IMPORTANT NOTICE

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

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Confirmation of Your Representation: In order to be eligible to view the attached information memorandum or make an investment decision with respect to the securities, investors must not be (i) a U.S. person (as defined in Regulation S under the United States Securities Act of 1933, as amended (the "**Securities Act**")) or (ii) located within the United States ("**U.S.**"). The attached information memorandum is being sent at your request and by accepting this 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 U.S. nor a U.S. person, as defined in Regulation S under the Securities Act, nor are you acting on behalf of a U.S. person, the e-mail address that you gave us and to which this e-mail has been delivered is not located in the U.S. and, to the extent you purchase the securities described in the attached information memorandum, you will be doing so pursuant to Regulation S under the Securities Act, and (2) that you consent to delivery of the attached information memorandum and any amendments or supplements thereto by electronic transmission. By accepting this 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 in Section 4A of the SFA) pursuant to Section 274 of the SFA, a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or a person to whom an offer is being made pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018 of Singapore, and (B) agree to be bound by the limitations and restrictions described therein. Any reference to the "**SFA**" is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

The attached information memorandum has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of Aspial Corporation Limited ("**ACL**") or Aspial Treasury Pte. Ltd. (together, the "**Issuers**"), ACL, as guarantor (in such capacity, the "**Guarantor**"), DBS Bank Ltd. or any person who controls any of them nor any of their respective directors, officers, employees, agents, representatives or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the information memorandum distributed to you in electronic format and the hard copy version.

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

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE SECURITIES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE 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 the Issuers, the Guarantor or DBS Bank Ltd. to subscribe for or purchase any of the securities described therein, and access has been limited so that it shall not constitute in the United States or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (as defined in Regulation S under the Securities Act).

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

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

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

YOU ARE NOT AUTHORISED TO, AND YOU MAY NOT, FORWARD OR DELIVER THE ATTACHED INFORMATION MEMORANDUM, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH INFORMATION MEMORANDUM IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS E-MAIL 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 the attached information memorandum 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.

ASPIAL CORPORATION LIMITED

(Incorporated in the Republic of Singapore on 12 November 1970)
(UEN/Company Registration No. 197001030G)

and

ASPIAL TREASURY PTE. LTD.

(Incorporated in the Republic of Singapore on 3 July 2015)
(UEN/Company Registration No. 201527868M)

S$700,000,000
Multicurrency Debt Issuance Programme
(the "Programme")

(in the case of Securities issued by Aspial Treasury Pte. Ltd.) unconditionally and irrevocably guaranteed by Aspial Corporation Limited

This Information Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of notes (the "**Notes**") and perpetual securities (the "**Perpetual Securities**" and, together with the Notes, the "**Securities**") to be issued from time to time by Aspial Corporation Limited and Aspial Treasury Pte. Ltd. (each an "**Issuer**" and together, the "**Issuers**") 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 any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**")) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) 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 and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018 of Singapore 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 or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Securities pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Any reference to the "**SFA**" is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

All sums payable in respect of the Securities issued from time to time by Aspial Treasury Pte. Ltd. are unconditionally and irrevocably guaranteed by Aspial Corporation Limited (in such capacity, the "**Guarantor**").

Approval in-principle has been received from the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") in connection with the Programme and application will be made for the listing and quotation of any Securities that may be issued under the Programme and which are agreed at or prior to the time of the issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Securities have been admitted for listing and quotation on the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained herein. Approval in-principle from, admission to the Official List of, and listing and quotation of any Securities on, the SGX-ST are not to be taken as an indication of the merits of the Issuers, the Guarantor, their respective subsidiaries (if any), their respective associated companies (if any), the Programme or such Securities.

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. 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 REGULATIONS THEREUNDER).

Arranger

DBS

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NOTICE

DBS Bank Ltd. (the "**Arranger**") has been authorised by the Issuers to arrange the Programme described herein. Under the Programme, each of the Issuers 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. The payment of all amounts payable in respect of the Securities issued by Aspial Treasury Pte. Ltd. will be unconditionally and irrevocably guaranteed by the Guarantor.

This Information Memorandum contains information with regard to the Issuers, the Guarantor, their respective subsidiaries (if any) and associated companies (if any), the Programme, the Securities and the Guarantee (as defined herein). Each of the Issuers and the Guarantor 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 and the giving of the Guarantee, that the information contained in this Information Memorandum is true and accurate in all material respects, that the opinions, expectations and intentions expressed in this Information Memorandum have been carefully considered, are based on all relevant considerations and facts existing at the date of this Information Memorandum and are fairly, reasonably and honestly held by the Issuers and the Guarantor, and that there are no other facts the omission of which in the context of the Programme or 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 either a Temporary Global Security (as defined herein) in bearer form or a Permanent Global Security (as defined herein) in bearer form or a registered Global Certificate (as defined herein) which will be deposited on the issue date with or registered in the name of, or in the name of a nominee of, either CDP (as defined herein) or a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking, S.A. ("**Clearstream, Luxembourg**") or otherwise delivered as agreed between the Relevant Issuer (as defined herein) 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 Relevant 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 Relevant 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 either a Temporary Global Security in bearer form or a Permanent Global Security in bearer form or a registered Global Certificate which will be deposited on the issue date with or registered in the name of, or in the name of a nominee of, either CDP or a common depositary for Euroclear and/or Clearstream, Luxembourg or otherwise delivered as agreed between the Relevant 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 herein) shall be S$700,000,000 (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 in connection with the Programme and the issue, offer or sale of the Securities and, if given or made, such information or representation must not be relied upon as having been authorised by either of the Issuers, the Guarantor, the Arranger or any of the Dealers. Save as expressly stated in this Information Memorandum, nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance or policies of either of the Issuers, the Guarantor or any of their respective subsidiaries (if any) 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 and the issue of the Securities may be used for the purpose of, nor does it constitute, an offer of, or solicitation or invitation by or on behalf of either of the Issuers, the Guarantor, the Arranger or any of the Dealers to subscribe for or purchase, the Securities in any jurisdiction or under any circumstances in which such offer, solicitation or invitation is unlawful, or not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. The distribution and publication of this Information Memorandum (or any part thereof) or any such other document or information (or any part thereof) and the offer of the Securities in certain jurisdictions may be prohibited or restricted by law. Persons who distribute or publish this Information Memorandum (or any part thereof) or any such other document or information or into whose possession this Information Memorandum (or any part thereof) or any such other document or information (or any part thereof) comes are required to inform themselves about and to observe any such prohibitions and 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 include Securities in bearer form that 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 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 either of the Issuers, the Guarantor, the Arranger or any of the Dealers to subscribe for or purchase, any of the Securities.

