51
UE Managed Solutions Singapore Pte Ltd	Provision of facilities management services	–[3]	51
UE NEWater Pte. Ltd.	Environmental engineering and investment holding	100	100

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For the financial year ended 31 December 2015

15 INTERESTS IN SUBSIDIARIES *(continued)*

The subsidiaries as at 31 December are as follows: *(continued)*

Name of company	Principal activities (Place of business) [1]	Effective equity interest held by the Group 2015 %	2014 %
Incorporated in Singapore *(continued)*			
UE One-North Developments Pte. Ltd.	Property development and leasing	100	100
UE Park Avenue International Pte. Ltd.	Hotel management services	100	100
UE Support Services Pte Ltd	Management services	100	100
UE Trade Corporation Pte Ltd	Dormant	100	100
UE UMC Pte. Ltd.	Investment holding	100	100
UE Ville Developments Pte Ltd	Property development and leasing	100	100
UED Capital Venture Pte Ltd	Struck off	–	100
UES Holdings Pte. Ltd.	Environmental engineering and investment holding	100	100
UESH-BEWGI ENG. Pte. Ltd.	Water engineering service	80	80
United Engineers Developments Pte. Ltd.	Property facilities management and leasing	100	100
United Infrastructure Pte Ltd	In the process of striking off	100	100
United WBL Technology Pte. Ltd. *(formerly known as United Wearnes Technology Pte Ltd)*	Investment holding	80.6	80.6
WBL Corporation Limited	Investment holding and provision of management services to related companies	67.6	67.6
WBL Properties (Private) Limited *(formerly known as Wearne Brothers Properties (Private) Limited)*	Investment holding	67.6	67.6
WBL Services (Private) Limited *(formerly known as Wearne Brothers Services (Private) Limited)*	Provision of management and financial services to related companies	67.6	67.6
WBL Properties (China) (Private) Limited *(formerly known as Wearnes Development (Private) Limited)*	Investment holding and provision of management services to related companies	67.6	67.6
WBL Engineering & Distribution Pte. Ltd. *(formerly known as Wearnes Engineering & Distribution Pte. Ltd.)*	Trading of marine and heavy equipment, and the supply and installation of building materials, industrial laundry, kitchen and food processing equipment, bottling and distribution of liquefied petroleum gas	67.6	67.6

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

15 INTERESTS IN SUBSIDIARIES *(continued)*

The subsidiaries as at 31 December are as follows: *(continued)*

Name of company	Principal activities (Place of business) [1]	Effective equity interest held by the Group 2015 %	2014 %
Incorporated in Singapore *(continued)*			
WBL Hollingsworth Singapore Pte. Ltd. *(formerly known as Wearnes Hollingsworth Singapore Pte Ltd)*	Investment holding	64.4	64.4
WBL International (1994) Limited *(formerly known as Wearnes International (1994) Limited)*	Investment holding	67.6	67.6
WBL Precision (Private) Limited *(formerly known as Wearnes Precision (Private) Limited)*	Investment holding	67.5	67.5
WBL Technology (Private) Limited *(formerly known as Wearnes Technology (Private) Limited)*	Investment holding	67.5	67.5
Incorporated in Malaysia			
Far East Motors Malaysia Sendirian Berhad [2]	Distribution of light industrial equipment	67.6	67.6
Kumpulan O'Connor's (Malaysia) Sdn Bhd [2]	Investment holding	67.6	67.6
McAlister Engineering Sdn. Bhd. [2]	Dormant	100	100
McAlister Holdings (Malaysia) Sdn. Bhd.	In the process of striking off	100	100
McAlister Trading (Malaysia) Sdn. Bhd.	In the process of striking off	100	100
Multi-Fineline Electronix Malaysia Sdn Bhd [β]	Dormant	42.5	42.8
O'Connor's Engineering Sdn Bhd [2]	Supply, delivery, testing and commissioning of telecommunication, stage rigging system, audio-visual, studio projection and lighting equipment, data communication, card access and security systems, and after sales services	67.6	67.6
O'Connor's Enterprise Sdn Bhd [2]	Property investment	67.6	67.6
O'Connor's Technologies Sdn Bhd [2]	Distribution of specialised application software	67.6	67.6
Peninsular Smart Sdn Bhd [2]	Property owner and property developer	100	100
Polytek Engineering Sdn. Bhd. [2] *(formerly known as Polytek-Wearnes Engineering Sdn. Bhd.)*	Dormant	67.6	67.6

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

15 INTERESTS IN SUBSIDIARIES *(continued)*

The subsidiaries as at 31 December are as follows: *(continued)*

Name of company	Principal activities (Place of business) [1]	Effective equity interest held by the Group 2015 %	2014 %
Incorporated in Malaysia *(continued)*			
UE Managed Solutions Malaysia Sdn Bhd	Provision of facilities management services	–[3]	51
UE ServiceCorp (Malaysia) Sdn. Bhd. [2]	Investment holding	100	100
UED Developments (M) Sdn Bhd [2]	Civil, electrical, mechanical engineers and contractors	100	100
WBL Electronics (Malaysia) Sdn. Bhd. [2] *(formerly known as Wearnes Electronics (Malaysia) Sdn Bhd)*	Dormant	65.9	65.9
Incorporated in Brunei			
O'Connor's (B) Sdn Bhd	Dormant	67.6	67.6
Incorporated in Indonesia			
PT UE Developments	Development and management of apartment (condominium) buildings and office buildings	100	100
PT UE Sentosa	Dormant	60	60
PT United Engineers Indonesia	Fabrication of steel structures	–[3]	100
Incorporated in Thailand			
UES (Thailand) Company Limited	Under liquidation	90	90
Incorporated in Vietnam			
UE Newater (Vietnam) Limited	Environmental engineering	100	100
Incorporated in Myanmar			
UE Myanmar Limited	Dormant	100	100
Incorporated in India			
UE Trade Corporation (India) Private Limited	Dormant	100	100
Incorporated in Hong Kong			
ServiceMaster Hong Kong Limited	Dormant	–[3]	51
WBL (Hong Kong) Limited *(formerly known as Wearne Brothers (Hong Kong) Limited)*	Investment holding	67.6	67.6
Wearnes Technology (Hong Kong) Limited	De-registered	–	67.5

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

15 INTERESTS IN SUBSIDIARIES *(continued)*

The subsidiaries as at 31 December are as follows: *(continued)*

Name of company	Principal activities (Place of business) [1]	Effective equity interest held by the Group 2015 %	2014 %
Incorporated in Korea			
MFLEX Korea, Ltd [β]	Regional office	42.5	42.8
Incorporated in Taiwan			
UE Managed Solutions Taiwan Ltd	Provision of facilities management services	–[3]	51
UE ServiceCorp (Taiwan) Limited	Provision of facilities management services	–[3]	100
Incorporated in The People's Republic of China			
Chengdu Huaxin International Realty Co., Ltd.	Property development	67.6	67.6
Chengdu Huaxin Ruitai Property Management Co., Ltd.	Property management	–[3]	67.5
Chengdu Wearnes UEST Co., Ltd.	Production of bio-electronic products	57.2	57.2
Hengyang City UE Songmu Water Co., Ltd. [2]	Industrial water supply	100	100
Huaxin Community Broadband Service Co., Ltd.	Investment holding	67.6	67.6
Jiaozuo UE Environmental Protection Technology Co., Ltd. [2]	Treatment of medical waste and related activities	90	90
Kunming Speedling Co., Ltd.	Under liquidation	60.8	60.8
Liaocheng UE Environmental Protection Technology Co., Ltd. [2]	Treatment of medical waste and related activities	90	90
MFLEX Chengdu Co., Ltd. [β]	Dormant	42.5	42.8
MFLEX Suzhou Co., Ltd. [β]	Manufacture and assembly of flexible printed circuits	42.5	42.8
Park Avenue Management Services (Shanghai) Co., Ltd.	De-registered	–	100
Shanghai WBL Enterprise Management Co., Ltd. *(formerly known as Shanghai Wearnes Enterprise Management Co., Ltd.)*	Provision of management services for property development	67.6	67.6
Shaoyang UE Environmental Protection Technology Co., Ltd. [2]	Treatment of medical waste and related activities	100	100
Shenyang Huaxin International City Development Co., Ltd.	Property development	67.6	67.6

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

15 INTERESTS IN SUBSIDIARIES *(continued)*

The subsidiaries as at 31 December are as follows: *(continued)*

Name of company	Principal activities (Place of business) [1]	Effective equity interest held by the Group 2015 %	2014 %
Incorporated in The People's Republic of China *(continued)*			
Shenyang Huaxin International Realty Co., Ltd.	Property development	67.6	67.6
Shenyang Huaxin Property Management Co., Ltd.	Under liquidation	67.6	67.6
Shenyang Summer Palace Property Development Co., Ltd.	Property development	67.6	67.6
Shenzhen Technology Development Corporation [β]	Dormant	40.6	40.6
Shenzhen Weko Biotechnology Limited	Dormant	60.8	60.8
Summer Palace Management Co., Ltd.	Liquidated	–	67.6
Suzhou Future Agriworld Co., Ltd.	Agribusiness exhibition and trade emporium centre	56.2	56.2
Suzhou Speedling Co., Ltd. [4]	Production and distribution of agricultural seedlings	62.6	62.6
Suzhou Wearnes Technology Co., Ltd.	Investment holding	67.5	67.5
Tangshan UE Shengxing Renewable Resources Co., Ltd.	Treatment of industrial waste oil	–[3]	60
UE Asia Pacific (Beijing) Co., Ltd. [2]	General activities	100	100
UE (Liaocheng) Water Co., Ltd. [2]	Treatment of waste water and related activities	100	100
UE Envirotech (Beijing) Co., Ltd. [2]	Treatment of medical waste and related activities	100	100
UE Envirotech (Chenzhou) Co., Ltd. [2]	Treatment of medical waste and related activities	100	100
UE Envirotech (Ji'an) Co., Ltd. [2]	Treatment of medical waste and related activities	100	100
UE Envirotech (Weifang) Co., Ltd. [2]	Treatment of medical waste and related activities	100	100
UE Envirotech (Xinxiang) Co., Ltd. [2]	Treatment of medical waste and related activities	100	100
Wearnes Components Shenyang Ltd.	Manufacture of electronic components	67.5	67.5

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 31 December 2015

15 INTERESTS IN SUBSIDIARIES *(continued)*

The subsidiaries as at 31 December are as follows: *(continued)*

Name of company	Principal activities (Place of business) [1]	Effective equity interest held by the Group 2015 %	2014 %
Incorporated in The People's Republic of China *(continued)*			
Wearnes Electronics Shenyang Ltd.	Dormant	59.4	59.4
WPSY Ltd. *(formerly known as Wearnes Precision (Shenyang) Ltd.)*	Diecasting and precision engineering	67.5	67.5
Wearnes Technology (Shenyang) Ltd.	Property investment	54.1	54.1
Wuhan Wearnes Technology Co., Ltd.	Under liquidation	61.3	61.3
Yuan-Wearnes Technology (Changsha) Limited [β]	Dormant	37.2	37.2
Incorporated in Australia			
Pacific Silica Pty Ltd [2, β]	Mineral sand mining	49.9	49.9
Incorporated in Cayman Islands			
M-Flex Cayman Islands, Inc. [β]	Investment holding	42.5	42.8
Incorporated in Netherland			
MFLEX B.V. [β]	Investment holding	42.5	42.8
Incorporated in United Kingdom			
MFLEX UK Limited [β]	Dormant	42.5	42.8
Wearnes Cambion Limited [2]	Manufacture of electronic connectors	67.5	67.5
Incorporated in United States of America			
Multi-Fineline Electronix, Inc. [5, β]	Corporate headquarters and research and development	42.5	42.8
Speedling, Incorporated	Transplant technology provider and production of seedlings	67.6	67.6
Wearnes (USA), Inc.	Investment holding	67.6	67.6

All the Singapore incorporated subsidiaries which are subject to an audit are audited by Ernst & Young LLP, Singapore; except for MFS Technology Ltd and Singapore incorporated subsidiary of MFLEX, which are audited by PricewaterhouseCoopers LLP, Singapore.

1 Place of business in the respective countries of incorporation unless otherwise stated.
2 Audited by member firms of Ernst & Young Global in the respective countries.
3 Subsidiaries disposed of during the financial year.
4 During the financial year ended 31 December 2015, the subsidiaries were reclassified as disposal group classified as held for sale (Note 10).
5 Audited by PricewaterhouseCoopers LLP, Orange County, California.
β Accounted for as subsidiary as the company was held through WBL.
* Singapore incorporated subsidiary of MFLEX.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

15 INTERESTS IN SUBSIDIARIES *(continued)*

The Group has the following subsidiaries which have material non-controlling interests (NCI) to the Group.

Name of Subsidiary	Place of business	Proportion of ownership interest held by NCI	Profit/(loss) allocated to NCI during the reporting period $000	Accumulated NCI at the end of the reporting period $000	Dividends paid to NCI $000
31 December 2015:					
WBL Corporation Limited	Singapore	32.4%	315	210,227	45,572
Multi-Fineline Electronix, Inc and its subsidiaries	United States of America	57.5%	35,418	293,509	–
31 December 2014:					
WBL Corporation Limited	Singapore	32.4%	42,590	261,982	9,546
Multi-Fineline Electronix, Inc and its subsidiaries	United States of America	57.2%	(18,443)	248,063	–

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of subsidiaries with material non-controlling interests are as follows:

Summarised statement of financial position

	WBL Corporation Limited		Multi-Fineline Electronix, Inc and its subsidiaries	
	2015 $000	2014 $000	2015 $000	2014 $000
Current				
Assets	540	220,292	504,647	462,261
Liabilities	(69,715)	(6,256)	(198,791)	(261,951)
Net current (liabilities)/assets	(69,175)	214,036	305,856	200,310
Non-current				
Assets	944,067	815,483	204,718	233,756
Liabilities	(226,043)	(220,932)	(123)	(389)
Net non-current assets	718,024	594,551	204,595	233,367
Net assets	648,849	808,587	510,451	433,677

15 INTERESTS IN SUBSIDIARIES *(continued)*

Summarised statement of comprehensive income

	WBL Corporation Limited		Multi-Fineline Electronix, Inc and its subsidiaries	
	2015 $000	2014 $000	2015 $000	2014 $000
Revenue	17,975	11,602	875,069	800,216
Profit/(loss) before income tax	981	132,055	66,576	(9,337)
Income tax expense	(8)	(604)	(4,979)	(22,906)
Profit/(loss) after tax – continuing operations	973	131,451	61,597	(32,243)
Other comprehensive income	(20,111)	24,209	11,463	16,596
Total comprehensive income	(19,138)	155,660	73,060	(15,647)
Other summarised information				
Net cash flows (used in)/from operations	(3,132)	(1,801)	150,839	41,686
Acquisition of significant property, plant and equipment	–	–	(20,875)	(20,289)

16 INTERESTS IN ASSOCIATES

	GROUP		COMPANY	
	2015 $000	2014 $000	2015 $000	2014 $000
Unquoted equity shares				
At cost	46,295	46,275	317	317
Impairment losses	(1)	(1)	(2)	(2)
Goodwill on acquisition	(1,023)	(1,023)	–	–
Currency realignment	(9,142)	(8,498)	–	–
Share of net gain on fair value changes recognised directly in other comprehensive income	4,819	2,540	–	–
Share of net post acquisition reserves	10,711	19,654	–	–
	51,659	58,947	315	315
Loans receivable	57,100	52,054	–	–
Amounts receivable	16,796	4,791	86	86
	73,896	56,845	86	86
Allowance for doubtful receivables	(86)	(86)	(86)	(86)
	73,810	56,759	–	–
	125,469	115,706	315	315