This Information Memorandum and any other document or material 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 or dissemination 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 either of the Issuers, the Guarantor or any of their respective subsidiaries (if any) 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 and the Dealers have not separately verified the information contained in this Information Memorandum. None of the Arranger, any of the Dealers or any of their respective officers, employees or agents is making any representation or warranty expressed or implied as to the merits of the Securities or the subscription for, purchase or acquisition thereof, or the creditworthiness or financial condition or otherwise of either of the Issuers, the Guarantor or their respective subsidiaries (if any) or associated companies (if any). Further, neither the Arranger nor any of the Dealers makes any representation or warranty as to either of the Issuers, the Guarantor, their respective subsidiaries (if any) 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 either of the Issuers, the Guarantor, the Arranger or any of the Dealers that any recipient of this Information Memorandum or such other document or information (or such part thereof) should subscribe for or purchase any of the Securities. A prospective purchaser shall make its own assessment of the foregoing and other relevant matters including the financial condition and affairs and the creditworthiness of the Issuers, (where the Relevant Issuer is ATPL) the Guarantor and their respective subsidiaries (if any) and associated companies (if any), and obtain its own independent legal or other advice thereon, and its investment shall be deemed to be based on its own independent investigation of the financial condition and affairs and its appraisal of the creditworthiness of the Issuers, (where the Relevant Issuer is ATPL) the Guarantor and their respective subsidiaries (if any) and associated companies (if any). Accordingly, notwithstanding anything herein, none of the Arranger, the Dealers or any of their respective officers, employees or agents shall be held responsible for any loss or damage suffered or incurred by the recipients of this Information Memorandum or such other document or information (or such part thereof) as a result of or arising from anything expressly or implicitly contained in or referred to in this Information Memorandum or such other document or information (or such part thereof) and the same shall not constitute a ground for rescission of any purchase or acquisition of any of the Securities by a recipient of this Information Memorandum or such other document or information (or such part thereof).

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

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

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 Issuers, the Guarantor and their respective subsidiaries (if any) and associated companies (if any), and (2) any supplement or amendment to this Information Memorandum issued by the Issuers. This Information Memorandum is to be read in conjunction with all such documents which are incorporated by reference herein and, with respect to any series or tranche of Securities, any Pricing Supplement in respect of such series or tranche. Any statement contained in this Information Memorandum or in a document deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in this Information Memorandum or in such subsequent document that is also deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum. Copies of all documents deemed incorporated by reference herein are available for inspection at the specified office of the Issuing and Paying Agent (as defined herein). The Guarantor's latest annual report and the latest audited financial statements of the Group are incorporated into this Information Memorandum by reference and are available on the website of SGX-ST at www.sgx.com.

Any subscription for, 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 Relevant Issuer pursuant to the Programme Agreement. Any offer, invitation to offer or agreement made in connection with the subscription for, purchase or acquisition of the Securities or pursuant to this Information Memorandum shall (without any liability or responsibility on the part of the Issuers, the Guarantor, the Arranger or any of the Dealers) lapse and cease to have any effect if (for any other reason whatsoever) the Securities are not issued by the Relevant Issuer pursuant to the Programme Agreement.

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

The attention of recipients of this Information Memorandum is drawn to the restrictions on resale of the Securities and distribution of this Information Memorandum set out under the section "Subscription, Purchase and Distribution" 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 subscribe for, purchase or otherwise acquire any of the Securities consult their own legal and other advisers before subscribing for, purchasing or acquiring the Securities.

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

Notification under Section 309B(1)(c) of the SFA

Unless otherwise stated in the Pricing Supplement in respect of any Securities, the Relevant Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Securities issued or to be issued under the Programme shall be prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Markets in Financial Instruments Directive II

The Pricing Supplement in respect of any Securities may include a legend entitled "MiFID II Product Governance" which will outline the target market assessment in respect of the Securities and which channels for distribution of the Securities are appropriate. Any person subsequently offering, selling or recommending the Securities (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended or superceded, "**MiFID II**") is responsible for undertaking its own target market assessment in respect of the Securities (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the MiFID Product Governance rules under EU Delegated Directive 2017/593 (the "**MiFID Product Governance Rules**"), any Dealer subscribing for any Securities is a manufacturer in respect of such Securities, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

PRIIPs / IMPORTANT – EEA AND UK RETAIL INVESTORS

If the Pricing Supplement in respect of any Securities includes a legend entitled "Prohibition of Sales to EEA and UK Retail Investors", the Securities are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**") or the United Kingdom (the "**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended or superseded, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (as amended or superseded, the "**Prospectus Regulation**"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended or superseded, the "**PRIIPs Regulation**") for offering or selling the Securities or otherwise making them available to retail investors in the EEA or in the UK has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the EEA or in the UK may be unlawful under the PRIIPs Regulation.

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Presentation of Financial Information

ACL's and ATPL's audited financial statements as at and for the financial year ended 31 December 2018 are prepared in accordance with Singapore Financial Reporting Standards (International) ("**SFRS(I)**"), which are the Group's first financial statements prepared in accordance with SFRS(I) and SFRS(I) 1 (First-time adoption of Singapore Financial Reporting Standards (International)). For all periods up to and including the year ended 31 December 2017, the audited financial statements were prepared in accordance with Financial Reporting Standards in Singapore ("**FRS**"). See "Comparability of Financial Information" below.

While SFRS(I) comprises standards and interpretations that are equivalent to International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board, FRS differ in certain respects from generally accepted accounting principles in other countries, including IFRS, which differences might be material to the financial information presented herein. Potential investors should consult their own professional advisers for an understanding of the difference between FRS, SFRS(I), IFRS and accounting principles in certain other jurisdictions, and how those differences might affect the financial information presented herein. In making an investment decision, investors must rely upon their own independent examination of the Issuers, the Guarantor, the Group, the terms of the offering and the recent financial information of the Issuers, the Guarantor and the Group.

ACL's and ATPL's financial years end on 31 December, and references in this Information Memorandum to any specific year are to the 12-month period ending on 31 December of such year.

Comparability of Financial Information

Transition to SFRS(I) and adoption of new standards

The financial statements for the financial year ended 31 December 2018 (the "**FY2018 Financial Statements**") are the first which ACL, ATPL and the Group have prepared in accordance with SFRS(I). Accordingly, ACL, ATPL and the Group have prepared financial statements that comply with SFRS(I) applicable as at 31 December 2018, together with the comparative financial information for the year ended 31 December 2017, as described in note 2 (Summary of significant accounting policies) to the Group's FY2018 Financial Statements set out in this Information Memorandum (see Appendix II). In preparing the financial statements, ACL's, ATPL's and the Group's opening statements of financial position were prepared as at 1 January 2017, ACL's, ATPL's and the Group's date of transition to SFRS(I).

The principal adjustments made by the Group on adoption of SFRS(I) and the adoption of the new standards that are effective on 1 January 2018 are disclosed in note 2 (Summary of significant accounting policies) in the Group's FY2018 Financial Statements set out in this Information Memorandum (see Appendix II).

FORWARD-LOOKING STATEMENTS

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

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

Some of these factors are discussed in greater detail in this Information Memorandum, in particular, but not limited to, the section on "Investment Considerations".

Given the risks and uncertainties that may cause the actual future results, performance or achievements of each Issuer, the Guarantor 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 Issuers, the Guarantor, the Arranger and the Dealers do not represent or warrant that the actual future results, performance or achievements of the Issuers, the Guarantor or the Group will be as discussed in those statements.

Neither the delivery of this Information Memorandum nor the issue of any Securities by the Issuers 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 Issuers, the Guarantor, the Group or any statement of fact or information contained in this Information Memorandum since the date of this Information Memorandum or the date on which this Information Memorandum has been most recently amended or supplemented.

Further, the Issuers, the Guarantor, the Arranger and the Dealers disclaim any responsibility, and undertake no obligation, to update or revise any forward-looking statements contained herein to reflect any changes in the expectations with respect thereto after the date of this Information Memorandum or to reflect any change in events, conditions or circumstances on which any such statements are based.

DEFINITIONS

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

"**A$**"	:	The lawful currency of Australia.
"**ACL**"	:	Aspial Corporation Limited.
"**AFGL**"	:	AF Global Limited.
"**AFGL Group**"	:	AFGL and its subsidiaries.
"**Agency Agreement**"	:	The Agency Agreement dated 10 June 2013 made between (1) ACL, as issuer, (2) the Issuing and Paying Agent, as issuing and paying agent, (3) the Agent Bank, as agent bank, and (4) the Trustee, as trustee, as amended and restated by the First Amendment and Restatement Agency Agreement and the Second Amendment and Restatement Agency Agreement and as further amended, varied or supplemented from time to time.
"**Agent Bank**"	:	DBS Bank Ltd.
"**Arranger**"	:	DBS Bank Ltd.
"**ATPL**"	:	Aspial Treasury Pte. Ltd.
"**Bearer Securities**"	:	Securities in bearer form.
"**CDP**"	:	The Central Depository (Pte) Limited.
"**Certificate**"	:	A registered certificate representing one or more Registered Securities of the same Series and, save as provided in the Conditions of the Notes or, as the case may be, the Conditions of the Perpetual Securities, comprising the entire holding by a holder of Registered Securities of that Series.
"**Circuit Breaker**"	:	7 April 2020 to 1 June 2020.
"**Companies Act**"	:	Companies Act, Chapter 50 of Singapore, as amended or modified from time to time.
"**Conditions**"	:	(i) In relation to the Notes of any Series, the terms and conditions applicable thereto, which shall be substantially in the form set out in Part III of Schedule 1 of the Trust Deed, as modified, with respect to any Notes represented by a Global Security or a Global Certificate, by the provisions of such Global Security or, as the case may be, Global Certificate, shall incorporate any additional provisions forming part of such terms and conditions set out in the Pricing Supplement(s) relating to the Notes of such Series and shall be endorsed on the Definitive Securities or, as the case may be, Certificates, subject to amendment and completion as referred to in the first paragraph appearing after the heading "Terms and Conditions of the Notes" as set out in Part III of Schedule 1 of the Trust Deed, and any reference to a particularly numbered Condition shall be construed accordingly; and

(ii) in relation to the Perpetual Securities of any Series, the terms and conditions applicable thereto, which shall be substantially in the form set out in Part III of Schedule 5 of the Trust Deed, as modified, with respect to any Perpetual Securities represented by a Global Security or, as the case may be, a Global Certificate, by the provisions of such Global Security or Global Certificate, shall incorporate any additional provisions forming part of such terms and conditions set out in the Pricing Supplement(s) relating to the Perpetual Securities of such Series and shall be endorsed on the Definitive Securities or, as the case may be, Certificates, subject to amendment and completion as referred to in the first paragraph appearing after the heading "Terms and Conditions of the Perpetual Securities" as set out in Part III of Schedule 5 of the Trust Deed, and any reference to a particularly numbered Condition shall be construed accordingly.

"**Couponholders**"	:	The holders of the Coupons.
"**Coupons**"	:	The bearer coupons appertaining to an interest or distribution bearing Bearer Security.
"**Dealers**"	:	Persons appointed as dealers under the Programme.
"**Definitive Security**"	:	A definitive Bearer Security having, where appropriate, Coupons and/or a Talon attached on issue.
"**First Amendment and Restatement Agency Agreement**"	:	The Amendment and Restatement Agency Agreement dated 30 July 2013 made between (1) ACL, as issuer, (2) the Issuing and Paying Agent, as issuing and paying agent, (3) the Agent Bank, as agent bank, (4) the Transfer Agent, as transfer agent, (5) the Registrar, as registrar, and (6) the Trustee, as trustee.
"**First Amendment and Restatement Programme Agreement**"	:	The Amendment and Restatement Programme Agreement dated 30 July 2013 made between (1) ACL, as issuer, (2) the Arranger, as arranger, and (3) DBS Bank Ltd., as dealer.
"**First Amendment and Restatement Trust Deed**"	:	The Amendment and Restatement Trust Deed dated 30 July 2013 made between (1) ACL, as issuer, and (2) the Trustee, as trustee.
"**Global Certificate**"	:	A global Certificate representing Registered Securities of one or more Tranches of the same Series that are registered in the name of, or in the name of a nominee of, (i) CDP (ii) a common depositary for Euroclear and/or Clearstream, Luxembourg and/ or (iii) any other clearing system.
"**Global Security**"	:	A global Security representing Bearer Securities of one or more Tranches of the same Series, being a Temporary Global Security and/or, as the context may require, a Permanent Global Security, in each case without Coupons or Talons.
"**Group**"	:	ACL and its subsidiaries.
"**Guarantee**"	:	The guarantee and indemnity of the Guarantor contained in the Trust Deed.