The loans and amounts receivable are mainly non-trade in nature, unsecured, interest-free, to be settled in cash and are not expected to be repayable within the next 12 months. Included in 2014 loans receivable are interests bearing unsecured loans of $10,745,000 which bear interest at 6.5% per annum.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

16 INTERESTS IN ASSOCIATES *(continued)*

The associates as at 31 December are as follows:

Name of company	Principal activities (Place of business) [1]	Effective equity interest held by the Group 2015 %	Effective equity interest held by the Group 2014 %
Incorporated in Singapore			
BEWGI-H2O Pte. Ltd.	Operation and maintenance of waste water service	20	20
BEWGI-UE NEWater (S) Pte. Ltd.	Water management services	20	20
Lycorpipe Investment Pte. Ltd. [β]	Investment holding	11	11
MaxLee Development Pte. Ltd.	Property development and investment	35	35
RFNet Technologies Pte Ltd [β]	Solution provider for wireless broadband communication and sale of routers, electrical and computing related products	–[3]	12.9
The Seletar Mall Pte Ltd [2]	Property development and investment	30	30
Incorporated in Malaysia			
Apex Pharmacy Holdings Sendirian Berhad	Investment holding	30	30
Asia Travel Service (Malaysia) Sdn. Bhd.	Dormant	30	30
NS Bluescope Lysaght Malaysia Sdn Bhd	Steel roofings	40	40
Incorporated in Thailand			
Rank P.T. O'Connor's Co., Ltd	Distribution and installation of electronic equipments and as a dealer for the sales of motor vehicles and operation of service centres	26.4	26.4
O'Connor's (Thailand) Co., Ltd	System integration and trading and distribution of engineering systems	33.1	–
Incorporated in Taiwan			
Global Investment Holdings Co., Ltd [β]	Investment holding and financial services	13.9	13.9
Wearnes Global Co., Ltd	Trading of electronic components	32.8	32.8

16 INTERESTS IN ASSOCIATES *(continued)*

Name of company	Principal activities (Place of business) [1]	Effective equity interest held by the Group 2015 %	2014 %
Incorporated in The People's Republic of China			
Advance Science-Lab Industries (Panyu) Co., Ltd [β]	Manufacture of laboratory equipment and furniture	13.5	13.5
Laiyang Speedling Co., Ltd	Under liquidation	27.0	27.0
Incorporated in United States of America			
Chrontel, Inc	Development of integrated circuits	29.7	29.7

[1] Place of business in the respective countries of incorporation unless otherwise stated.
[2] Audited by KPMG LLP, Singapore.
[3] Associates disposed of during the financial year.
[β] Accounted for as associate as the Group has significant influence over the financial and operating policy decisions of the investees.

The summarised financial information of the associates not adjusted for the proportion of ownership interest held by the Group which are not individually material, are as follows:

	GROUP 2015 $000	2014 $000
Assets and liabilities:		
Assets	836,844	815,548
Liabilities	(653,659)	(617,242)
Profit for the financial year	6,785	4,045
Other comprehensive income	3,447	(1,013)
Total comprehensive income	10,232	3,032

17 INTERESTS IN JOINT VENTURES

	2015	2014
Unquoted equity shares, at cost	69,512	70,012
Currency realignment	(1,697)	90
Share of net post acquisition reserves	24,573	22,030
Dividends declared, net of tax	(38,867)	(14,116)
	53,521	78,016
Loans receivable	–	15,208
Amount receivable	3,614	–
	57,135	93,224

The loans and amounts receivable are mainly non-trade, unsecured, interest-free, to be settled in cash and are not expected to be repayable within the next 12 months.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

17 INTERESTS IN JOINT VENTURES *(continued)*

The joint ventures as at 31 December are as follows:

Name of company	Principal activities (Place of business)[1]	Effective equity interest held by the Group 2015 %	Effective equity interest held by the Group 2014 %
Incorporated in Singapore			
Balmoral Development Pte. Ltd.	Struck off	–	50
Greatearth Developments Pte Ltd	Real estate development and investment holding	50	50
Incorporated in Malaysia			
Permata Alasan (M) Sdn Bhd	Property development and property investment	33.8	33.8
Renown Heritage Sdn Bhd	Property investment	33.8	33.8
Incorporated in The People's Republic of China			
Chongqing Huaxin International Realty Co., Ltd.	Property development	33.8	33.8
Shanghai Olympic Garden Property Development Co., Ltd.	Property development	30.5	30.5
Shanghai Olympic Sports Center Co., Ltd	Under liquidation	30.5	30.5
Shanghai Olympics Property Management Co., Ltd.	Property management	–[2]	30.5
Suzhou Huaxin International Real Estate Co., Ltd.	Property development	22.5	22.5
Suzhou Industrial Park Huaxin International Urban Development Co., Ltd.	Property development	32.1	32.1

1 Place of business in respective countries of incorporation unless otherwise stated.
2 Joint ventures disposed of during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

17 INTERESTS IN JOINT VENTURES *(continued)*

The summarised financial information of joint ventures relating to the Group's interest in the joint ventures which are not individually material, are as follows:

	GROUP	
	2015	2014
	$000	$000
Assets and liabilities:		
Assets	82,052	120,071
Liabilities	(28,554)	(42,058)
Profit/(loss) after income tax from continuing operations	2,538	(382)
Other comprehensive income	(1,789)	921
Total comprehensive income	749	539

18 DEFERRED TAX

Balance at beginning of the financial year	21,554	53,008
Disposal of subsidiaries	–	(39,547)
Reclassification from assets of disposal group classified as held for sale	1,110	–
Currency realignment	(1,135)	(1,261)
Credited to equity	29	(4,374)
Debited/(credited) to income statement (Note 9)		
- Current year	1,813	5,609
- (Over)/under provision in respect of prior year	(4,964)	8,119
Balance at end of the financial year	18,407	21,554

The deferred taxation arises as result of:

Deferred tax liabilities		
Accrued income on completed project	63,288	58,771
Convertible bonds	108	–
Excess of net book value over the tax written down value of property, plant and equipment	8,179	12,099
Others	3,451	1,762
Unremitted earnings	5,362	5,444
	80,388	78,076
Deferred tax assets		
Excess of tax written down value over net book value of property, plant and equipment	(12,655)	(9,297)
General provisions	(22,496)	(21,418)
Provision for rental top-up	(14,600)	(16,600)
Share-based compensation	(334)	(171)
Tax losses	(11,896)	(9,036)
	(61,981)	(56,522)
	18,407	21,554

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

18 DEFERRED TAX *(continued)*

Unrecognised tax losses, reinvestment allowance and capital allowances
Deferred tax assets are recognised for tax losses carried forward to the extent that realisation of the related tax benefits through future taxable profit is probable. As at 31 December 2015, the Group has unabsorbed tax losses, reinvestment allowance and unutilised capital allowances of approximately $438,665,000 (2014: $495,763,000), $2,142,000 (2014: $4,781,000) and $4,003,000 (2014: $5,536,000) respectively, available for set-off against future assessable income subject to agreement with the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. The tax losses have no expiry date except for $78,943,000 (2014: $59,773,000) which will expire between 2016 and 2035 (2014: 2015 and 2034).

Deferred tax liabilities have not been recognised for withholding and other taxes that would be payable on the unremitted earnings of $196,431,000 (2014: $170,151,000) of certain overseas subsidiaries as the timing of the reversal of the temporary difference arising from such amounts can be controlled and it is probable that such temporary difference will not reverse in the foreseeable future.

Tax consequences of proposed dividends
There are no income tax consequences attached to the dividends to the shareholders proposed by the Company in the current and previous financial years but not recognised as a liability in the financial statements (Note 30).

19 OTHER INVESTMENTS

	GROUP		COMPANY	
	2015 $000	2014 $000	2015 $000	2014 $000
Non-current:				
Available-for-sale financial assets				
Quoted equity shares, at fair value	21,087	23,612	–	–
Unquoted equity shares, at fair value	2,622	8,488	1,078	6,808
Unquoted equity shares, at cost	120	120	–	–
	23,829	32,220	1,078	6,808

20 INVENTORIES

	GROUP	
	2015 $000	2014 $000
Statement of financial position:		
Inventories, at lower of cost and net realisable value		
- Engineering supplies and raw materials	24,836	35,718
- Trading inventories and finished goods	54,374	55,650
- Work-in-progress	29,893	30,754
Total inventories at 31 December	109,103	122,122

The Group has recognised a reversal of $17,692,000 (2014: $149,000), being part of inventories write down made in preceding years, as inventories were sold above the carrying amounts.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

21 TRADE AND OTHER RECEIVABLES

	GROUP		COMPANY	
	2015 $000	2014 $000	2015 $000	2014 $000
Total trade and other receivables (current):				
Trade receivable	207,819	267,863	3,330	6,739
Allowance for doubtful receivables	(12,191)	(7,889)	(9)	(20)
	195,628	259,974	3,321	6,719
Other receivables:				
Claims/expenses recoverable	119	266	–	6
Deposits	10,741	6,864	237	205
Due from subsidiaries	–	–	42,227	39,841
Project advance	4,012	7,761	–	–
Sundry receivables	23,679	26,310	43	117
	38,551	41,201	42,507	40,169
Allowance for doubtful receivables	(2,383)	(2,832)	(866)	(2,052)
	36,168	38,369	41,641	38,117
	231,796	298,343	44,962	44,836
Total trade receivables (non-current):				
Retention sums	–	104	–	–
Total trade and other receivables (current and non-current)	231,796	298,447	44,962	44,836
Add:				
Loans and amounts receivables:				
- Subsidiaries (Note 15)	–	–	1,142,801	1,015,588
- Associates (Note 16)	73,810	56,759	–	–
- Joint ventures (Note 17)	3,614	15,208	–	–
Bank balances and deposits (Note 24)	544,127	650,247	14,188	60,276
Total loans and receivables	853,347	1,020,661	1,201,951	1,120,700

Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 day terms. They are recognised at their original invoiced amounts which represent their fair values on initial recognition.

Included in the trade receivables are $652,000 (2014: $1,692,000) of retention sums relating to construction contracts.

The Group's trade receivables denominated in foreign currencies (with reference to the respective functional currencies of the Company and the respective subsidiaries) as at 31 December 2015 are as follows:

- $11,611,000 (2014: $10,219,000) denominated in United States Dollars and
- $2,621,000 (2014: $2,193,000) denominated in other foreign currencies.

Due from subsidiaries

Amounts receivable from subsidiaries are mainly non-trade in nature, unsecured, to be settled in cash and bear interest of 6.5% (2014: 6.5%) per annum except for $27,236,000 (2014: $ Nil) which are interest-free and are payable on demand. Interest rates are repriced at intervals of 1, 2, 3 or 6 months.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

21 TRADE AND OTHER RECEIVABLES *(continued)*

Receivables that are past due but not impaired

The Group has trade and other receivables amounting to $25,333,000 (2014: $43,343,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	GROUP 2015 $000	GROUP 2014 $000
Trade and other receivables past due but not impaired:		
Less than 30 days	11,033	25,819
30 to 60 days	5,257	5,476
61 to 90 days	2,822	2,402
91 to 120 days	1,251	6,004
More than 120 days	4,970	3,642
	25,333	43,343

Receivables that are impaired

The Group's trade and other receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	GROUP Individual impaired 2015 $000	GROUP Individual impaired 2014 $000
Trade and other receivables - nominal amounts	17,508	11,889
Less: Allowance for impairment	(14,574)	(10,721)
	2,934	1,168

	Trade receivables 2015 $000	Trade receivables 2014 $000	Other receivables 2015 $000	Other receivables 2014 $000
Movement in allowance accounts:				
At 1 January	(7,889)	(8,742)	(2,832)	(6,844)
Charge for the year	(6,462)	(1,742)	(501)	(1,841)
Written-off	1,135	989	960	210
Written back	720	1,645	–	5,730
Exchange differences	305	(39)	(10)	(87)
At 31 December	(12,191)	(7,889)	(2,383)	(2,832)

Trade receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

22 GROSS AMOUNT DUE FROM/(TO) CUSTOMERS FOR CONTRACT WORK

	GROUP	
	2015 $000	2014 $000
Costs incurred and attributable profits less recognised losses to-date	299,970	193,527
Less: Progress billings	(259,886)	(157,558)
Amounts due from customers for contract work, net	40,084	35,969
Presented as:		
Gross amount due from customers for contract work	42,448	39,004
Gross amount due to customers for contract work	(2,364)	(3,035)
	40,084	35,969
Included in progress billings are retention sums of	2,526	1,302

23 PROPERTIES HELD FOR SALE

Completed properties, at cost		
Land cost	27,099	10,793
Development costs	286,285	118,495
	313,384	129,288
Properties under development		
Land cost	638,396	654,101
Development expenditure	488,385	568,034
Interest costs	61,040	49,787
	1,187,821	1,271,922
Add: Attributable profits	70,774	22,191
	1,258,595	1,294,113
Less: Progress billings	(548,141)	(293,264)
	710,454	1,000,849
	1,023,838	1,130,137

During the financial year, the Group wrote down certain properties under development by $12,489,000 (2014: $15,858,000), based on an independent professional valuation performed as at 31 December 2015 and 31 December 2014.

Interest capitalised during the financial year is $11,150,000 (2014: $21,696,000) at rates ranging from 2.1% to 7.0% (2014: 1.0% to 8.0%) per annum.

Properties held for sale amounting to $835,056,000 (2014: $960,199,000) have been mortgaged to secure term loan facilities for certain subsidiaries (Note 27).

Certain projects amounting to $209,318,000 (2014: $767,123,000) included in properties held for sale are expected to be recovered more than twelve months after the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

23 PROPERTIES HELD FOR SALE *(continued)*

The following table provides information about agreements that are in progress at the reporting date, the revenue of which is recognised based on percentage of completion method:

	GROUP	
	2015 $000	2014 $000
Aggregate costs incurred and recognised to date, including attributable profits	935,365	827,185
Less: Progress billings	(548,141)	(293,264)
	387,224	533,921

During the financial year, cost of sales amounting to $339,866,000 (2014: $443,829,000) in relation to development properties recognised based on percentage of completion method were recorded.

24 BANK BALANCES AND DEPOSITS

	GROUP		COMPANY	
	2015 $000	2014 $000	2015 $000	2014 $000
Cash at banks and in hand	396,199	390,484	14,188	22,076
Fixed deposits	68,183	64,639	–	38,200
Project accounts	17,197	88,998	–	–
Restricted deposits	62,548	106,126	–	–
	544,127	650,247	14,188	60,276

The Group's bank balances and deposits denominated in foreign currencies (with reference to the respective functional currencies of the Company and the respective subsidiaries) as at 31 December 2015 are as follows:

- $2,793,000 (2014: $5,143,000) denominated in United States Dollars; and
- $902,000 (2014: $2,288,000) denominated in other foreign currencies.

Bank balances and deposits earn interest at effective interest rates ranging from 0.05% to 4.0% (2014: 0.03% to 7.25%) per annum. Short-term deposits are made for varying periods of between one day and three months depending on the cash requirements of the Group, and earn interests at the respective short-term deposit rates.

The project accounts are maintained in accordance with the Project Account Rules – 1997 Ed. Withdrawals are restricted to payments for expenditure incurred on development projects. A sum of $15,000,000 (2014: $40,000,000) of the project accounts has been placed in fixed deposits as at year end.

Restricted deposits represent cash placed in an escrow account. This is in compliance with SGX-ST's Listing Rules as a Singapore-listed subsidiary of the Group, MFS Technology Ltd ("MFS"), ceased to have any operating business and is deemed a cash company after the sale by MFS of the disposed assets and liabilities on 18 November 2014. MFS had until 18 November 2015 to acquire a new business.