"**Guarantor**"	:	Aspial Corporation Limited.
"**Issuers**"	:	Aspial Corporation Limited and Aspial Treasury Pte. Ltd. and "**Issuer**" means either of them.
"**Issuing and Paying Agent**"	:	DBS Bank Ltd.
"**IRAS**"	:	Inland Revenue Authority of Singapore.
"**ITA**"	:	Income Tax Act, Chapter 134 of Singapore, as amended or modified from time to time.
"**Latest Practicable Date**"	:	21 December 2020.
"**MAS**"	:	Monetary Authority of Singapore.
"**Noteholders**"	:	The holders of the Notes.
"**Notes**"	:	The notes issued or to be issued by the Issuers under the Programme.
"**Permanent Global Security**"	:	A Global Security representing Bearer Securities of one or more Tranches of the same Series, either on issue or upon exchange of interests in a Temporary Global Security.
"**Perpetual Securities**"	:	The perpetual securities to be issued by the Issuers under the Programme.
"**Perpetual Securityholders**"	:	The holders of the Perpetual Securities.
"**Pricing Supplement**"	:	In relation to a Tranche or Series, a pricing supplement, to be read in conjunction with this Information Memorandum, specifying the relevant issue details in relation to such Tranche or, as the case may be, Series.
"**Programme**"	:	The S$700,000,000 Multicurrency Debt Issuance Programme of the Issuers.
"**Programme Agreement**"	:	The Programme Agreement dated 10 June 2013 made between (1) ACL, as issuer, (2) the Arranger, as arranger, and (3) DBS Bank Ltd., as dealer, as amended and restated by the First Amendment and Restatement Programme Agreement and the Second Amendment and Restatement Programme Agreement, and as supplemented by the Supplemental Programme Agreement and as further amended, varied or supplemented from time to time.
"**Registered Securities**"	:	Securities in registered form.
"**Registrar**"	:	DBS Bank Ltd.
"**Relevant Issuer**"	:	In relation to any Tranche or Series, the Issuer which has concluded an agreement with the relevant Dealer(s) to issue, or which has issued, the Securities of that Tranche or Series.
"**S$**", "**SGD**" or "**Singapore dollars**"	:	The lawful currency of Singapore.

"**Second Amendment and Restatement Agency Agreement**"	:	The Second Amendment and Restatement Agency Agreement dated 16 July 2015 made between (1) ACL and ATPL, as issuers, (2) the Guarantor, as guarantor, (3) the Issuing and Paying Agent, as issuing and paying agent, (4) the Agent Bank, as agent bank, (5) the Transfer Agent, as transfer agent, (6) the Registrar, as registrar, and (7) the Trustee, as trustee.
"**Second Amendment and Restatement Programme Agreement**"	:	The Second Amendment and Restatement Programme Agreement dated 16 July 2015 made between (1) ACL and ATPL, as issuers, (2) the Guarantor, as guarantor, (3) the Arranger, as arranger, and (4) DBS Bank Ltd., as dealer.
"**Second Amendment and Restatement Trust Deed**"	:	The Second Amendment and Restatement Trust Deed dated 16 July 2015 made between (1) ACL and ATPL, as issuers, (2) the Guarantor, as guarantor, and (3) the Trustee, as trustee.
"**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.
"**Senior Perpetual Securities**"	:	Perpetual Securities which are expressed to rank as senior obligations of the Relevant Issuer.
"**Series**"	:	(i) (in relation to Securities other than variable rate Notes) a Tranche, together with any further Tranche or Tranches, which are (a) expressed to be consolidated and forming a single series and (b) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of (in the case of Notes other than variable rate Notes) interest or (in the case of Perpetual Securities) distribution and (ii) (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 Relevant Issuer.
"**sq m**"	:	Square metres.
"**Subordinated Perpetual Securities**"	:	Perpetual Securities which are expressed to rank as subordinated obligations of the Relevant Issuer.
"**subsidiary**"	:	Any company which is for the time being a subsidiary (within the meaning of Section 5 of the Companies Act).
"**Supplemental Programme Agreement**"	:	The Supplemental Programme Agreement dated 5 March 2020 made between (1) ACL and ATPL, as issuers, (2) the Guarantor, as guarantor, (3) the Arranger, as arranger, and (4) DBS Bank Ltd., as dealer.
"**Supplemental Trust Deed**"	:	The Supplemental Trust Deed dated 5 March 2020 made between (1) ACL and ATPL, as issuers, (2) the Guarantor, as guarantor, and (3) the Trustee, as trustee.

"**Talons**"	:	Talons for further Coupons.
"**TARGET System**"	:	The Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET 2) System which was launched on 19 November 2007 or any successor thereto.
"**Temporary Global Security**"	:	A Global Security representing Bearer Securities of one or more Tranches of the same Series on issue.
"**TOP**"	:	Temporary Occupation Permit.
"**Tranche**"	:	Securities which are identical in all respects (including as to listing).
"**Transfer Agent**"	:	DBS Bank Ltd.
"**Trust Deed**"	:	The Trust Deed dated 10 June 2013 made between (1) ACL as issuer, and (2) the Trustee, as trustee, as amended and restated by the First Amendment and Restatement Trust Deed and the Second Amendment and Restatement Trust Deed, and as supplemented by the Supplemental Trust Deed and as further amended, varied or supplemented from time to time.
"**Trustee**"	:	DBS Trustee Limited.
"**United States**" or "**U.S.**"	:	United States of America.
"**sq m**"	:	Square metres.
"**%**" or "**per cent.**"	:	Per cent.
"**1H**"	:	First half year financial period ended 30 June.
"**2Q**"	:	Second quarter financial period ended 30 June.
"**2H**"	:	Second half year financial period ended 31 December.
"**4Q**"	:	Fourth quarter financial period ended 31 December.

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

ACL

Board of Directors	:	Koh Wee Seng Koh Lee Hwee Ko Lee Meng Wong Soon Yum Kau Jee Chu Ng Bie Tjin @ Djuniarti Intan
Company Secretary	:	Lim Swee Ann, Felix
Registered Office	:	50 Raffles Place #32-01 Singapore Land Tower Singapore 048623
Auditors to ACL	:	Ernst & Young LLP One Raffles Quay North Tower, Level 18 Singapore 048583

ATPL

Board of Directors	:	Koh Wee Seng Ko Lee Meng Koh Lee Hwee
Company Secretary	:	Lim Swee Ann, Felix
Registered Office	:	Aspial One 55 Ubi Avenue 3 #01-01 Singapore 408864
Arranger of the Programme	:	DBS Bank Ltd. 12 Marina Boulevard, Level 42 Marina Bay Financial Centre Tower 3 Singapore 018982
Legal Advisers to the Arranger, Issuing and Paying Agent, Agent Bank, Registrar, Transfer Agent and the Trustee (as at the date of establishment of the Programme)	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Legal Advisers to ACL (as at the date of establishment of the Programme)	:	Shook Lin & Bok LLP 1 Robinson Road #18-00 AIA Tower Singapore 048542
Issuing and Paying Agent, Agent Bank, Registrar and Transfer Agent	:	DBS Bank Ltd. 10 Toh Guan Road #04-11 (Level 4B) DBS Asia Gateway Singapore 608838
Trustee for the Securityholders	:	DBS Trustee Limited 12 Marina Boulevard Level 44 Marina Bay Financial Centre Tower 3 Singapore 018982

SUMMARY OF THE PROGRAMME

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

Issuers	:	Aspial Corporation Limited. Aspial Treasury Pte. Ltd.
Guarantor (in the case of Securities issued by ATPL)	:	Aspial Corporation Limited.
Arranger	:	DBS Bank Ltd.
Dealers	:	DBS Bank Ltd. and/or such other Dealers as may be appointed by the Relevant Issuer in accordance with the Programme Agreement.
Trustee	:	DBS Trustee Limited.
Issuing and Paying Agent, Agent Bank, Transfer Bank and Registrar	:	DBS Bank Ltd.
Description	:	Multicurrency Debt Issuance Programme.
Programme Size	:	The maximum aggregate principal amount of the Securities outstanding at any time shall be S$700,000,000 (or its equivalent in other currencies) or such increased amount in accordance with the terms 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 Relevant 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	:	The Securities will be issued in bearer form or registered form and in such denominations as may be agreed between the Relevant 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 for Euroclear and/or Clearstream, Luxembourg and/or any other agreed clearing system and will be exchangeable, upon request as described therein, either for a Permanent Global Security or Definitive Securities (as indicated in the applicable Pricing Supplement). Each Permanent Global Security may be exchanged, unless

otherwise specified in the applicable Pricing Supplement, upon request as described therein, in whole (but not in part) for Definitive Securities upon the terms therein. 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, CDP, a common depositary for Euroclear and/or Clearstream, Luxembourg and/or any other agreed clearing system. Each Global Certificate may be exchanged, upon request as described therein, in whole (but not in part) for Certificates upon the terms therein. Save as provided in the Conditions of the Securities, a Certificate shall be issued in respect of each Securityholder's entire holding of Registered Securities of one Series.

Custody	:	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 cleared through Euroclear and/or Clearstream, Luxembourg are required to be kept with a common depositary on behalf of Euroclear and/or Clearstream, Luxembourg.
Non-disposal Undertaking	:	Each Issuer and the Guarantor has covenanted with the Trustee in the Trust Deed that so long as any of the Securities remains outstanding:

(i) ATPL will not (whether by a single transaction or a number of related or unrelated transactions and whether at one time or over a period of time) sell, transfer, lease out, lend or otherwise dispose of (whether outright, by a sale-and-repurchase or sale-and-leaseback arrangement, or otherwise) all or substantially all of its assets nor of any part of its assets which, either alone or when aggregated with all other disposals required to be taken into account under this paragraph, is substantial in relation to its assets, or those of itself and its subsidiaries, taken as a whole or the disposal of which (either alone or when so aggregated) could have a material adverse effect on it. Any disposal approved by the Trustee or by the Securityholders by way of an Extraordinary Resolution shall not be taken into account under this paragraph; and

(ii) ACL will not, and will ensure that none of the Principal Subsidiaries (as defined in Condition 10 of the Notes) will, (whether by a single transaction or a number of related or unrelated transactions and whether at one time or over a period of time) sell, transfer, lease out, lend or otherwise dispose of (whether outright, by a sale-and-repurchase or sale-and-leaseback arrangement, or otherwise) all or substantially all of its assets nor of any part of its assets which, either alone or when aggregated with all other disposals required to be taken into account under this paragraph, is substantial in relation to ACL and its subsidiaries, taken as a whole or the disposal of which (either alone or when so aggregated) could have a material adverse effect on either Issuer or the Group. The following disposals shall not be taken into account under this paragraph:

(a) disposals in the ordinary course of business on an arm's length basis and on normal commercial terms (for the avoidance of doubt, including disposals of any of the Group's development properties and/or the sale of the shares of the entity owning such development properties in each case, on an en-bloc basis);

(b) any disposal of any properties classified as investment properties in the latest available financial statements of ACL or such Principal Subsidiary (as the case may be) (including the sale of the shares of the entity owning such properties) provided that (1) the proceeds from such disposal shall within 365 days from the date of such disposal be reinvested in the business of the Group and/or be used to permanently repay the debts owing by any member of the Group such that, on a consolidated basis, the total borrowings of the Group are reduced by the amount repaid (not being any debt which is (A) in respect of subordinated debt (whether expressed to be subordinated in the provisions of the Trust Deed or otherwise), and/or (B) in respect of any perpetual securities issued by any member of the Group), (2) such disposal is made on an arm's length basis and on normal commercial terms and (3) the financial condition of either Issuer, the Guarantor or the Group is not materially and adversely affected by such disposal; and

(c) any disposal approved by the Trustee or by the Securityholders by way of an Extraordinary Resolution.

Taxation : All payments in respect of the Securities and the Coupons by the Relevant Issuer or, as the case may be, the Guarantor shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such deduction or withholding is required by law. In such event, the Relevant Issuer or, as the case may be, the Guarantor shall pay such additional amounts as will result in the receipt by the Securityholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, save for certain exceptions. For further details, please see the section on "Singapore Taxation" herein and Condition 8 of the Notes or, as the case may be, Condition 7 of the Perpetual Securities.

Listing : Each Series of the Securities may, if so agreed between the Relevant Issuer and the relevant Dealer(s), be listed on the SGX-ST or any stock exchange(s) as may be agreed between the Relevant Issuer and the relevant Dealer(s), subject to all necessary approvals having been obtained. 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 board lot size of at least S$200,000 (or its equivalent in other 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.
Governing Law	:	The Programme, the Guarantee and any Securities issued under the Programme will be governed by, and construed in accordance with, the laws of Singapore.

NOTES

Maturities	:	Subject to compliance with all relevant laws, regulations and directives, Notes may have maturities of such tenor as may be agreed between the Relevant 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 Relevant 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 Relevant 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 Relevant 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 Relevant 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 Relevant 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 Relevant Issuer and the relevant Dealer(s), at a fixed rate of interest which will be payable in arrear on specified dates and, during the floating rate period to be agreed between the Relevant 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 Relevant Issuer and the relevant Dealer(s)), as adjusted for any applicable margin (provided that if the Hybrid Notes are denominated in a currency other than Singapore dollars, such Hybrid Notes will bear interest to be determined separately by reference to such benchmark as may be agreed