The amount placed in the escrow account cannot be drawn down until the completion of the acquisition of a business by MFS, except for payment of expenses to be incurred in a reverse takeover approved by MFS' shareholders and pro-rata distributions to MFS' shareholders.

Despite actively exploring various options, MFS was not able to identify a suitable business to acquire and therefore could not meet the requirements of a new listing by 17 November 2015. It is MFS' intention to distribute its cash back to its shareholders by way of capital reduction. On 26 February 2016, the shareholders of MFS approved the capital reduction of $0.10733 per share.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

25 SHARE CAPITAL AND TREASURY SHARES

	GROUP & COMPANY			
	2015		2014	
	No. of shares 000	$000	No. of shares 000	$000
(a) Share Capital				
Issued and fully paid:				
7.5 cents cumulative preference shares	875	875	875	875
Ordinary shares issued and fully paid:				
Balance at 1 January	637,069	806,395	624,429	792,936
Share options exercised	159	249	857	1,415
Conversion of convertible bonds	–	–	11,783	12,044
Balance at 31 December	637,228	806,644	637,069	806,395
	638,103	807,519	637,944	807,270

The holders of ordinary and preference shares are entitled to receive dividends as and when declared by the Company. The ordinary shares have no par value. The voting rights of the shares are as follows:

Preference Share – One vote for one preference share.

Ordinary Stock Unit – One vote for one ordinary stock unit.

Outstanding options

Movement in the number of options during the financial year was as follows:

Date of Grant	Exercise Period	Exercise Price	Balance as at 01.01.15	No. of shares under option exercised	No. of shares under option forfeited	Balance as at 31.12.15
30.11.05	30.11.06 to 29.11.15	$1.63	120,283	(120,283)	–	–
27.11.06	27.11.07 to 26.11.16	$1.90	233,964	–	(22,356)	211,608
6.12.07	6.12.08 to 5.12.17	$3.31	1,134,546	–	(716,956)	417,590
20.05.09	20.05.10 to 19.05.19	$1.36	134,759	(38,979)	(15,592)	80,188
			1,623,552	(159,262)	(754,904)	709,386

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

25 SHARE CAPITAL AND TREASURY SHARES *(continued)*

	GROUP			
	2015		2014	
	No. of shares 000	$000	No. of shares 000	$000
(b) Treasury shares				
Balance at 1 January and 31 December	(21,712)	(62,313)	(21,712)	(62,313)

Treasury shares relate to ordinary stock units of the Company that are held by a subsidiary. With effect from July 2015 and under the Singapore Companies (Amendment) Act 2014, the subsidiary is permitted to maintain its shareholding in the Company, subject to certain restrictions.

26 OTHER RESERVES

GROUP

	AFS reserve $000	Share option reserve $000	Translation reserve $000	Capital reserve on change in non-controlling interests $000	Gain or loss on reissuance of treasury shares $000	Capital reserve on fair value gain from long-term loans $000	Exercise of share options of subsidiaries and related income tax benefit $000	Other reserves, total $000
Opening balance at 01/01/2015	8,013	4,219	11,018	(13,088)	2,659	2,222	5,989	21,032
Losses on exchange differences on translation, net of tax	–	–	(6,988)	–	–	–	–	(6,988)
Losses on remeasuring available-for-sale financial assets, net of tax	(2,667)	–	–	–	–	–	–	(2,667)
Realisation of reserves to income statement on disposal of available-for-sale financial assets, net of tax	(5,759)	–	–	–	–	–	–	(5,759)
Share of other comprehensive income from equity-accounted associate, net of tax	(173)	–	–	–	–	2,452	–	2,279
Additional interests in subsidiaries	–	–	–	1,043	–	–	–	1,043
Dilution of interests in subsidiaries	–	–	–	(4,124)	–	–	–	(4,124)
Disposal of interests in subsidiaries and associates	–	(8)	–	–	–	–	–	(8)
Employee share option scheme/ share appreciation rights:								
- value of employee services	–	(1,376)	–	–	–	–	4,724	3,348
Reclassification of reserves to retained earnings upon disposal of interests in subsidiaries	–	–	–	(1,588)	–	–	–	(1,588)
Closing balance at 31/12/2015	(586)	2,835	4,030	(17,757)	2,659	4,674	10,713	6,568

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

26 OTHER RESERVES *(continued)*

	AFS reserve $000	Share option reserve $000	Translation reserve $000	Equity component of convertible bonds $000	Capital reserve on change in non-controlling interests $000	Gain or loss on reissuance of treasury shares $000	Capital reserve on fair value gain from long-term loans $000	Exercise of share options of subsidiaries and related income tax benefit $000	Other reserves, total $000
Opening balance at 01/01/2014	9,093	4,183	(4,059)	14,667	6,013	2,659	2,222	1,937	36,715
Gains on exchange differences on translation, net of tax	–	–	15,077	–	–	–	–	–	15,077
Gains on remeasuring available-for-sale financial assets, net of tax	87	–	–	–	–	–	–	–	87
Realisation of reserves to income statement on disposal of subsidiaries, net of tax	(869)	–	–	–	(4,455)	–	–	–	(5,324)
Share of other comprehensive income from equity-accounted associate, net of tax	(298)	–	–	–	–	–	–	–	(298)
Equity portion of convertible bonds	–	–	–	(9)	–	–	–	–	(9)
Transfer of equity component of convertible bonds to retained earnings upon lapse of the conversion option	–	–	–	(14,658)	–	–	–	–	(14,658)
Additional interests in subsidiaries	–	–	–	–	(8,892)	–	–	–	(8,892)
Dilution of interests in subsidiaries	–	–	–	–	(3,662)	–	–	–	(3,662)
Employee share option scheme/ share appreciation rights:									
- value of employee services	–	36	–	–	–	–	–	2,941	2,977
Income tax benefit arising from share-based compensation	–	–	–	–	–	–	–	1,111	1,111
Reclassification of reserves to retained earnings upon disposal of interests in subsidiaries	–	–	–	–	(2,092)	–	–	–	(2,092)
Closing balance at 31/12/2014	8,013	4,219	11,018	–	(13,088)	2,659	2,222	5,989	21,032

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

26 OTHER RESERVES *(continued)*

COMPANY

	AFS reserve $000	Share option reserve $000	Equity component of convertible bonds $000	Other reserves, total $000
Opening balance at 01/01/2015	5,613	4,081	–	9,694
Losses on remeasuring available-for-sale financial assets, net of tax	(6)	–	–	(6)
Realisation of reserves to income statement on disposal of available-for-sale financial assets, net of tax	(5,759)	–	–	(5,759)
Closing balance at 31/12/2015	(152)	4,081	–	3,929
Opening balance at 01/01/2014	5,972	4,081	14,652	24,705
Losses on remeasuring available-for-sale financial assets, net of tax	(359)	–	–	(359)
Equity portion of convertible bonds	–	–	6	6
Transfer of equity component of convertible bonds to retained earnings upon lapse of the conversion option	–	–	(14,658)	(14,658)
Closing balance at 31/12/2014	5,613	4,081	–	9,694

(a) AFS reserve records the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are derecognised or impaired.

(b) Share option reserve represents the equity-settled share options granted to employees (Note 33). The reserve is made up of the cumulative value of services received from employees recorded on grant of equity-settled share options.

(c) Translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

(d) Equity component of convertible bonds reserve represents the residual amount of convertible bonds after deducting the fair value of the liability component. This amount is presented net of transaction costs and deferred tax liability arising from convertible bonds.

(e) Capital reserve on change in non-controlling interests is used to record the differences arising from the movement in non-controlling interests resulting from the restructuring of the Group.

(f) Gain or loss on reissuance of treasury shares represents the gain or loss arising from purchase, sale, issue or cancellation of treasury shares. No dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made in respect of this reserve.

(g) Capital reserve on fair value gains from long-term loans relates to fair value gains from shareholders loans of an associate.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

27 BORROWINGS

	GROUP 2015 $000	GROUP 2014 $000	COMPANY 2015 $000	COMPANY 2014 $000
Current				
Bank overdrafts:				
- unsecured	–	6,303	–	–
Bank trust receipts and bills payable:				
- unsecured	5,894	–	–	–
Bank loans:				
- secured	337,749	153,540	–	–
- unsecured	270,660	173,932	234,900	115,000
	608,409	327,472	234,900	115,000
	614,303	333,775	234,900	115,000
Non-current				
Unsecured bank borrowings under MTN Programme	247,045	247,318	250,295	250,568
Bank loans				
- secured				
- Repayable within 2 years	5,349	534,337	–	–
- Repayable within 3 to 5 years	571,492	573,010	–	–
- Repayable after 5 years	3,608	–	–	–
	580,449	1,107,347	–	–
- unsecured				
- Repayable within 2 years	1,964	26,561	–	25,500
- Repayable within 3 to 5 years	–	1,908	–	–
	1,964	28,469	–	25,500
	829,458	1,383,134	250,295	276,068
Total borrowings	1,443,761	1,716,909	485,195	391,068

In 2014, bank overdrafts bear effective interest rates ranging from 7.0% to 8.4% per annum. Bank overdrafts are repayable on demand.

The borrowings for certain subsidiaries are generally secured on their respective investment properties and properties held for sale (Note 13 and Note 23), and/or fixed/floating charges over certain assets (Note 12).

Unsecured borrowings under the MTN Programme comprise fixed rate notes with interest at 4.2% per annum. The notes are expected to be repaid by 2017.

The Group's floating rate bank loans comprise:

	2015 Effective interest rate % p.a.	2015 Maturity	2015 Total $000	2014 Effective interest rate % p.a.	2014 Maturity	2014 Total $000
Singapore Dollars	1.7 – 3.1	2016 – 2018	1,157,055	1.5 – 3.5	2015 – 2018	1,207,423
Malaysian Ringgit	–	–	–	5.7 – 6.9	2015	7,605
Chinese Renminbi	5.4 – 7.0	2016 – 2017	25,915	7.0 – 7.2	2015 – 2017	138,303
United States Dollars	2.0 – 3.0	2016	7,852	2.7 – 5.9	2015	7,549
Other currencies	–	–	–	11.5 – 12.5	2015	1,771
			1,190,822			1,362,651

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

28 PROVISIONS

	GROUP		
	Rental top-up $000	Development charge $000	Total $000
At 1 January 2015	97,695	20,000	117,695
Utilised during the year	(11,633)	–	(11,633)
At 31 December 2015	86,062	20,000	106,062
As at 31 December 2015 (Current)	21,813	–	21,813
As at 31 December 2015 (Non-current)	64,249	20,000	84,249
	86,062	20,000	106,062
As at 31 December 2014 (Current)	14,861	–	14,861
As at 31 December 2014 (Non-current)	82,834	20,000	102,834
	97,695	20,000	117,695

Rental top-up

The provision for rental top-up relates to rental income support for the business park and the retail spaces of UE BizHub EAST, which is equivalent to the differences between the agreed amount and net property income, being rental income received from tenants by REIT trustee net of operating expenses, for each 12-month period commencing from the completion date over a remaining duration of 3 to 8 years (2014: 4 to 9 years). Assumptions used to calculate the provision for the rental top-up were based on current occupancy level, rental rate and current information available to compute the net operating expenses.

Development charge

The provision for development charge relates to the undertaking provided by a subsidiary to the share purchaser in connection with the divestment of the Group's Automotive business. The undertaking is for the subsidiary to pay a maximum sum of $20.0 million for its share of any potential development charge and/or differential premiums payable by the share purchaser to government agencies or local authority in respect of certain properties located in Singapore in order to secure or obtain from such properties the benefit of any increase in plot ratio up to the maximum allowable in respect of the approved use and zoning of such properties. The undertaking will continue up to 2024 (i.e. 10 years from the date of completion of the sale of the Automotive business).

29 TRADE AND OTHER PAYABLES

	GROUP		COMPANY	
	2015	2014	2015	2014
	$000	$000	$000	$000
Total trade and other payables (current):				
Trade payables	223,682	254,950	591	400
Other payables:				
Accrued staff cost	20,945	13,607	2,538	1,964
Accrued job cost	36,118	40,820	–	–
Accrued operating expenses	37,398	56,771	–	–
Deferred income	1,914	7,944	–	–
Deposits	23,146	18,500	8,429	6,551
Due to subsidiaries	–	–	636	829
Interest payable	7,427	5,729	5,242	5,929
Other accruals	53,484	56,615	3,302	4,891
Payable for purchase of property, plant and equipment	10,603	9,212	–	–
Progress billing received in advance	3,860	5,305	–	–
Sundry payables	2,266	38,756	807	646
	197,161	253,259	20,954	20,810
	420,843	508,209	21,545	21,210
Total trade and other payables (non-current):				
Other payables	–	400	–	–
Retention sums	3,166	2,153	–	–
	3,166	2,553	–	–
Total trade and other payables (current and non-current)	424,009	510,762	21,545	21,210
Add:				
Borrowings (Note 27)	1,443,761	1,716,909	485,195	391,068
Less:				
Deferred income	(1,914)	(7,944)	–	–
Progress billing received in advance	(3,860)	(5,305)	–	–
Total financial liabilities carried at amortised cost	1,861,996	2,214,422	506,740	412,278

Trade payables / Other payables
Trade payables are non-interest bearing and are normally settled on 30 to 60 day terms.

The Group's payables denominated in foreign currencies (with reference to the respective functional currencies of the Company and the respective subsidiaries) as at 31 December 2015 are as follows:

- $11,114,000 (2014: $3,393,000) denominated in United States Dollars,
- $1,942,000 (2014: $3,203,000) denominated in other foreign currencies.

Other payables are non-interest bearing and have an average term of six months.

Due to subsidiaries
Amounts payable to subsidiaries are mainly non-trade in nature, unsecured, interest-free, repayable on demand and to be settled in cash.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

30 DIVIDENDS PAID

The following dividends were paid:

	GROUP		COMPANY	
	2015 $000	2014 $000	2015 $000	2014 $000
Declared and paid during the financial year:				
Cumulative Preference Shares:				
Tax exempt (one-tier) dividend of 7.5 cents (2014: 7.5 cents)	66	66	66	66
Ordinary Stock:				
- First and final tax exempt (one-tier) dividend of 5 cents (2014: 5 cents)	30,769	30,746	31,854	31,832
- Special tax exempt (one-tier) dividend of 5 cents (2014: 2 cents)	30,768	12,298	31,854	12,732
	61,603	43,110	63,774	44,630

Proposed but not recognised as a liability as at 31 December:
The directors have proposed a first and final tax exempt (one-tier) dividend of 5 cents per ordinary stock and a special tax exempt (one-tier) dividend of 3 cents per ordinary stock, amounting to a total of $50,978,240 and a tax exempt (one-tier) dividend of 7.5 cents on the cumulative preference shares, amounting to $66,000. The dividends are subject to shareholders' approval at the upcoming Annual General Meeting.

31 FUTURE CAPITAL COMMITMENTS

	GROUP	
	2015 $000	2014 $000
Capital commitments contracted for not recognised in the financial statements	11,905	5,426

32 OPERATING LEASE COMMITMENTS

(a) Lessees' lease commitments

The Group leases certain properties and office equipment under lease agreements that are non-cancellable within a year. The leases expire at various dates and contain provisions for rental adjustments. There are no renewal options or contingent rent provision included in the lease agreements. There are no restrictions placed upon the lessee by entering into these leases. Operating lease payments recognised in the income statement during the financial year amounted to $14,245,000 (2014: $17,495,000). The Group is restricted from subleasing leased equipment to third parties.

Future minimum lease payments payable under non-cancellable operating leases with initial or remaining term of one year or more at the end of the reporting period are as follows:

	GROUP		COMPANY	
	2015 $000	2014 $000	2015 $000	2014 $000
Within one year	14,616	14,995	1,525	1,511
After one year but not more than five years	47,734	47,413	6,756	6,650
After five years	30,390	40,190	–	–
	92,740	102,598	8,281	8,161

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For the financial year ended 31 December 2015

32 OPERATING LEASE COMMITMENTS *(continued)*

(b) Lessors' lease commitments

The Group has entered into non-cancellable commercial property leases on its investment properties. All leases include a clause to enable revision of the rental charge on an annual basis based on prevailing market conditions.

Future minimum rental receivable in respect of significant non-cancellable operating leases at the end of the reporting period are as follows:

	GROUP		COMPANY	
	2015 $000	2014 $000	2015 $000	2014 $000
Within one year	71,910	72,281	33,690	33,012
After one year but not more than five years	74,279	94,163	30,834	35,415
After five years	3,370	3,944	–	–
	149,559	170,388	64,524	68,427

33 EMPLOYEE SHARE OPTION SCHEME

Share options are granted to senior executives with more than 12 months' service. The exercise price of the options is equal to the average of the last dealt prices of the shares for the three (3) consecutive trading days immediately preceding the grant. The options vest if the employee remains in service for a period of one year from the date of grant. The option period commences 1 year after the date of the grant and expires on the day immediately before the 10th anniversary of the date of the grant. There are no cash settlement alternatives. The United Engineers Share Option Scheme expired in financial year 2009.

The following table illustrates the number (No.) and weighted average exercise prices (WAEP) of, and movements in, share options during the financial year:

	2015 No.	2015 WAEP($)	2014 No.	2014 WAEP($)
Outstanding at beginning of the financial year	1,623,552	2.82	3,169,319	2.47
Exercised during the financial year[1]	(159,262)	1.56	(857,207)	1.65
Forfeited during the financial year	(754,904)	3.23	(688,560)	2.68
Outstanding at the end of the financial year[2]	709,386	2.67	1,623,552	2.82
Exercisable at end of the financial year	709,386	2.67	1,623,552	2.82

1 The weighted average share price during the financial year was $2.68 (2014: $2.44).

2 The range of exercise prices for options outstanding at the end of the year was $1.36 to $3.31 (2014: $1.36 to $3.31). The weighted average remaining contractual life for these options is 1.93 years (2014: 2.87 years).

The fair value of share options as at the date of grant, is estimated by an external valuer using the Binomial model, taking into account the terms and conditions upon which the options were granted. The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the option grant were incorporated into the measurement of fair value.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

34 RELATED PARTY TRANSACTIONS

The following significant transactions between the Group and related parties took place at terms agreed between the parties during the financial year.

		GROUP	
		2015 $000	2014 $000
(a)	**Transactions with directors of the Company**		
	Sale of motor vehicle to spouse of a director	–	174
(b)	**Compensation of key management executives**		
	Short term employee benefits	2,230	6,155
	Other long term employee benefits	60	166
	Central Provident Fund	48	98
	Share-based payment	–	239
	Total compensation paid to key management executives	2,338	6,658
	Comprising amounts paid to:		
	Director of the Company[1]	37	–
	Other key management executives	2,301	6,658
		2,338	6,658

[1] In relation to Mr Norman Ip's appointment as the Group Managing Director with effect from 1 December 2015.

Key Management Executives' Interests in Employee Share Option Scheme
No share options were granted to the directors of the Company and other key management executives during the current and previous financial year. During the current financial year, no option was exercised by the director and other key management executives (2014: Nil and 89,098 respectively at $1.43 with cash consideration of $127,410 paid to the Company). The outstanding number of share options granted to directors of the Company and other key management executives at the end of the financial year were Nil and 71,278 (2014: Nil and 71,278) respectively. No share options have been granted to the Company's non-executive directors.

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments, other than derivative financial instruments, comprise bank loans, cash and term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The main risks arising from the Group's financial instruments are credit risk, market price risk, foreign currency risk, interest rate risk and liquidity risk. The Board of directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Corporate Office. The Audit & Risk Committee provides independent oversight to the effectiveness of the risk management systems and practices for effective risk identification and management, and compliance with internal guidelines and external requirements. The Group does not hold or issue derivative financial instruments for trading purposes. Derivative transactions, including principally interest rate swaps and foreign currency forward contracts are entered into for the purpose of managing the interest rate and currency risks arising from the Group's operations and its sources of financing.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. Credit risk arising from the inability of a customer to meet the terms of the Group's financial instrument contracts is generally limited to the amounts, if any, by which the customer's obligations exceed the obligations of the Group. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities and bank balances and deposits), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

It is the Group's policy to sell to a diverse group of customers who have been assessed for their credit worthiness to reduce credit risk. The Group has a formal Group Credit Committee to oversee the management of the Group's debts.

Excessive risk concentration
Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include specific guidelines to focus on managing the concentration of credit risks. Selective hedging is used within the Group to manage risk concentrations at both the relationship and industry levels.

Exposure to credit risk
At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of trade and other receivables recognised in the statements of financial position. No other financial assets carry a significant exposure to credit risk.

Credit risk concentration profile
The Group determines concentrations of credit risk by monitoring the country and industry sector profile/segment of its trade and other receivables on an on-going basis. The credit risk concentration profile of the Group's trade and other receivables at the end of the reporting period is as follows:

	GROUP			
	2015		2014	
	$000	% of total	$000	% of total
By country:				
Singapore	145,833	47	120,084	32
China	53,031	17	169,575	46
USA	64,140	21	32,658	9
Other countries	46,216	15	48,097	13
	309,220	100	370,414	100
By industry sector/segment:				
Property Rental & Services	69,246	22	62,120	17
Property Development	11,742	4	17,560	5
Technology & Manufacturing	136,789	44	200,034	54
Corporate Services & Others	91,443	30	90,700	24
	309,220	100	370,414	100

A major subsidiary has a significant amount of trade receivables arising from a few major customers which constituted approximately 39% (2014: 44%) of the Group's total trade receivables. This subsidiary has the policy of performing ongoing evaluations of its customers' credit worthiness and adjusting credit limits based on its review of the customers' current credit information. It continuously monitors collections and payments from its customers and maintains an allowance for impairment based on its historical experience, anticipation of uncollectible amounts and any specific customer collection issues that it has identified.

Apart from the above, the Group does not have credit risk concentration in any customers.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Financial assets that are neither past due nor impaired
Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Bank balances and deposits and investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired
Information regarding financial assets that are either past due or impaired is disclosed in Note 21 (Trade and other receivables).

Market price risk

Market price risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market prices (other than interest or exchange rates). The Group is exposed to equity price risk arising from its investment in quoted equity instruments. These instruments are quoted on the SGX-ST in Singapore and are classified as available-for-sale financial assets.

It is not the Group's policy to actively trade in quoted equity instruments.

Sensitivity analysis for equity price risk
Had the available-for-sale quoted equity instruments listed on the SGX-ST held by the Group been 5% (2014: 5%) higher/lower with all other variables held constant, the Group's AFS reserve would have been $1,054,000 (2014: $1,181,000) higher/lower, arising as a result of an increase/decrease in the fair value of equity instruments classified as available-for-sale.

Foreign currency risk

The Group has exposure to foreign exchange risk as a result of transactions denominated in a currency other than the respective functional currencies of Group entities, arising from normal trading activities.

As at 31 December 2015, the Group has foreign currencies exposure mainly in United States Dollars in its bank balances and deposits, trade receivables as well as trade payables as disclosed in the respective notes.

It is the Group's policy to hedge these risks through foreign currency forward contracts. The primary purpose of the Group's foreign currency hedging activities is to protect against volatility associated with foreign currency purchases of materials and other assets and liabilities created in the normal course of business. The Group does not use foreign currency forward contracts for trading purposes.

In addition to transactional exposure, the Group is also exposed to currency translation risk arising from its net investments in foreign operations. The Group's net investments in foreign subsidiaries are not hedged as currency positions are considered to be long-term in nature.

The treasury transactions of the listed subsidiaries, associated companies and joint ventures are carried out in accordance with their own policies and guidelines.

Sensitivity analysis for foreign currency risk
The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD exchange rate against SGD, with all other variables held constant.

			GROUP	
			2015 $000 Profit net of tax	2014 $000 Profit net of tax
USD/SGD	-	strengthened 5% (2014: 5%)	+165	+598
	-	weakened 5% (2014: 5%)	-165	-598

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES *(continued)*

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates. The Group's and the Company's interest rate exposure relates primarily to its investment portfolio in fixed deposits and the Company's long-term debt obligations. Majority of the Group's and the Company's financial assets and liabilities are at floating rates and are contractually repriced at intervals of 1, 2, 3 or 6 months (2014: 1, 2, 3 or 6 months) from the end of the reporting period.

The Group's policy is to manage interest costs using combination of fixed and floating rate debts taking into consideration the funding requirements of the Group. It is also the Group's policy to hedge its interest rate risk through interest rate cap and swap contracts. As at 31 December 2015 and 2014, the Group has no outstanding interest rate cap and swap contracts.

Sensitivity analysis for interest rate risk

At the end of the reporting period, if SGD interest rates had been 75 (2014: 75) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been $8,678,000 (2014: $9,056,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate term loans and bank borrowings.

Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group's and the Company's liquidity risk management policy is to monitor its net operating cash flows and maintain an adequate level of committed banking facilities through regular review of its working capital requirements. At the end of the reporting period, approximately 43% (2014: 20%) of the Group's borrowings (Note 27) will mature in less than one year based on the carrying amount reflected in the financial statements. Approximately 48% (2014: 30%) of the Company's borrowings will mature in less than one year at the end of the reporting period.

The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. Access to sources of funding is sufficiently available and debt maturing within 12 months can be rolled over with existing lenders.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on contractual undiscounted repayments obligations.

	2015				2014			
	1 year or less $000	More than 1 year to 5 years $000	More than 5 Years $000	Total $000	1 year or less $000	More than 1 year to 5 Years $000	More than 5 years $000	Total $000
Group								
Trade and other payables	420,843	3,166	–	424,009	508,209	2,553	–	510,762
Borrowings	654,168	864,667	3,910	1,522,745	371,019	1,450,956	–	1,821,975
	1,075,011	867,833	3,910	1,946,754	879,228	1,453,509	–	2,332,737
Company								
Trade and other payables	21,545	–	–	21,545	21,210	–	–	21,210
Borrowings	251,650	260,808	–	512,458	129,992	298,398	–	428,390
	273,195	260,808	–	534,003	151,202	298,398	–	449,600

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36 CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to maintain healthy capital ratios to sustain growth, maximise shareholder value and fulfil all borrowing covenants.

The Group manages its capital structure and may make adjustments to it, in light of changes in economic conditions. In order to manage or adjust the capital structure, the Group may obtain new borrowings or reduce its borrowings. No changes were made in the objectives, policies and processes during the years ended 31 December 2015 and 2014.

The Group monitors capital using a net debt to equity ratio, which is net borrowings divided by shareholders equity. The Group endeavours to keep its medium to long term net debt to equity ratio to below 1.1 times but will manage the ratio taking into consideration business opportunities and liquidity conditions. Net borrowings include interest-bearing borrowings less bank balances and deposits. Equity includes equity attributable to the owners of the Company.

	GROUP	
	2015	2014
	$000	$000
Borrowings	1,443,761	1,716,909
Less: Bank balances and deposits	(544,127)	(650,247)
Net borrowings	899,634	1,066,662
Equity attributable to owners of the Company	1,830,603	1,803,846
Net debt to equity (times)	0.49	0.59

37 FAIR VALUE OF ASSETS AND LIABILITIES

(A) Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities, that the Group can access at the measurement date;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (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.

37 FAIR VALUE OF ASSETS AND LIABILITIES *(continued)*

(B) Assets and liabilities measured at fair value

The following table shows an analysis of assets and liabilities measured at fair value at the end of the reporting period:

	GROUP 2015 $000 Fair value measurement at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets measured at fair value				
Financial assets:				
Available-for-sale financial assets (Note 19)				
- Equity instruments (quoted)	21,087	–	–	21,087
- Equity instruments (unquoted)	–	–	2,622	2,622
Financial assets as at 31 December 2015	21,087	–	2,622	23,709
Non-financial assets:				
Investment properties (Note 13)	–	–	1,857,542	1,857,542
Non-financial assets as at 31 December 2015	–	–	1,857,542	1,857,542

	GROUP 2014 $000 Fair value measurement at the end of the reporting period using			
	Quoted prices in active markets for identical instruments (Level 1)	Significant observable inputs other than quoted prices (Level 2)	Significant unobservable inputs (Level 3)	Total
Assets measured at fair value				
Financial assets:				
Available-for-sale financial assets (Note 19)				
- Equity instruments (quoted)	23,612	–	–	23,612
- Equity instruments (unquoted)	–	–	8,488	8,488
Financial assets as at 31 December 2014	23,612	–	8,488	32,100
Non-financial assets:				
Investment properties (Note 13)	–	–	1,847,071	1,847,071
Non-financial assets as at 31 December 2014	–	–	1,847,071	1,847,071

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

37 FAIR VALUE OF ASSETS AND LIABILITIES *(continued)*

(C) *Level 3 fair value measurement*

i) Information about significant unobservable inputs used in Level 3 fair value measurements

Description	Fair Value at 31 December 2015 $000	Valuation techniques	Unobservable inputs	Range
Recurring fair value measurement				
Available-for-sale financial assets - Equity instruments (unquoted)	2,622	Fair value of underlying assets of investment	Statement of financial position	NA
Investment properties	1,857,542	Market Capitalisation Method	Capitalisation Rate	3.3% to 5.0%

Description	Fair Value at 31 December 2014 $000	Valuation techniques	Unobservable inputs	Range
Recurring fair value measurement				
Available-for-sale financial assets - Equity instruments (unquoted)	8,488	Fair value of underlying assets of investment	Statement of financial position	NA
Investment properties	1,847,071	Market Capitalisation Method	Capitalisation Rate	3.0% to 5.3%

For equity instruments (unquoted), a significant increase/decrease in the fair value of underlying assets of the investment would result in a significantly higher/lower fair value measurement.

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.

		31 December 2015	
		Effect of reasonably possible alternative assumptions	
	Carrying amount $000	Profit or loss $000	Other comprehensive income $000
Recurring fair value measurement			
Available-for-sale financial assets - Equity instruments (unquoted)	2,622	–	131

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For the financial year ended 31 December 2015

37 FAIR VALUE OF ASSETS AND LIABILITIES *(continued)*

(C) *Level 3 fair value measurement (continued)*

i) Information about significant unobservable inputs used in Level 3 fair value measurements *(continued)*

		31 December 2014	
		Effect of reasonably possible alternative assumptions	
	Carrying amount $000	Profit or loss $000	Other comprehensive income $000
Recurring fair value measurement			
Available-for-sale financial assets - Equity instruments (unquoted)	8,488	–	424

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 equity instruments (unquoted), the Group adjusted the discount for lack of marketability by increasing and decreasing the assumptions by 5%.

ii) Movements in level 3 assets and liabilities measured at fair value

The following table presents the reconciliation for all the assets measured at fair value based on significant unobservable inputs (level 3):

	GROUP Available-for-sale financial assets Equity instruments (unquoted)	
	2015 $000	2014 $000
Opening balance	8,488	8,887
Total gains or losses:		
Disposals	(5,759)	–
Included in other comprehensive income:		
Losses on remeasuring available-for-sale financial assets, net of tax	(107)	(399)
Closing balance	2,622	8,488

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

37 FAIR VALUE OF ASSETS AND LIABILITIES *(continued)*

(C) *Level 3 fair value measurement (continued)*

ii) Movements in level 3 assets and liabilities measured at fair value *(continued)*

	GROUP Investment properties	
	2015 **$000**	**2014** **$000**
Opening balance	1,847,071	1,870,923
Subsequent expenditure	930	1,463
Transfer from/(to) assets of disposal group classified as held for sale	7,362	(7,362)
Currency realignment	–	(434)
Disposal of subsidiaries	–	(5,014)
Disposals	–	(12,505)
Total gains or losses:		
Included in income statement:		
Net surplus on revaluation of investment properties	2,179	–
Closing balance	1,857,542	1,847,071

There has been no transfer from Level 1 and Level 2 to Level 3 during the financial years ended 31 December 2015 and 2014.

iii) Valuation policies and procedures

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. The management is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and FRS 113 fair value measurement guidance.