		between the Relevant Issuer and the relevant Dealer(s)), in each case payable at the end of each interest period to be agreed between the Relevant 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 and the Senior Guarantee	:	The Notes and Coupons of all Series will constitute direct, unconditional, unsubordinated and unsecured obligations of the Relevant Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Relevant Issuer. The payment obligations of the Guarantor under the Senior Guarantee constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and shall at all times rank *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Guarantor.
Optional Redemption and Purchase	:	If so provided on the face of the Note and the relevant Pricing Supplement, Notes may be redeemed (either in whole or in part) prior to their stated maturity at the option of the Relevant Issuer and/or the holders of the Notes. Further, if so provided on the face of the Note and the relevant Pricing Supplement, Notes may be purchased by the Relevant Issuer (either in whole or in part) prior to their stated maturity at the option of the Relevant Issuer and/or the holders of the Notes.
Redemption for Taxation Reasons	:	If so provided on the face of the Note and the relevant Pricing Supplement, the Notes may be redeemed at the option of the Relevant Issuer in whole, but not in part, on any Interest Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount or (in the case of Zero Coupon Notes) Early Redemption Amount (as defined in Condition 6(h) of the Notes) (together with interest accrued to (but excluding) the date fixed for redemption), if (i) the Relevant Issuer (or, if the Guarantee was called, the Guarantor) has or will become obliged to pay additional amounts as provided or referred to in Condition 8 of the Notes, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement, and (ii) such obligations cannot be avoided by the Relevant Issuer or, as the case may be, the Guarantor taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Relevant Issuer or, as the case may be, the Guarantor would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Redemption at Option of Noteholders upon Cessation or Suspension of Trading of the Issuer's Shares	:	In the event that (i) the shares of ACL cease to be traded on the SGX-ST or (ii) trading in the shares of ACL on the SGX-ST is suspended for a continuous period of more than seven days (other than by reason of holiday, statutory or otherwise), the Relevant Issuer shall, at the option of the holder of any Note, redeem such Note at its Redemption Amount together with interest accrued to (but excluding) the date fixed for redemption on any date on which interest is due to be paid on such Notes or, if earlier, the date falling 45 days after the Effective Date (as defined in the Conditions of the Notes).
Redemption at Option of Noteholders Pursuant to Change of Shareholding Event	:	If, for any reason, a Change of Shareholding Event occurs, the Relevant Issuer will within seven days of such occurrence (the "**Transfer Date**") give notice to the Noteholders of the occurrence of such event and shall, at the option of the holder of any Note, redeem such Note at its Redemption Amount, together with interest accrued to (but excluding) the date fixed for redemption, on the date falling 60 days from the Transfer Date (or if such date is not a business day, on the next day which is a business day). For the purposes of the above, a "**Change of Shareholding Event**" occurs when Mr Koh Wee Seng, Ms Ko Lee Meng and Ms Koh Lee Hwee cease to own in aggregate (whether directly or indirectly) more than 50 per cent. of the issued share capital of ACL.
Negative Pledge	:	(i) ATPL has covenanted with the Trustee in the Trust Deed that so long as any of the Notes remains outstanding, it will not create or have outstanding any security on or over its business, assets, undertakings, property or revenues (including uncalled capital), present or future save for any security which has been approved by the Trustee or the Noteholders by way of an Extraordinary Resolution (as defined in the Trust Deed). (ii) ACL has covenanted with the Trustee in the Trust Deed that so long as any of the Notes remains outstanding, it will not, and will ensure that none of its Principal Subsidiaries will, create or have outstanding any security on or over its business, assets, undertakings, property or revenues (including uncalled capital), present or future, except for: (a) liens arising solely by operation of law (or by an agreement evidencing the same) and in the ordinary course of its business in respect of indebtedness which either (I) has been due for less than 30 days or (II) is being contested in good faith and by appropriate means; (b) (I) any security existing at the date of the Trust Deed and as disclosed in writing to the Trustee on or prior to the date of the Trust Deed and (II) any security created for the purpose of refinancing or increasing any indebtedness secured by any such existing security, provided that (in the case of paragraph (II) only) the amount secured by any such existing security shall not at any time exceed 75 per cent.

of the current market value of such asset at that time (as determined by the Trustee on the basis of the most recent valuation report prepared by an independent professional valuer and delivered by ACL to the Trustee);

(c) any security on or over their respective assets acquired, renovated, refurbished or developed by it after the date of the Trust Deed for the sole purpose of financing the acquisition (including acquisition by way of acquisition of the shares in the company or entity owning (whether directly or indirectly) such assets), renovation, refurbishment or development or any refinancing thereof and securing a principal amount not exceeding the cost of such acquisition, renovation, refurbishment or development or the value of such development;

(d) pledges of goods, the related documents of title and/or other related documents arising or created in the ordinary course of its business as security only for indebtedness to a bank or financial institution directly relating to the goods or documents on or over which that pledge exists;

(e) any security created by way of fixed and/or floating charge on or over their respective assets for the purpose of securing working capital facilities granted in the ordinary course of business;

(f) any security created to secure its liabilities in respect of letters of credit, performance bonds and/or bank guarantees issued in the ordinary course of its business; and

(g) any other security which has been approved by the Trustee or the Noteholders by way of an Extraordinary Resolution.

Financial Covenants : ACL has covenanted with the Trustee in the Trust Deed that so long as any of the Notes remains outstanding, it will ensure that:

(i) the Consolidated Tangible Net Worth (as defined in the Trust Deed) is not less than S$225,000,000; and

(ii) the ratio of Consolidated Net Borrowings (as defined in the Trust Deed) to Consolidated Total Equity (as defined in the Trust Deed) does not exceed 4:1; and

(iii) the ratio of Consolidated Secured Debt (as defined in the Trust Deed) to Consolidated Total Assets (as defined in the Trust Deed) shall not at any time exceed 0.7:1.

Events of Default : See Condition 10 of the Notes.

PERPETUAL SECURITIES

No Fixed Maturity :	The Perpetual Securities are perpetual securities in respect of which there is no fixed redemption date and the Relevant Issuer shall only have the right 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 receive distribution at fixed or floating rates.
Fixed Rate Perpetual Securities :	Fixed Rate Perpetual Securities will confer a right to receive distribution at a fixed rate which will be payable in arrear on specified dates. If so provided on the face of the Fixed Rate Perpetual Securities, the distribution rate may be reset on such dates and bases as may be set out in the applicable Pricing Supplement.
Floating Rate Perpetual Securities :	Floating Rate Perpetual Securities which are denominated in Singapore dollars will confer a right to receive distribution at a rate to be determined separately for each Series by reference to S$ SIBOR or S$ Swap Rate (or in any other case such other benchmark as may be agreed between the Relevant 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 Relevant Issuer and the relevant Dealer(s) prior to their issue. Floating Rate Perpetual Securities which are denominated in other currencies will confer a right to receive distribution at a rate to be determined separately for each Series by reference to such other benchmark as may be agreed between the Relevant Issuer and the relevant Dealer(s).
Distribution Discretion :	If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Relevant 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 to the Trustee and the Issuing and Paying Agent and the Perpetual Securityholders (in accordance with Condition 14 of the Perpetual Securities) not more than 10 nor less than five business days (or such other notice period as may be specified on the face of the Perpetual Security and the relevant Pricing Supplement) prior to a scheduled Distribution Payment Date. If a Dividend Pusher is set out on the face of the Perpetual Security and the relevant Pricing Supplement, the Relevant Issuer may not elect to defer any distribution if during the "Reference Period" (as specified in the applicable Pricing Supplement) ending on the day before that scheduled Distribution Payment Date, either or both of the following have occurred: (i) a discretionary dividend, distribution or other payment has been declared or paid on or in respect of any of the Relevant Issuer's Junior Obligations (as defined in the Conditions of the Perpetual Securities) or the Guarantor's Junior Obligations or, in relation to Subordinated Perpetual Securities only, (except on a *pro rata* basis) any of the

Relevant Issuer's Parity Obligations (as defined in the Conditions of the Perpetual Securities) or any of the Guarantor's Parity Obligations; or

(ii) any of the Relevant Issuer's Junior Obligations or the Guarantor'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 Relevant Issuer's Parity Obligations or any of the Guarantor'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, officers, consultants or directors of the Group, (2) as a result of the exchange or conversion of Parity Obligations of the Relevant Issuer or, as the case may be, the Guarantor for Junior Obligations of the Relevant Issuer or, as the case may be, the Guarantor or (3) as specified in the applicable Pricing Supplement. For the avoidance of doubt, a Compulsory Distribution Payment Event shall not occur, and accordingly nothing in Condition 4(IV)(a) of the Perpetual Securities shall restrict the Relevant Issuer from electing to defer any distribution, merely as a result of any dividends, distributions or payments or other actions made by the Relevant Issuer or, as the case may be, the Guarantor in respect of obligations which are not the Relevant Issuer's or the Guarantor's Junior Obligations or which are not the Relevant Issuer's or the Guarantor's Parity Obligations.