For valuations performed by external valuation experts, the appropriateness of the valuation methodologies and assumptions adopted are reviewed along with the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations.

In selecting the appropriate valuation models and inputs to be adopted for each valuation that uses significant unobservable inputs, external valuation experts are requested to calibrate the valuation models and inputs to actual market transactions (which may include transactions entered into by the Group with third parties as appropriate) that are relevant to the valuation if such information are reasonably available. For valuations that are sensitive to the unobservable inputs used, external valuation experts are required, to the extent practicable to use a minimum of two valuation approaches to allow for cross-checks.

Significant changes in fair value measurements from period to period are evaluated for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

(D) *Fair value of assets and liabilities by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value*

Management has determined that the carrying amounts of cash and short term deposits, trade and other receivables, trade and other payables and floating rate borrowings, based on their notional amounts, reasonably approximate their fair values because these are mostly short-term in nature or that they are floating rate instruments that are repriced to market interest rates on or near the end of the reporting period.

37 FAIR VALUE OF ASSETS AND LIABILITIES *(continued)*

(E) *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*

The loans and amounts receivable/payable from/to subsidiaries, associates and joint ventures have no fixed terms of repayment. Accordingly, their fair values cannot be measured reliably as the timing of the future cash flows cannot be determined.

The aggregate of these financial assets for the Group and Company amounted to $77,424,000 (2014: $71,967,000) and $1,142,801,000 (2014: $1,015,588,000) respectively.

Fair value information has not been disclosed for the Group's investment in unquoted equity instrument that are carried at cost amounting to $120,000 (2014: $120,000) (Note 19) because fair value cannot be measured reliably. These investments represent ordinary shares in companies that are not quoted in any market and do not have any comparable industry peer that is listed. In addition, the variability in the range of reasonable fair value estimates derived from valuation techniques is significant. The Group does not intend to dispose of the investment in the foreseeable future.

38 SUBSIDIARIES' SHARE OPTION SCHEMES

MFS Technology Ltd ("MFS")
MFS Share Option Scheme ("MFS Scheme")
MFS Share Appreciation Rights Plan ("MFS SAP") and Performance Share Plan ("MFS PSP")

MFS Scheme
The MFS Scheme was approved by the shareholders of MFS at the extraordinary general meeting on 28 December 2001. The MFS Scheme is administered by the Remuneration Committee of MFS ("MFS RC"). Under the MFS Scheme, share options are granted to employees and Directors of the MFS Group. The options are vested one year after the date of grant and are exercisable thereafter for a contractual term of nine years in the case of executives (including Executive Directors) and four years in the case of Non-executive Directors.

The exercise price of the granted options is equal to the average of the last dealt prices of MFS ordinary shares on the Singapore Exchange for the three consecutive trading days immediately preceding the date of grant.

All outstanding share options granted under the MFS Scheme expired or lapsed upon completion of the disposal of MFS subsidiaries on 18 November 2014.

Movement in the number of MFS share options at the end of the previous financial year and their exercise prices was as follows:

Date of grant	Exercise period	Exercise price	Beginning of financial year	Shares under option lapsed	End of financial year
2014					
19.05.2005	19.05.2006 to 18.05.2015	$0.585	902,750	(902,750)	–
			902,750	(902,750)	–

MFS SAP and MFS PSP
MFS SAP and MFS PSP were approved by the shareholders of MFS at the extraordinary general meeting on 30 July 2008.

The MFS SAP and MFS PSP awards of fully paid-up ordinary shares in MFS ("Awards"), their equivalent cash value or combinations thereof will be granted, free of payment, to selected employees (including Executive Directors) of MFS Group. Non-executive Directors of MFS Group will not be eligible to participate in the MFS SAP and MFS PSP.

The selection of an employee and the number of shares, which are the subject of each Award to be granted to an employee in accordance with MFS SAP and/or MFS PSP, shall be determined at the discretion of MFS RC taking into account criteria such as his rank, job performance, and contribution to the success and development of the MFS Group.

38 SUBSIDIARIES' SHARE OPTION SCHEMES *(continued)*

MFS Technology Ltd ("MFS") *(continued)*
MFS Share Option Scheme ("MFS Scheme") *(continued)*
MFS Share Appreciation Rights Plan ("MFS SAP") and Performance Share Plan ("MFS PSP") *(continued)*

MFS SAP and MFS PSP *(continued)*
The final number of share appreciation rights ("SARs") under MFS SAP and/or performance shares ("PS") under MFS PSP will depend on the achievement of pre-determined target(s) at the end of one-year performance period of MFS. No SARs and/or PS will be vested if the threshold target(s) are not met at the end of the performance period. More SARs and/or PS could be awarded, up to a maximum of 200% of the baseline award, if superior target(s) are met.

The MFS RC is authorised to grant MFS SAP and/or MFS PSP Awards and to allot and issue from time to time such number of fully paid-up shares as may be required to be allotted and issued pursuant to the vesting of Awards under the respective plans. The aggregate number of shares granted under MFS SAP and/or MFS PSP, which may be issued pursuant to Awards, shall not exceed 10% of the total number of issued shares from time to time.

The MFS RC has the discretion under the MFS SAP and MFS PSP to settle in cash instead of shares.

In December 2012, in view that some of the overseas recipients do not have a CDP account for the credit of shares and that the settlement will result in fractional shares, the MFS RC has decided to settle the Awards in cash.

This resulted in a reclassification from an equity-settled share-based payment to a cash-settled share-based payment (liability). At the date of modification, the fair value of the MFS SAP and MFS PSP liabilities was re-measured using the fair value of the equity-settled award on the modification date. This amount was recognised as a liability, with a corresponding reduction of the share option reserve.

The liability is re-measured to its fair value at each subsequent reporting date until the settlement of the MFS SAP and MFS PSP. Any changes in fair value of the liability will be recorded in the income statement.

All outstanding MFS PSs were settled in cash in the previous financial year ended 31 December 2014.

Movement in the number of MFS PSs during the previous financial year was as follows:

Date of grant	Vesting period	Beginning of financial year	PS granted	PS paid/ vested/lapsed	End of financial year
2014					
MFS PSP					
05.12.2012	01.11.2014	2,069,185	–	(2,069,185)	–
		2,069,185	–	(2,069,185)	–

All outstanding MFS SAR were exercised and settled in cash in the previous financial year ended 31 December 2014.

Movement in the number of MFS SARs at the end of the previous financial year was as follows:

Date of grant	Vesting period	Beginning of financial year	SARs granted	SARs paid/ vested/lapsed	End of financial year
2014					
MFS SAP					
06.03.2012	01.12.2012 to 01.12.2013	11,862,000	–	(11,862,000)	–

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38 SUBSIDIARIES' SHARE OPTION SCHEMES *(continued)*

Multi-Fineline Electronix, Inc. ("MFLEX")
Multi-Fineline Electronix, Inc. 2014 Equity Incentive Plan ("MFLEX 2014 Equity Incentive Plan")
Multi-Fineline Electronix, Inc. 2004 Stock Incentive Plan ("MFLEX 2004 Stock Incentive Plan")

At the MFLEX's annual general meeting of stockholders on 5 March 2014, MFLEX's stockholders approved the MFLEX 2014 Equity Incentive Plan. Upon stockholder approval of the MFLEX 2014 Equity Incentive Plan, MFLEX 2004 Stock Incentive Plan, as amended and restated to date was terminated. The MFLEX 2015 Equity Incentive Plan is administered by MFLEX's board of directors or a committee thereof (the "Administrator").

The MFLEX 2014 Equity Incentive Plan provides for the granting of stock options, stock appreciation rights ("SSAR" or "SSARs"), restricted share awards and restricted stock units ("RSUs") to employees, directors (including non-employee directors), advisors and consultants. Grants under the MFLEX 2014 Equity Incentive Plan vest and expire based on periods determined by the Administrator, but in no event can the expiration date be later than ten years from the date of grant (five years after the date of grant if the grant is an incentive stock option to an employee who owns more than 10% of the total combined voting power of all classes of MFLEX's capital stock. Grants of stock options may be either incentive stock options or non-qualified stock options.

MFLEX's assessment of the estimated fair value of stock options and SSARs granted is affected by the MFLEX's stock price as well as assumptions regarding a number of complex and subjective variables and the related tax impact. MFLEX utilises the Black-Scholes option valuation model to estimate the fair value of stock options and SSARs granted. Expected forfeitures are estimated based on the historical turnover of the MFLEX's employees. The fair value of service-based RSUs granted is based on the closing price of the MFLEX's common stock on the date of grant.

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. This model also requires the input of highly subjective assumptions including:

(a) the expected volatility of MFLEX's common stock price, which MFLEX determines based on historical volatility of MFLEX's common stock;

(b) expected dividends, which are zero, as MFLEX does not currently anticipate issuing dividends;

(c) the expected term of the stock option or SSAR, which is estimated based on the historical stock option and SSAR exercise behaviour of MFLEX's employees; and

(d) the risk-free interest rate, which is based on observed interest rates (zero coupon U.S. Treasury debt securities) appropriate for the expected holding period.

No stock options were granted during the financial year ended 31 December 2015 and no stock options were outstanding as at 31 December 2015.

During the financial year ended 31 December 2015, MFLEX granted service-based RSUs equal to 63,780 (2014: 648,528) shares of MFLEX's common stock. These grants were made under the MFLEX 2014 Equity Incentive Plan (2014: MFLEX 2014 Equity Incentive Plan and 2004 Stock Incentive Plan) to certain employees (including executive officers) and directors at no cost to such individuals. Each RSU represents one hypothetical share of MFLEX's common stock, without voting or dividend rights. The RSUs granted to employees vest over a period of three years with one-third vesting on each of the anniversary dates of the grant date. Total compensation cost related to the RSUs is determined based on the fair value of MFLEX's common stock on the date of grant and is amortised into expense over the vesting period using the straight-line method.

MFLEX also grants performance-based RSUs to certain employees (including executive officers) from time to time. For such performance-based RSUs, MFLEX records share-based compensation cost based on the grant date fair value and the probability that the performance metrics will be achieved. MFLEX's management generally considers the probability that the performance metrics will be achieved to be a 70% chance or greater ("Probability Threshold"). At the end of each reporting period, MFLEX evaluates the awards to determine if the related performance metrics meet the Probability Threshold. If MFLEX determines that the vesting of any of the outstanding performance-based RSUs does not meet the Probability Threshold, the stock-based compensation expense related to those performance-based RSUs is reversed in the period in which this determination is made. However, if at a future date conditions have changed and the Probability Threshold is deemed to be met, the previously reversed stock-based compensation expense, as well as all subsequent projected stock-based compensation expense through the date of evaluation, is recognised in the period in which this new determination is made.

No performance-based RSUs were granted during the financial year ended 31 December 2015.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

38 SUBSIDIARIES' SHARE OPTION SCHEMES *(continued)*

Multi-Fineline Electronix, Inc. ("MFLEX") *(continued)*
Multi-Fineline Electronix, Inc. 2014 Equity Incentive Plan ("MFLEX 2014 Equity Incentive Plan") *(continued)*
Multi-Fineline Electronix, Inc. 2004 Stock Incentive Plan ("MFLEX 2004 Stock Incentive Plan") *(continued)*

In the previous financial year ended 31 December 2014, MFLEX granted 289,417 performance-based RSUs (the "MFLEX TSR PSUs"), which vest upon both market and performance conditions. The market condition was measured by determining MFLEX's total shareholder return ("TSR"), rounded to the nearest whole number, for the three-year period beginning 1 October 2014 through 31 December 2017 versus the TSR of the Nasdaq Total Return Index (the "Index") for the same period, using the calendar three-month average daily closing price of each on 1 October 2014 as compared to 31 December 2017. MFLEX also granted 94,057 performance-based RSUs (the "MFLEX Stock Price PSUs") containing both market and performance conditions, whereby the market condition was measured by the increase in the stock price of MFLEX, using the previous 20 trading day average daily closing price of each on 21 October 2014 and 31 December 2015.

An award with a market condition is accounted for and measured differently from an award that has only a performance or service condition. The effect of a market condition is reflected in the award's fair value on the grant date (e.g., a discount may be taken when estimating the fair value of such grant to reflect the market condition). The fair value may be lower than the fair value of an identical award that has only a service or performance condition because those awards will not include a discount on the fair value. All stock-based compensation expense for an award that has a market condition will be recognised if the requisite service period is fulfilled, even if the market condition is never satisfied.

No SSARs were granted during the financial year ended 31 December 2015 (2014: Nil). For SSARs granted in 2013, the Administrator approved the grant of SSARs to be settled in MFLEX's common stock. These grants were made under the MFLEX 2004 Stock Incentive Plan to certain employees (including executive officers) at no cost to such individual. Each SSAR has a base appreciation amount that is equal to the closing price of a share of MFLEX's common stock on each applicable grant date as reported on the NASDAQ Global Select Market. The SSARs granted to employees generally vest either over a period of three years with one-third vesting on each of the anniversary dates of the grant date or may vest completely on the third anniversary date of the grant date and have a contractual life of 10 years. MFLEX's SSARs are treated as equity awards and are measured using the initial compensation element of the award at the time of grant and the expense is recognised over the requisite service period (the vesting period) with an exercise price equal to the stock price on the date of grant. Upon exercise, each SSAR will be settled in the MFLEX's common stock. Whole MFLEX shares will be issued based on the percentage of share appreciation between the weighted-average price per share for all grant dates and the fair market value per share on the exercise date, multiplied by the number of SSARs units being exercised. Total compensation cost related to SSARs is recognised over the vesting period and is determined based on the whole number of shares multiplied by the grant date fair value.

Movement in the number of unissued ordinary shares under options, RSUs and SSARs during the financial year and their exercise price was as follows:

Date of grant	Exercise period/ vesting date	Exercise price	Beginning of financial year	Options granted	Shares under option exercised	Shares under option lapsed	End of financial year
2015							
04.03.2005	04.03.2006 to 04.03.2015	US$20.81	15,000	-	-	(15,000)	-
# 05.12.2008	05.12.2011 to 05.12.2018	US$10.76	41,237	-	(18,004)	-	23,233
# 05.03.2009	05.12.2011 to 05.03.2019	US$12.70	34,938	-	(15,254)	-	19,684
# 05.06.2009	05.12.2011 to 05.06.2019	US$21.90	20,260	-	(4,850)	-	15,410
# 04.09.2009	05.12.2011 to 04.09.2019	US$28.58	15,524	-	-	(2,186)	13,338

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

38 SUBSIDIARIES' SHARE OPTION SCHEMES *(continued)*

Multi-Fineline Electronix, Inc. ("MFLEX") *(continued)*
Multi-Fineline Electronix, Inc. 2014 Equity Incentive Plan ("MFLEX 2014 Equity Incentive Plan") *(continued)*
Multi-Fineline Electronix, Inc. 2004 Stock Incentive Plan ("MFLEX 2004 Stock Incentive Plan") *(continued)*

Date of grant	Exercise period/ vesting date	Exercise price	Beginning of financial year	Options granted	Shares under option exercised	Shares under option lapsed	End of financial year
2015 *(continued)*							
# 16.11.2009	16.11.2012 to 30.11.2019	US$25.96	117,567	-	-	(17,425)	100,142
# 15.11.2010	15.11.2011 to 15.11.2020	US$22.17	108,948	-	(27,753)	-	81,195
# 14.11.2011	15.11.2012 to 14.11.2021	US$19.65	141,107	-	(50,078)	-	91,029
# 13.11.2012	15.11.2013 to 15.11.2015	US$17.90	216,092	-	(70,315)	-	145,777
* 18.12.2012	30.09.2015 @	US$0.00	72,031	-	(62,843)	(9,188)	-
* 27.06.2013	⌖⌖⌖	US$0.00	57,300	-	(26,350)	(4,600)	26,350
* 01.07.2013	⌖⌖⌖	US$0.00	2,400	-	(1,200)	-	1,200
* 11.11.2013	◈	US$0.00	183,292	-	-	(23,379)	159,913
* 11.11.2013	⌖⌖⌖	US$0.00	148,287	-	(66,145)	(15,996)	66,146
* 13.11.2013	⌖⌖⌖	US$0.00	1,400	-	(700)	-	700
* 19.12.2013	◈	US$0.00	78,553	-	-	(10,019)	68,534
* 02.01.2014	⌖⌖⌖	US$0.00	2,100	-	(700)	-	1,400
* 04.03.2014	⌖⌖⌖	US$0.00	7,500	-	(2,500)	(3,000)	2,000
* 20.03.2014	05.03.2015	US$0.00	37,116	-	(37,116)	-	-
* 29.04.2014	⌖⌖⌖	US$0.00	1,800	-	(600)	-	1,200
* 25.09.2014	⌖⌖⌖	US$0.00	2,700	-	(900)	-	1,800
* 22.10.2014	01.01.2016 to 01.01.2018	US$0.00	588,312	-	-	(77,094)	511,218
* 22.10.2014	◈	US$0.00	383,474	-	-	(42,462)	341,012
* 09.12.2014	⌖⌖⌖	US$0.00	2,100	-	(700)	-	1,400
* 05.03.2015	⌖⌖	US$0.00	-	22,680	-	-	22,680
* 19.03.2015	⌖⌖⌖	US$0.00	-	2,100	-	-	2,100
* 24.04.2015	⌖⌖⌖	US$0.00	-	3,000	-	-	3,000
* 15.06.2015	⌖⌖⌖	US$0.00	-	36,000	-	-	36,000
			2,279,038	63,780	(386,008)	(220,349)	1,736,461

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

38 SUBSIDIARIES' SHARE OPTION SCHEMES *(continued)*

Multi-Fineline Electronix, Inc. ("MFLEX") *(continued)*
Multi-Fineline Electronix, Inc. 2014 Equity Incentive Plan ("MFLEX 2014 Equity Incentive Plan") *(continued)*
Multi-Fineline Electronix, Inc. 2004 Stock Incentive Plan ("MFLEX 2004 Stock Incentive Plan") *(continued)*

Date of grant	Exercise period/ vesting date	Exercise price	Beginning of financial year	Options granted	Shares under option exercised	Shares under option lapsed	End of financial year
2014							
25.06.2004	25.06.2005 to 25.06.2014	US$10.00	143,547	-	(75,777)	(67,770)	-
04.03.2005	04.03.2006 to 04.03.2015	US$20.81	15,000	-	-	-	15,000
# 05.12.2008	05.12.2011 to 05.12.2018	US$10.76	41,237	-	-	-	41,237
# 05.03.2009	05.12.2011 to 05.03.2019	US$12.70	34,938	-	-	-	34,938
# 05.06.2009	05.12.2011 to 05.06.2019	US$21.90	20,260	-	-	-	20,260
# 04.09.2009	05.12.2011 to 04.09.2019	US$28.58	15,524	-	-	-	15,524
# 16.11.2009	16.11.2012 to 30.11.2019	US$25.96	117,567	-	-	-	117,567
# 15.11.2010	15.11.2011 to 15.11.2020	US$22.17	108,948	-	-	-	108,948
* 14.11.2011	30.09.2014 @	US$0.00	110,046	-	(110,046)	-	-
# 14.11.2011	15.11.2012 to 14.11.2021	US$19.65	141,107	-	-	-	141,107
# 13.11.2012	15.11.2013 to 15.11.2015	US$17.90	216,092	-	-	-	216,092
* 18.12.2012	30.09.2015 @	US$0.00	72,031	-	-	-	72,031
* 24.06.2013	⌖⌖⌖	US$0.00	2,100	-	(700)	(1,400)	-
* 27.06.2013	⌖⌖⌖	US$0.00	118,350	-	(29,750)	(31,300)	57,300
* 01.07.2013	⌖⌖⌖	US$0.00	3,600	-	(1,200)	-	2,400
* 14.08.2013	⌖⌖	US$0.00	5,722	-	(5,722)	-	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

38 SUBSIDIARIES' SHARE OPTION SCHEMES *(continued)*

Multi-Fineline Electronix, Inc. ("MFLEX") *(continued)*
Multi-Fineline Electronix, Inc. 2014 Equity Incentive Plan ("MFLEX 2014 Equity Incentive Plan") *(continued)*
Multi-Fineline Electronix, Inc. 2004 Stock Incentive Plan ("MFLEX 2004 Stock Incentive Plan") *(continued)*

Date of grant	Exercise period/ vesting date	Exercise price	Beginning of financial year	Options granted	Shares under option exercised	Shares under option lapsed	End of financial year
2014 *(continued)*							
* 08.10.2013	⌖⌖⌖	US$0.00	2,100	-	-	(2,100)	-
* 11.11.2013	◈	US$0.00	183,292	-	-	-	183,292
* 11.11.2013	⌖⌖⌖	US$0.00	267,427	-	(76,540)	(42,600)	148,287
* 13.11.2013	⌖⌖⌖	US$0.00	2,100	-	(700)	-	1,400
* 06.12.2013	05.03.2014	US$0.00	1,745	-	(1,745)	-	-
* 19.12.2013	◈	US$0.00	78,553	-	-	-	78,553
* 02.01.2014	⌖⌖⌖	US$0.00	-	2,100	-	-	2,100
* 04.03.2014	⌖⌖⌖	US$0.00	-	7,500	-	-	7,500
* 20.03.2014	⌖⌖⌖	US$0.00	-	2,400	-	(2,400)	-
* 20.03.2014	05.03.2015	US$0.00	-	37,116	-	-	37,116
* 29.04.2014	⌖⌖⌖	US$0.00	-	1,800	-	-	1,800
* 25.09.2014	⌖⌖⌖	US$0.00	-	2,700	-	-	2,700
* 22.10.2014	01.01.2016 to 01.01.2018	US$0.00	-	592,812	-	(4,500)	588,312
* 22.10.2014	◈	US$0.00	-	383,474	-	-	383,474
* 09.12.2014	⌖⌖⌖	US$0.00	-	2,100	-	-	2,100
			1,701,286	1,032,002	(302,180)	(152,070)	2,279,038

* RSUs.
\# SSARs.
⌖⌖ vests 100% one year from date of grant.
⌖⌖⌖ vests 1/3 annually from date of grant.
◈ vests based on performance targets set by MFLEX's management.
@ conversion of performance-based RSUs to service-based RSUs as a result of the change in control that occurred during May 2013.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

38 SUBSIDIARIES' SHARE OPTION SCHEMES *(continued)*

Multi-Fineline Electronix, Inc. ("MFLEX") *(continued)*
Multi-Fineline Electronix, Inc. 2014 Equity Incentive Plan ("MFLEX 2014 Equity Incentive Plan") *(continued)*
Multi-Fineline Electronix, Inc. 2004 Stock Incentive Plan ("MFLEX 2004 Stock Incentive Plan") *(continued)*

Out of the outstanding 1,736,461 shares (2014: 2,279,038), options on 489,808 shares (2014: 710,673) are exercisable, which consisted of Nil (2014: 15,000) stock options and 489,808 (2014: 695,673) SSARs. Stock options exercised in 2015 resulted in 186,254 (2014: 75,777) shares being issued at the weighted average exercise price of US$17.99 (2014: US$10.00) per stock unit.

The fair value of RSUs granted between the period of 5 March 2015 and 15 June 2015 (2014: 2 January 2014 and 9 December 2014) based on the market price of MFLEX stock units on the grant date ranging from US$18.57 to US$23.25 (2014: US$8.96 to US$14.58) was US$1,390,306 (2014: US$9,500,324).

	2015 US$	2014 US$
Weighted average share price at the date of exercise (per stock unit)	21.17	10.64

Pacific Silica Pty Ltd ("PSPL")
PSPL Employee Share Option Scheme ("PSPL Scheme")

Share options are granted to employees and directors of PSPL under the PSPL Scheme.

During the current financial and previous financial year, no grant under the PSPL Scheme has been made and as at 31 December 2015 and 2014, there were no outstanding options in respect of unissued shares of PSPL.

39 SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services, and the reportable operating segments are as follows:

1. The Property Rental & Services segment is in the business of providing services for asset management and hospitality management.

2. The Property Development segment encompasses activities such as bidding for land, project financing, design and construction to project management, property marketing and sales, and the overall coordination of all these activities.

3. The Technology & Manufacturing is in the businesses of:

   - manufacture of flexible printed circuits and rigid printed circuit boards; and
   - manufacture of die-cast precision parts and components as well as provision of turnkey manufacturing solutions.

4. Corporate Services & Others segment comprises:

   - water and medical waste environmental engineering and related services;
   - system integration for broadcasting and multimedia, communication and information technology, security and surveillance sectors;
   - mining, distribution of construction material, auto parts and liquefied petroleum gas; and
   - investment management and corporate activities.

   None of which contributes a sepearately reportable segment.

39 SEGMENT INFORMATION *(continued)*

Management monitors the operating results of its business segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Allocation basis and transfer pricing
Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise corporate revenue, assets, expenses and liabilities, income tax, deferred tax assets and liabilities and borrowings.

Segment accounting policies are the same as the policies described in Note 2. The Group generally accounts for inter-segment sales and transfers as if the sales or transfers were to third parties at current market prices. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

(a) Business segments

The following tables present revenue and profit as well as certain asset and liability information regarding business segments at 31 December 2015 and 2014.

	Property Rental & Services $000	Property Development $000	Technology & Manufacturing $000	Corporate Services & Others $000	Elimination $000	Total $000
Year ended 31 December 2015						
Segment revenue						
Sales to external customers	137,992	402,037	971,147	345,817	–	1,856,993
Inter-segment sales	977	–	–	9,819	(10,796)	–
Total revenue	138,969	402,037	971,147	355,636	(10,796)	1,856,993
Segment results	68,839	18,385	63,913	13,760	–	164,897
Finance costs						(37,139)
Interest income						4,460
Share of profit /(loss) from equity-accounted associates	3,970	(186)	–	(1,931)	–	1,853
Share of profit /(loss) from equity-accounted joint ventures	6,844	(4,301)	–	–	–	2,543
Profit before tax						136,614
Income tax expense						(6,593)
Profit net of tax						130,021
Segment assets	1,983,657	950,030	762,990	534,730	–	4,231,407
Interests in associates	64,879	1,654	–	58,936	–	125,469
Interests in joint ventures	7,729	38,910	–	10,496	–	57,135
Unallocated assets						65,582
Total assets						4,479,593
Segment liabilities	134,763	84,518	204,895	108,825	–	533,001
Unallocated liabilities						1,559,125
Total liabilities						2,092,126

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

39 SEGMENT INFORMATION *(continued)*

(a) Business segments *(continued)*

	Property Rental & Services $000	Property Development $000	Technology & Manufacturing $000	Corporate Services & Others $000	Elimination $000	Total $000
Year ended 31 December 2015 *(continued)*						
Other operating segment information:						
Impairment loss on trade receivables	4,499	–	146	1,817	–	6,462
Capital expenditure	1,736	86	23,897	8,236	–	33,955
Depreciation and amortisation	2,757	762	67,861	13,508	–	84,888
Gain on disposal of available-for-sale financial assets	–	–	–	5,484	–	5,484
Gain on disposal of assets of disposal group classified as held for sale	–	–	6,632	1,837	–	8,469
Impairment loss on intangible assets	–	–	–	846	–	846
Net gain on disposal of subsidiaries, associates and joint ventures	2,735	–	–	13,753	–	16,488
Properties held for sale written down	–	12,489	–	–	–	12,489
Realisation of translation reserve upon liquidation of subsidiaries	220	–	–	204	–	424
Restructuring expenses/(reversal of restructuring expenses)	(206)	16	418	88	–	316
Surplus on revaluation of investment properties	2,179	–	–	–	–	2,179
Year ended 31 December 2014						
Segment revenue						
Sales to external customers	148,683	881,204	879,564	1,299,870	–	3,209,321
Inter-segment sales	1,917	–	–	14,191	(16,108)	–
Total revenue	150,600	881,204	879,564	1,314,061	(16,108)	3,209,321
Segment results	80,951	44,708	(12,514)	1,676	–	114,821
Finance costs						(41,965)
Interest income						3,183
Share of (loss)/profit from equity-accounted associates	(149)	–	–	246	–	97
Share of profit /(loss) from equity-accounted joint ventures	353	(763)	–	28	–	(382)
Profit before tax						75,754
Income tax expense						(35,267)
Profit from continuing operations, net of tax						40,487
Profit from discontinued operation, net of tax						90,055
Profit net of tax						130,542
Segment assets	2,740,507	660,376	743,866	479,687	–	4,624,436
Interests in associates	42,665	35,457	–	37,584	–	115,706
Interests in joint ventures	16,590	51,889	–	24,745	–	93,224
Unallocated assets						67,048
Total assets						4,900,414
Segment liabilities	174,674	111,708	265,030	112,312	–	663,724
Unallocated liabilities						1,856,496
Total liabilities						2,520,220

39 SEGMENT INFORMATION *(continued)*

(a) Business segments *(continued)*

	Property Rental & Services $000	Property Development $000	Technology & Manufacturing $000	Corporate Services & Others $000	Elimination $000	Total $000
Year ended 31 December 2014 *(continued)*						
Other operating segment information:						
(Reversal of impairment loss)/ impairment loss on trade receivables	(350)	–	(152)	2,244	–	1,742
Capital expenditure	2,723	451	28,449	29,791	–	61,414
Depreciation and amortisation	3,602	405	69,703	16,379	–	90,089
Gain on disposal of available-for-sale financial assets	–	–	–	37	–	37
Gain on disposal of assets of disposal group classified as held for sale	–	(1,040)	–	2,405	–	1,365
Impairment loss on intangible assets	–	–	–	6,330	–	6,330
Realisation of translation reserve upon liquidation of subsidiaries	116	–	755	3,511	–	4,382
Net gain on disposal of subsidiaries, associates and joint ventures	–	–	–	11,636	–	11,636
Properties held for sale written down	–	15,858	–	–	–	15,858
Reversal of impairment loss on property, plant & equipment	–	–	24,151	(3,000)	–	21,151
Restructuring expenses	–	129	19,348	565	–	20,042

(b) Geographical information

Revenue and non-current assets information based on the geographical location of customers and assets respectively are as follows:

	Revenue 2015 $000	Revenue 2014 $000	Non-current assets 2015 $000	Non-current assets 2014 $000
Singapore	737,916	1,779,058	1,905,252	1,853,648
Malaysia	28,229	186,334	25,343	22,009
ASEAN (excluding Singapore and Malaysia)*	4,594	12,951	931	1,454
China	297,587	656,421	233,980	308,216
Hong Kong	65,624	220,203	–	–
Taiwan	86,885	61,008	14,962	15,366
Asia (excluding ASEAN, China, Hong Kong and Taiwan)*	123,151	62,214	576	116
USA	463,112	150,457	27,486	27,465
Others (or Non-Asian countries and USA)*	49,895	80,675	38,420	39,181
	1,856,993	3,209,321	2,246,950	2,267,455

* This includes countries which individually contribute less than 5% of revenue/ non-current assets to the Group.