Non-Cumulative Deferral and Cumulative Deferral : If Non-Cumulative Deferral is set out on the face of the Perpetual Security and the relevant Pricing Supplement, any distribution deferred pursuant to Condition 4(IV) of the Perpetual Securities is non-cumulative and will not accrue interest. The Relevant Issuer is not under any obligation to pay that or any other distributions that have not been paid in whole or in part. The Relevant 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 Relevant Issuer can elect not to pay distributions pursuant to Condition 4(IV) of the Perpetual Securities.

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

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

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

(ii) redeem, reduce, cancel, buy-back or acquire for any consideration, and will procure that no redemption, reduction, cancellation, buy-back or acquisition for any consideration is made in respect of, any of the Relevant Issuer's or the Guarantor's Junior Obligations or, in relation to Subordinated Perpetual Securities only, (except on a *pro rata* basis) any of the Relevant Issuer's or the Guarantor'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 employees, officers, consultants or directors of the Group, (b) as a result of the exchange or conversion of Parity Obligations of the Relevant Issuer or, as the case may be, the Guarantor for Junior Obligations of the Relevant Issuer or, as the case may be, the Guarantor or (c) as specified in the applicable Pricing Supplement unless and until (I) (if Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) the Relevant 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) 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 Relevant Issuer or, as the case may be, the Guarantor 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 and the Senior Guarantee : The Senior Perpetual Securities and Coupons relating to them constitute direct, unconditional, unsubordinated and unsecured obligations of the Relevant Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Relevant Issuer.

The payment obligations of the Guarantor under the Senior Guarantee and the Trust Deed constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and shall at all times rank *pari passu* with all other unsecured obligations (other than subordinated obligations and priorities created by law) of the Guarantor.

Status of the Subordinated Perpetual Securities and the Subordinated Guarantee : The Subordinated Perpetual Securities and Coupons relating to them constitute direct, unconditional, subordinated and unsecured obligations of the Relevant Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with any Parity Obligations of the Relevant Issuer.

The payment obligations of the Guarantor under the Subordinated Guarantee and the Trust Deed constitute direct, unconditional, subordinated and unsecured obligations of the Guarantor and shall at all times rank *pari passu* with any Parity Obligations of the Guarantor.

Subordination of Subordinated Perpetual Securities and the Subordinated Guarantee :

(i) Ranking of claims on Winding-up – ACL

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 ACL, 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 ACL but at least *pari passu* with all other subordinated obligations of ACL that are not expressed by their terms to rank junior to the Subordinated Perpetual Securities and in priority to the claims of shareholders of ACL and/or as otherwise specified in the applicable Pricing Supplement.

(ii) Ranking of claims on Winding-up – ATPL

Subject to the insolvency laws of Singapore and other applicable laws, in the event of the Winding-up of ATPL, 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 ATPL but at least *pari passu* with all other subordinated obligations of ATPL that are not expressed by their terms to rank junior to the Subordinated Perpetual Securities and in priority to the claims of shareholders of ATPL and/or as otherwise specified in the applicable Pricing Supplement.

(iii) Ranking of claims on Winding-up – Guarantor

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

Set-off in relation to Subordinated Perpetual Securities and the Subordinated Guarantee : (i) No set-off – ACL

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 ACL 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 ACL. Notwithstanding the preceding sentence, if any of the amounts owing to any holder of Subordinated Perpetual Securities or any Coupons relating to them by ACL 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 ACL (or, in the event of its Winding-up or administration, the liquidator or, as appropriate, administrator of ACL) and, until such time as payment is made, shall hold such amount in trust for ACL (or the liquidator or, as appropriate, administrator of ACL) and accordingly any such discharge shall be deemed not to have taken place.

(ii) No set-off – ATPL

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 ATPL 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 ATPL. Notwithstanding the preceding sentence, if any of the amounts owing to any holder of Subordinated Perpetual Securities or any Coupons relating to them by ATPL 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 ATPL (or, in the event of its Winding-up or administration, the liquidator or, as appropriate, administrator of ATPL) and, until such time as payment is made, shall hold such amount in trust for ATPL (or the liquidator or, as appropriate, administrator of ATPL) and accordingly any such discharge shall be deemed not to have taken place.

(iii) No set-off – Guarantor

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 Guarantor in respect of, or arising under or in connection with, the Subordinated Guarantee, 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 Guarantor. 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 Guarantor in respect of, or arising under or in connection with, the Subordinated Guarantee 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 Guarantor (or, in the event of its Winding-up or administration, the liquidator or, as appropriate, administrator of the Guarantor) and, until such time as payment is made, shall hold such amount in trust for the Guarantor (or the liquidator or, as appropriate, administrator of the Guarantor) 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 Relevant Issuer may, on giving irrevocable notice to the Perpetual Securityholders falling within the Relevant Issuer's Redemption Option Period shown on the face thereof, redeem all or, if so provided, some of the Perpetual Securities at their Redemption Amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Perpetual Securities shall be at their Redemption Amount, together with distribution accrued (including any Arrears of Distribution and any Additional Distribution Amount) to (but excluding) the date fixed for redemption.