Non-current assets information presented above consist of property, plant and equipment, investment properties, intangible assets and trade and other receivables as presented in the statement of financial position.

<u>Information about a major customer</u>

Revenue from one major customer accounted for approximately 40% (2014: 20%) of the Group's revenue.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

40 Comparative figures

For comparison purposes, the following major segmental information have been re-presented to be consistent with the current year's presentation and to better reflect the nature of the Group's operations.

		GROUP	
		Re-presented 2014 $000	Previous 2014 $000
Presented in the segment information			
Note 39	**Segment information**		
	Segment revenue		
	Engineering	–	90,565
	Property Rental & Services	148,683	239,873
	Property Development	881,204	865,794
	Technology & Manufacturing	879,564	–
	WBL Group	–	2,012,018
	Corporate Services & Others	1,299,870	1,071
		3,209,321	3,209,321
Note 39	**Segment information**		
	Segment results		
	Engineering	–	(4,966)
	Property Rental & Services	80,951	84,983
	Property Development	44,708	54,212
	Technology & Manufacturing	(12,514)	–
	WBL Group	–	(9,639)
	Corporate Services & Others	1,676	(9,769)
		114,821	114,821
Note 39	**Segment information**		
	Segment assets		
	Engineering	–	73,247
	Property Rental & Services	2,740,507	2,068,346
	Property Development	660,376	655,149
	Technology & Manufacturing	743,866	–
	WBL Group	–	1,767,712
	Corporate Services & Others	479,687	59,982
		4,624,436	4,624,436
Note 39	**Segment information**		
	Total liabilities		
	Engineering	–	24,674
	Property Rental & Services	174,674	171,531
	Property Development	111,708	56,864
	Technology & Manufacturing	265,030	–
	WBL Group	–	378,502
	Corporate Services & Others	112,312	9,600
	Unallocated liabilities	1,856,496	1,879,049
	Total liabilities	2,520,220	2,520,220

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2015

41 SUBSEQUENT EVENTS

(a) On 5 February 2016, the Company announced the proposed disposal of its indirectly owned subsidiary, MFLEX to Suzhou Dongshan Precision Manufacturing Co., Ltd. The proposed disposal is subject to the fulfilment or wavier of certain pre-conditions including the approval of the shareholders of the Company to be obtained at an extraordinary general meeting. Upon completion of the proposed disposal, the Group will recognise an estimated net disposal gain of approximately $115.2 million, as announced.

(b) On 26 February 2016, the Group's Singapore-listed subsidiary, MFS obtained the approval from its shareholders at the extraordinary general meeting on the proposed capital reduction to distribute approximately $70.1 million on the basis of $0.10733 for each issued ordinary share in the capital of MFS. Cash distribution to MFS' shareholders is expected to be completed on or about 5 April 2016. The proposed capital reduction is not expected to result in any material change to the reported figures.

42 AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 December 2015 were authorised for issue in accordance with a resolution of the directors on 18 March 2016.

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR THE FIRST QUARTER ENDED 31 MARCH 2016

The information in this Appendix IV has been reproduced from the announcement made on 11 May 2016 in relation to the unaudited consolidated financial statements of the Group for the first quarter ended 31 March 2016 and has not been specifically prepared for inclusion in this Information Memorandum. Investors should read the consolidated financial data in conjunction with the related notes.

UNITED ENGINEERS LIMITED
(Company Registration No. 191200018G)

Q1 2016 Financial Statement Announcement

Part I – INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

1(a)(i) Income statement for the first quarter ended

	Group		
	31/3/2016	31/3/2015	Change
	$000	$000	%
Revenue	**333,551**	515,261	(35)
Cost of sales	**(275,168)**	(429,535)	(36)
Gross profit	**58,383**	85,726	(32)
Other items of income			
Interest income	**1,135**	1,216	(7)
Other income	**967**	11,198	(91)
Other items of expense			
Distribution costs	**(11,430)**	(11,398)	–
Administrative expenses	**(34,398)**	(38,195)	(10)
Finance costs	**(10,350)**	(10,788)	(4)
Other expenses	**(4,952)**	(2,330)	113
Operating (loss)/profit	**(645)**	35,429	NM
Share of profit /(loss) from equity-accounted associates and joint ventures	**2,290**	(647)	NM
Profit before tax	**1,645**	34,782	(95)
Income tax expense	**(2,224)**	(1,678)	33
(Loss)/profit net of tax	**(579)**	33,104	NM
(Loss)/profit attributable to:			
Owners of the Company	**6,942**	24,985	(72)
Non-controlling interests	**(7,521)**	8,119	NM
	(579)	33,104	NM

NM: Not meaningful

–: Less than 1%

1(a)(ii) Other information

	Group	
	31/3/2016	31/3/2015
	$000	$000
Depreciation and amortisation	**(18,759)**	(20,665)
Foreign exchange (loss)/gain	**(1,235)**	1,240
Gain on disposal of subsidiaries	**–**	2,975
Inventories write-down	**(2,864)**	(1,046)
Gain on disposal of assets of disposal group classified as held for sale	**–**	7,515
(Under)/over provision of prior years' tax	**(195)**	1,751
Realisation of translation reserve upon liquidation of subsidiaries	**–**	(274)
Reversal of impairment loss/(impairment loss) on trade receivables	**104**	(1,468)

1(a)(iii) Statement of comprehensive income for the first quarter ended

	Group	
	31/3/2016	31/3/2015
	$000	$000
(Loss)/profit net of tax for the period	**(579)**	33,104
Other comprehensive income		
Items that may be reclassified subsequently to income statement:		
(Losses)/gains on exchange differences on translation, net of tax	**(42,808)**	29,833
Gains on remeasuring available-for-sale financial assets, net of tax	**297**	297
Share of other comprehensive income from equity-accounted associates, net of tax	**(719)**	(358)
Other comprehensive income for the period, net of tax	**(43,230)**	29,772
Total comprehensive income for the period	**(43,809)**	62,876
Attributable to:		
Owners of the Company	**(16,336)**	40,491
Non-controlling interests	**(27,473)**	22,385
	(43,809)	62,876

1(b)(i) Statements of financial position

	Group		Company	
	31/03/2016	31/12/2015	**31/03/2016**	31/12/2015
	$000	$000	**$000**	$000
ASSETS				
Non-current assets				
Property, plant and equipment	**341,099**	359,385	**23,446**	23,424
Investment properties	**1,857,823**	1,857,542	**676,864**	676,572
Intangible assets	**28,516**	30,023	**–**	–
Interests in subsidiaries	**–**	–	**1,326,445**	1,343,594
Interests in associates	**129,982**	125,469	**337**	315
Interests in joint ventures	**51,565**	57,135	**–**	–
Deferred tax assets	**52,209**	61,981	**–**	–
Other investments	**24,125**	23,829	**1,078**	1,078
Total non-current assets	**2,485,319**	2,515,364	**2,028,170**	2,044,983
Current assets				
Inventories	**100,861**	109,103	**–**	–
Income tax receivables	**654**	638	**–**	–
Trade and other receivables	**337,862**	231,796	**20,804**	44,962
Gross amount due from customers for contract work	**34,755**	42,448	**–**	–
Prepayments	**9,527**	10,094	**1,903**	2,355
Properties held for sale	**655,076**	1,023,838	**–**	–
Bank balances and deposits	**523,154**	544,127	**15,461**	14,188
	1,661,889	1,962,044	**38,168**	61,505
Assets of disposal group classified as held for sale	**1,912**	2,185	**–**	–
Total current assets	**1,663,801**	1,964,229	**38,168**	61,505
Total assets	**4,149,120**	4,479,593	**2,066,338**	2,106,488
EQUITY AND LIABILITIES				
Equity				
Share capital	**807,519**	807,519	**807,519**	807,519
Treasury shares[(1)]	**(62,313)**	(62,313)	**–**	–
Retained earnings	**1,085,771**	1,078,829	**791,451**	785,094
Other reserves	**(19,507)**	6,568	**3,929**	3,929
Equity attributable to owners of the Company	**1,811,470**	1,830,603	**1,602,899**	1,596,542
Non-controlling interests	**518,220**	556,864	**–**	–
Total equity	**2,329,690**	2,387,467	**1,602,899**	1,596,542
Non-current liabilities				
Provisions	**85,478**	84,249	**–**	–
Deferred tax liabilities	**62,100**	80,388	**–**	–
Trade and other payables	**4,091**	3,166	**–**	–
Borrowings	**585,159**	829,458	**–**	250,295
Total non-current liabilities	**736,828**	997,261	**–**	250,295
Current liabilities				
Provisions	**17,144**	21,813	**–**	–
Income tax payable	**33,140**	34,976	**3,986**	3,206
Trade and other payables	**362,648**	420,843	**16,326**	21,545
Borrowings	**654,425**	614,303	**443,127**	234,900
Gross amount due to customers for contract work	**14,885**	2,364	**–**	–
	1,082,242	1,094,299	**463,439**	259,651
Liabilities of disposal group classified as held for sale	**360**	566	**–**	–
Total current liabilities	**1,082,602**	1,094,865	**463,439**	259,651
Total liabilities	**1,819,430**	2,092,126	**463,439**	509,946
Total equity and liabilities	**4,149,120**	4,479,593	**2,066,338**	2,106,488

(1) Please refer to paragraph 1d(ii) for further details on the treasury shares.

1(b)(ii) Comparative figures of the Group's borrowings and debt securities

(a) Amount repayable in one year or less, or on demand

As at 31/3/2016		As at 31/12/2015	
$000	$000	$000	$000
Secured	Unsecured	Secured	Unsecured
181,493	472,932	337,748	276,555

(b) Amount repayable after one year

As at 31/3/2016		As at 31/12/2015	
$000	$000	$000	$000
Secured	Unsecured	Secured	Unsecured
583,277	1,882	580,449	249,009

(c) Details of any collaterals

The borrowings are generally secured on certain investment properties and properties held for sale and/or by fixed and floating charges over certain assets of certain subsidiaries.

1(c) Statement of cash flows

	Group	
	31/3/2016	31/3/2015
	$000	$000
Cash flows from operating activities		
Profit before tax	**1,645**	34,782
Amortisation of intangible assets	**605**	560
Depreciation of property, plant and equipment	**18,154**	20,105
Dividend income from other investments	**(176)**	(432)
Finance costs	**10,350**	10,788
Gain on disposal of assets of disposal group classified as held for sale	**–**	(7,515)
Impairment loss on intangible assets	**–**	76
Interest income	**(1,135)**	(1,216)
Loss/(gain) on disposal of property, plant and equipment	**351**	(29)
Net inventories written-down	**2,864**	1,046
Net gain on disposal/liquidation of subsidiaries	**–**	(2,701)
Property, plant and equipment written-off	**82**	72
Share-based compensation expenses	**1,454**	1,655
Share of (profit)/loss from equity-accounted associates and joint ventures	**(2,290)**	647
Unrealised exchange (gain)/loss	**(14,709)**	5,157
Operating cash flows before changes in working capital	**17,195**	62,995
Properties held for sale		
- Development expenditure	**(7,922)**	(71,182)
- Proceeds from progress billings	**376,280**	52,851
Decrease in trade and other payables and provisions	**(71,287)**	(70,395)
Decrease in inventories	**5,548**	13,186
(Increase)/decrease in trade and other receivables	**(105,671)**	57,332
Decrease in gross amount due from customers for contract work	**7,686**	25
Increase in gross amount due to customers for contract work	**12,521**	8,434
Cash flows from operations	**234,350**	53,246
Income taxes paid	**(13,471)**	(19,558)
Interest paid	**(13,252)**	(15,464)
Interest received	**1,279**	1,272
Net cash flows from operating activities	**208,906**	19,496
Cash flows from investing activities		
Acquisition of intangible assets	**(139)**	(340)
Acquisition of non-controlling interests	**(2,683)**	(106)
Change in restricted deposits	**(1,431)**	42,426
Disposal of subsidiaries, net of cash disposed of (Note A)	**–**	(8,698)
Dividends received from joint ventures	**–**	12,637
Dividends received from other investments	**176**	432
Decrease/(increase) in amounts due from associates and joint ventures	**1,069**	(2,801)
Investments in associates	**–**	(20)
Proceeds from disposal of assets of disposal group classified as held for sale	**–**	11,455
Proceeds from disposal of property, plant and equipment	**271**	132
Purchase of property, plant and equipment	**(9,954)**	(3,101)
Properties development expenditure	**(373)**	(587)
Net cash flows (used in)/from investing activities	**(13,064)**	51,429

1(c) Statement of cash flows (*continued*)

	Group	
	31/3/2016	31/3/2015
	$000	$000
Cash flows from financing activities		
Dividends paid to non-controlling interests of subsidiaries	**–**	(7,620)
(Decrease)/increase in short-term loans	**(60,945)**	5,861
Increase in trust receipts and bills payable	**772**	–
Proceeds from issuance of shares upon exercise of share options	**–**	9
Proceeds from long-term loans	**15,674**	8,139
Repayment of long-term loans	**(163,856)**	(18,602)
Net cash flows used in financing activities	**(208,355)**	(12,213)
Net (decrease)/increase in cash and cash equivalents	**(12,513)**	58,712
Cash and cash equivalents, beginning balance	**481,579**	537,818
Effect of exchange rate changes on cash and cash equivalents	**(14,154)**	9,983
Cash and cash equivalents, ending balance	**454,912**	606,513
Cash and cash equivalents comprise:		
Bank balances and deposits	**523,154**	674,901
Restricted deposits[1]	**(63,979)**	(63,700)
Bank overdrafts	**(4,263)**	(4,688)
Cash and cash equivalents	**454,912**	606,513

[1]: This represents cash placed in an escrow account by a listed subsidiary in compliance with SGX-ST's Rule.

Note A: The net assets and liabilities arising from the disposal/liquidation of subsidiaries and the cash flow effects of the disposal/liquidation are as follows:-

	Group	
	31/3/2016	31/3/2015
	$000	$000
Property, plant and equipment	**–**	3,565
Intangible assets	**–**	1,469
Deferred tax assets	**–**	390
Inventories	**–**	355
Trade and other receivables	**–**	24,264
Bank balances and deposits	**–**	25,665
Income tax payables	**–**	(566)
Trade and other payables	**–**	(28,442)
Borrowings	**–**	(2,519)
Net assets disposed	**–**	24,181
Foreign currency translation reserve realised	**–**	174
Less: Non-controlling interests	**–**	(10,089)
Net gain on disposal/liquidation of subsidiaries	**–**	2,701
Total consideration	**–**	16,967
Cash and cash equivalents in subsidiaries disposed/liquidated	**–**	(25,665)
Cash flow arising from disposal/liquidation of subsidiaries	**–**	(8,698)

1(d)(i) Statements of changes in equity

GROUP

	Total equity	Equity attributable to owners of the Company	Share capital	Treasury shares#	Retained earnings	Other reserves	Non-controlling interests
		Attributable to owners of the Company					
	$000	$000	$000	$000	$000	$000	$000
Opening balance at 1/1/2016	**2,387,467**	**1,830,603**	**807,519**	**(62,313)**	**1,078,829**	**6,568**	**556,864**
(Loss)/profit for the period	(579)	6,942	–	–	6,942	–	(7,521)
Losses on exchange differences on translation, net of tax	(42,808)	(22,856)	–	–	–	(22,856)	(19,952)
Gains on remeasuring available-for-sale financial assets, net of tax	297	297	–	–	–	297	–
Share of other comprehensive income from equity-accounted associate, net of tax	(719)	(719)	–	–	–	(719)	–
Other comprehensive income for the period	(43,230)	(23,278)	–	–	–	(23,278)	(19,952)
Total comprehensive income for the period	(43,809)	(16,336)	–	–	6,942	(23,278)	(27,473)
Contributions by and distributions to owners							
Cash distribution payable to non-controlling interests	(12,586)	–	–	–	–	–	(12,586)
	(12,586)	–	–	–	–	–	(12,586)
Changes in ownership interests in subsidiaries							
Additional interests in subsidiaries	(2,683)	1,169	–	–	–	1,169	(3,852)
Dilution of interests in subsidiaries	(55)	(4,673)	–	–	–	(4,673)	4,618
Employee share option scheme/ share appreciation rights:							
- value of employee services	1,356	707	–	–	–	707	649
Total changes in ownership interests in subsidiaries	(1,382)	(2,797)	–	–	–	(2,797)	1,415
Total transactions with owners in their capacity as owners	(13,968)	(2,797)	–	–	–	(2,797)	(11,171)
Closing balance at 31/3/2016	2,329,690	1,811,470	807,519	(62,313)	1,085,771	(19,507)	518,220

Please refer to paragraph 1d(ii) for further details on the treasury shares.

1(d)(i) Statements of changes in equity *(continued)*

GROUP

	Total equity	Equity attributable to owners of the Company	Share capital	Treasury shares#	Retained earnings	Other reserves	Non-controlling interests
		Attributable to owners of the Company					
	$000	**$000**	**$000**	**$000**	**$000**	**$000**	**$000**
Opening balance at 1/1/2015	2,380,194	1,803,846	807,270	(62,313)	1,037,857	21,032	576,348
Profit for the period	33,104	24,985	–	–	24,985	–	8,119
Gains on exchange differences on translation, net of tax	29,833	15,567	–	–	–	15,567	14,266
Gains on remeasuring available-for-sale financial assets, net of tax	297	297	–	–	–	297	–
Share of other comprehensive income from equity-accounted associate, net of tax	(358)	(358)	–	–	–	(358)	–
Other comprehensive income for the period	29,772	15,506	–	–	–	15,506	14,266
Total comprehensive income for the period	62,876	40,491	–	–	24,985	15,506	22,385
Contributions by and distributions to owners							
Ordinary shares issued on exercise of share options converted into ordinary stocks	9	9	9	–	–	–	–
Total contributions by and distributions to owners	9	9	9	–	–	–	–
Changes in ownership interests in subsidiaries							
Additional interests in subsidiaries	(106)	46	–	–	–	46	(152)
Dilution of interests in subsidiaries	3	(565)	–	–	–	(565)	568
Disposal of interests in subsidiaries	(10,089)	–	–	–	–	–	(10,089)
Employee share option scheme/ share appreciation rights:							
- value of employee services	1,641	913	–	–	–	913	728
Reclassification of reserves to retained earnings upon disposal of interests in subsidiaries	–	–	–	–	1,588	(1,588)	–
Total changes in ownership interests in subsidiaries	(8,551)	394	–	–	1,588	(1,194)	(8,945)
Total transactions with owners in their capacity as owners	(8,542)	403	9	–	1,588	(1,194)	(8,945)
Closing balance at 31/3/2015	2,434,528	1,844,740	807,279	(62,313)	1,064,430	35,344	589,788

Please refer to paragraph 1d(ii) for further details on the treasury shares.

1(d)(i) Statements of changes in equity *(continued)*

COMPANY

	Total equity	Share capital	Retained earnings	Other reserves
	$000	**$000**	**$000**	**$000**
Opening balance at 1/1/2016	1,596,542	807,519	785,094	3,929
Profit for the period	6,357	–	6,357	–
Total comprehensive income for the period	6,357	–	6,357	–
Closing balance at 31/3/2016	1,602,899	807,519	791,451	3,929
Opening balance at 1/1/2015	1,612,707	807,270	795,743	9,694
Profit for the period	10,738	–	10,738	–
Total comprehensive income for the period	10,738	–	10,738	–
Contributions by and distributions to owners				
Ordinary shares issued on exercise of share options converted into ordinary stocks	9	9	–	–
Total transactions with owners in their capacity as owners	9	9	–	–
Closing balance at 31/3/2015	1,623,454	807,279	806,481	9,694

1(d)(ii) Details of any changes in the Company's issued share capital

During Q1 2016, there was no ordinary stock unit issued arising from the exercising of the options under the United Engineers Share Option Scheme 2000 (Scheme 2000).

As at 31 March 2016, there were 709,386 (31 March 2015: 1,616,870) unexercised options for ordinary shares under Scheme 2000.

Deemed treasury shares arising from acquisition of WBL Corporation Limited (WBL)
WBL has a shareholding of 21,712,000 ordinary stock units in the capital of United Engineers Limited (UEL). WBL became a subsidiary of UEL on 29 May 2013, as such the stock units are deemed and provisionally classified as treasury shares under the consolidated group.

With effect from July 2015 and under the Singapore Companies (Amendment) Act 2014, WBL is permitted to maintain its shareholding in UEL, subject to certain restrictions.

1(d)(iii) Total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

As at 31 March 2016, the Company's issued and paid-up ordinary share capital (including the 21,712,000 ordinary stock units held by WBL) was 637,228,603 ordinary stock units (31 December 2015: 637,228,603).

As at 31 March 2016, the Group's issued and paid-up ordinary share capital (excluding the 21,712,000 ordinary stock units held by WBL) was 615,516,603 ordinary stock units (31 December 2015: 615,516,603).

1(d)(iv) A statement showing all sales, transfer, disposal, cancellation and/or use of treasury shares as at the end of the current period reported on.

Not applicable. There were no treasury shares during and as at the end of the current financial period reported on (except as disclosed in section 1d(ii) in relation to the 21,712,000 ordinary stock units of the Company held by WBL).

2 Whether the figures have been audited or reviewed and in accordance with which standard (e.g. the Singapore Standard on Auditing 910 (Engagements to Review Financial Statements), or an equivalent standard)

The figures have not been audited or reviewed by the Group's auditors.

3 Where the figures have been audited or reviewed, the auditor's report (including any qualifications or emphasis of matter)

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

Other than as mentioned in Paragraph 5 regarding the adoption of amendments to the Financial Reporting Standards (FRS), there were no further changes in accounting policies and methods of computation adopted in the financial statements of the current reporting period as compared to the most recently audited annual financial statements as at 31 December 2015.

5 If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and effect of, the change.

The Group adopted the amendments to the FRS that are effective for annual financial periods beginning on or after 1 January 2016.

Amendments to FRS 1 Disclosure Initiative
Amendments to FRS 16 and FRS 38 Clarification of Acceptable Methods of Depreciation and Amortisation
Amendments to FRS 110 and FRS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
Amendments to FRS 110, FRS 112 and FRS 28 Investment Entities: Applying the Consolidation Exception
Amendments to FRS 111 Accounting for Acquisitions of Interests in Joint Operations
Improvements to FRSs (November 2014)
(a) Amendments to FRS 105 Non-current Assets Held for Sale and Discontinued Operations
(b) Amendments to FRS 107 Financial Instruments: Disclosures

The adoption of the above FRS did not result in any substantial change to the Group's accounting policies or any significant impact on the financial statements.

6 Earnings per stock unit (cents)

	Group	
	31/3/2016	31/3/2015
(a) Basic*:	**1.1**	3.9
(b) Diluted**:	**1.1**	3.9
(c) Weighted average number of stock units used in the computation of basic earnings per stock unit	**637,228,603**	637,071,568
(d) Weighted average number of stock units used in the computation of diluted earnings per stock unit	**637,268,212**	637,274,042

* Earnings per ordinary stock unit on existing issued share capital, after deducting provision for preference dividend, is computed based on the weighted average number of ordinary stock units in issue during the period.

** Earnings per ordinary stock unit on a fully diluted basis, after deducting provision for preference dividend, is computed based on the weighted average number of ordinary stock units during the period adjusted to assume conversion of all dilutive ordinary shares.

7 Net asset value per stock unit

	Group		Company	
	31/3/2016	31/12/2015	**31/3/2016**	31/12/2015
Net asset per ordinary stock unit based on the total number of issued stock units	**$2.94**[(1)]	$2.97[(1)]	**$2.52**	$2.51

(1) Based on total number of issued stock units excluding the number of stock units held by WBL.

8 A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current period reported on.

Overview

Q1 2016 compared with Q1 2015

Revenue decreased 35% to $333.6 million in Q1 2016 from $515.3 million in Q1 2015. This was mainly due to lower revenue recognition from *Eight Riversuites*, which has sold 98% of the total units, and lower revenue contribution from Multi-Fineline Electronix, Inc. (MFLEX). As a result, gross profit decreased 32% to $58.4 million in Q1 2016.

Other income decreased 91% to $1.0 million in Q1 2016 from $11.2 million in Q1 2015 mainly due to the absence of divestment and disposal gains in Q1 2016.

Administrative expenses decreased 10% to $34.4 million in Q1 2016 from $38.2 million in Q1 2015 mainly due to lower staff and related costs in Q1 2016.

Other expenses increased 113% to $5.0 million in Q1 2016 from $2.3 million in Q1 2015 mainly due to foreign exchange losses recorded in Q1 2016.

Share of profit from equity-accounted associates and joint ventures was $2.3 million in Q1 2016 compared to loss of $0.6 million in Q1 2015 mainly due to the share of profit from an environmental engineering associate in Singapore as well as lower share of losses from the overseas associates and joint ventures.

Income tax expense increased 33% to $2.2 million in Q1 2016 from $1.7 million in Q1 2015. The higher income tax expense in Q1 2016 was mainly due to non-availability for group relief of losses incurred by certain subsidiaries. The lower income tax expense in Q1 2015 was mainly due to the write-back of over provision for prior years' income tax.

The Group's attributable profit decreased 72% to $6.9 million in Q1 2016 from $25.0 million in Q1 2015.

The Group recorded attributable comprehensive loss of $16.3 million in Q1 2016 mainly due to the unrealised foreign exchange losses arising from the translation of its net investment in foreign subsidiaries because of the unfavourable movement of US Dollars and Renminbi against Singapore Dollars.

Financial position review

- Current trade and other receivables increased by $106 million mainly due to the recognition of retention sums upon the completion of the *Eight Riversuites* project.

- Properties held for sale decreased by $369 million mainly due to the completion of the *Eight Riversuites* project.

- Total borrowings decreased by $204 million mainly due to repayment of external bank borrowings.

- Current trade and other payables declined by $58 million mainly due to the decrease of trade payables in the technology business.

- Other reserves decreased by $26 million mainly due to translation loss from net investment in foreign operations.

Cash flow review

As at 31 March 2016, the Group had cash and cash equivalents of $455 million. In Q1 2016, the Group received $376 million mainly from the progress billings for *Eight Riversuites* project and utilised $225 million for the repayment of external bank borrowings. Apart from the above, the Group's components of cash flow and changes in these components from 31 December 2015 to 31 March 2016 were mainly the result of the Group's other ongoing operations.

Operation review

Property Rental & Services

Revenue increased marginally to $33.9 million in Q1 2016 from $33.8 million in Q1 2015. Operating profit before interest increased 25% to $18.2 million in Q1 2016 from $14.6 million in Q1 2015 mainly due to lower staff and related costs.

Property Development

Revenue decreased 75% to $43.7 million in Q1 2016 from $173.8 million in Q1 2015 mainly due to lower revenue recognition from the property sales at *Eight Riversuites*. Operating loss before interest was $0.4 million in Q1 2016 compared with a profit of $7.0 million in Q1 2015 mainly due to lower revenue and higher operating expenses incurred by the China operations.

Engineering & Distribution

Revenue increased 34% to $77.2 million in Q1 2016 from $57.8 million in Q1 2015 mainly due to higher contribution from the environmental engineering business. Operating profit before interest increased 26% to $4.9 million in Q1 2016 from $3.9 million in Q1 2015 mainly due to higher margin recorded for certain ongoing environmental engineering projects.

Technology & Manufacturing

Revenue decreased 28% to $164.4 million in Q1 2016 from $227.2 million in Q1 2015 mainly due to lower revenue contribution from MFLEX. Operating loss before interest was $11.3 million in Q1 2016 compared with a profit of $16.6 million in Q1 2015 mainly due to the losses incurred by MFLEX in Q1 2016 as a result of lower sales volume and gross margin mainly attributable to softness in the global smartphone market. This was partly offset by better performance from the precision engineering manufacturing operations in China.

9 Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

The Company did not make any forecast statement previously. The Group's Q1 2016 results are in line with the statement made in paragraph 10 of the Company's FY 2015 results announcement on 26 February 2016.

10 A commentary at the date of this announcement of the competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

The global economic slowdown and the weaker economic prospects in Singapore coupled with the sustained impact of the property cooling measures will continue to weigh on the sentiment of the property markets in Singapore. The Group's China Property division is likely to continue to face challenging operating conditions against the backdrop of slower economic growth and patchy demand in the property market in China. The accounting treatment on revenue recognition for certain projects using the completion-of-construction method will result in volatility in the recognition of revenues and profits. Nevertheless, the revenue generated from the Group's portfolio of investment properties will help to reduce this volatility.

Other Matters

On 5 February 2016, the Company announced the proposed disposal of its indirectly owned subsidiary, MFLEX to Suzhou Dongshan Precision Manufacturing Co., Ltd. The proposed disposal is subject to the fulfilment or wavier of certain pre-conditions including the approval of the shareholders of the Company to be obtained at an extraordinary general meeting.

11 Dividend

(a) Current Financial Period Reported on
Any dividend recommended for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year
Any dividend declared for the corresponding period of the immediately preceding financial year?

None.

(c) Date Payable

Not applicable.

(d) Books closure date

Not applicable.

12 If no dividend has been declared/recommended, a statement to that effect.

The Directors do not recommend the payment of an interim dividend on either the Cumulative Preference Shares or the Ordinary Stock. However, as in past years, the Directors will consider the payment of a year-end final dividend for both the Cumulative Preference Shares and Ordinary Stock.

13 If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

The Company has obtained a general mandate from shareholders for interested person transactions (IPTs) at the Annual General Meeting held on 29 April 2016. There was no IPT with amount exceeding $100,000 for the period ended 31 March 2016.

14 Confirmation that the Issuer has procured undertaking from all of its Directors and Executive Officers (in the format set out in Appendix 7.7) under Rule 720(1).

The Company confirms that it has procured undertakings from all of its directors and executive officers in the format set out in Appendix 7.7 of the Listing Manual.

BY ORDER OF THE BOARD
Tan Swee Hong
Secretary
11 May 2016

Confirmation by the Board

We, Tan Ngiap Joo and Norman Ip Ka Cheung, being two directors of United Engineers Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to the attention of the board of directors of the Company which may render the Q1 2016 financial results to be false or misleading in any material aspect.

On behalf of the Board,

………………………………………………	………………………………………………
TAN NGIAP JOO	NORMAN IP KA CHEUNG
Chairman	Group Managing Director