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

(i) the Relevant Issuer receives a ruling by the Comptroller of Income Tax in Singapore (or other relevant authority) which confirms that:

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

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

(ii) (a) the Relevant Issuer (or, if the Guarantee was called, the Guarantor) has or will become obliged to pay additional amounts as provided or referred to in Condition 7 of the Perpetual Securities, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement; and

(b) such obligations cannot be avoided by the Relevant Issuer or, as the case may be, the Guarantor taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Relevant Issuer or, as the case may be, the Guarantor would be obliged to pay such additional amounts were a payment in respect of the 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 Relevant Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption) 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 Relevant Issuer (the "**Relevant Accounting Standard**"), the Perpetual Securities will not or will no longer be recorded as "equity" of the Relevant Issuer pursuant to the Relevant Accounting Standard.
Redemption for Tax Deductibility	:	If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Relevant Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption): (i) if the Relevant Issuer satisfies the Trustee immediately before giving 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 previously generally accepted position which is issued or announced before the Issue Date,

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

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

Redemption 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 Relevant Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified thereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption) 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.
Redemption upon a Change of Shareholding Event	:	If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Relevant Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount, (together with distribution (including Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption), following the occurrence of a Change of Shareholding Event. For the purposes of the above, a "**Change of Shareholding Event**" occurs when Mr Koh Wee Seng, Ms Ko Lee Meng and Ms Koh Lee Hwee cease to own in aggregate (whether directly or indirectly) more than 50 per cent. of the issued share capital of ACL or such other event as may be specified in the Pricing Supplement.
Redemption upon Cessation or Suspension of Trading of Units in ACL	:	If so provided on the face of the Perpetual Security and the relevant Pricing Supplement, in the event that (i) the units in ACL cease to be traded on the SGX-ST or (ii) trading in the units in ACL on the SGX-ST is suspended for a continuous period of more than seven days (other than by reason of holiday, statutory or otherwise), the Perpetual Securities may be redeemed at the option of the Relevant Issuer in whole, but not in part, on any Distribution Payment Date or, if earlier, the date falling 45 days after (in the case of (i)) the date of cessation of trading or (in the case of (ii)) the business day immediately following the expiry of such continuous period of seven days, at their Redemption Amount (together with distribution (including Arrears of Distribution and any Additional Distribution Amount) accrued to the date fixed for redemption).

Limited right to institute proceedings in relation to Perpetual Securities	:	The right to institute proceedings for Winding-up of the Relevant Issuer and/or the Guarantor is limited to circumstances where payment has become due. In the case of any distribution, such distribution will not be due if the Relevant Issuer has elected not to pay that distribution in accordance with Condition 4(IV) of the Perpetual Securities.
Proceedings for Winding-Up	:	If (i) a final and effective order is made or an effective resolution is passed for the Winding-up of the Relevant Issuer and/or the Guarantor or (ii) the Relevant Issuer shall not make payment of principal or distribution in respect of the Perpetual Securities for a period of three business days or more after the date on which such payment is due, the Relevant Issuer or, as the case may be, the Guarantor shall be deemed to be in default under the Trust Deed and the Perpetual Securities or, as the case may be, the Guarantee and the Trustee may, subject to the provisions of Condition 9(d) of the Perpetual Securities, institute proceedings for the Winding-up of the Relevant Issuer and/or the Guarantor and/or prove in the Winding-up of the Relevant Issuer and/or the Guarantor and/or claim in the liquidation of the Relevant Issuer and/or the Guarantor for such payment.

TERMS AND CONDITIONS OF THE NOTES

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

The Notes are constituted by a Trust Deed dated 10 June 2013 made between (1) Aspial Corporation Limited ("**ACL**") and (2) DBS Trustee Limited (the "**Trustee**", which expression shall wherever the context so admits include such company and all other persons for the time being the trustee or trustees of the Trust Deed), as trustee for the Noteholders (as defined below) (as amended and restated by an amendment and restatement deed dated 30 July 2013 made between the same parties and a second amendment and restatement deed dated 16 July 2015 made between (1) ACL and Aspial Treasury Pte. Ltd. ("**ATPL**"), as issuers (each, an "**Issuer**" and together, the "**Issuers**") (2) ACL, in its capacity as guarantor for Securities (as defined in the Trust Deed) issued by ATPL (the "**Guarantor**"), and (3) the Trustee, as trustee, and as supplemented by a supplemental trust deed dated 5 March 2020, made between the same parties, and as further amended, restated or supplemented from time to time, the "**Trust Deed**"), and (where applicable) the Notes are issued with the benefit of a deed of covenant dated 10 June 2013 (as amended, varied or supplemented by a supplemental deed of covenant dated 30 July 2013 and a second supplemental deed of covenant dated 16 July 2015 and as further amended, varied or supplemented from time to time, the "**ACL Deed of Covenant**") executed by ACL, relating to the Notes issued by ACL and a deed of covenant dated 16 July 2015 (as amended, varied or supplemented from time to time, the "ATPL Deed of Covenant" and together with the ACL Deed of Covenant, the "**Deeds of Covenant**") executed by ATPL, relating to Notes issued by ATPL. These terms and conditions (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Coupons and Talons referred to below. ACL has entered into an Agency Agreement dated 10 June 2013 made between (1) ACL, as issuer, (2) DBS Bank Ltd., as issuing and paying agent (in such capacity, the "**Issuing and Paying Agent**") (3) DBS Bank Ltd., as agent bank (in such capacity, the "**Agent Bank**") and (4) the Trustee, as trustee (as amended and restated by an amendment and restatement agreement dated 30 July 2013 made between (1) ACL, as issuer, (2) the Issuing and Paying Agent, as issuing and paying agent (and, together with any other paying agents that may be appointed, the "**Paying Agents**"), (3) the Agent Bank, as agent bank, (4) DBS Bank Ltd., as transfer agent (and, together with any other transfer agents that may be appointed, the "**Transfer Agents**"), (5) DBS Bank Ltd., as registrar (in such capacity, the "**Registrar**") and (6) the Trustee, as trustee for the Noteholders, and a second amendment and restatement agreement dated 16 July 2015 made between (1) the Issuers, as issuers, (2) the Guarantor, in its capacity as guarantor for Securities issued by ATPL, (3) the Issuing and Paying Agent, as issuing and paying agent, (4) the Agent Bank, as agent bank, (5) the Transfer Agent, as transfer agent, (6) the Registrar, as registrar, and (7) the Trustee, as trustee, and as further amended, restated or supplemented from time to time, the "**Agency Agreement**"). 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 relevant Deed of Covenant.

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

1. Form, Denomination and Title

(a) Form and Denomination

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

(ii) This Note is a Fixed Rate Note, a Floating Rate Note, a Variable Rate Note, a Hybrid Note or a Zero Coupon Note (depending upon the Interest Basis shown on its face).

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

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

(b) Title

(i) Title to the Bearer Notes and the Coupons and Talons appertaining thereto shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the relevant 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, trust or an interest in it, 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 below) or, as the case may be, a Global Certificate (as defined below), and such Global Security or Global Certificate is held by a common depositary for Euroclear Bank S.A./N.V. ("**Euroclear**") and/or Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**") and/or The Central Depository (Pte) Limited (the "**Depository**"), each person who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg and/or the Depository as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg and/or the Depository as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest or proven error) shall be treated by the relevant Issuer, the Guarantor, the Issuing and Paying Agent, the other Paying Agents, the Agent Bank, the Transfer Agents, the Registrar, all other agents of the relevant Issuer and the Trustee as the holder of such principal amount of Notes other than with respect to the payment of principal, 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 relevant Issuer, the Guarantor, the Issuing and Paying Agent, the other Paying Agents, the Agent Bank, the Transfer Agents, the Registrar, all other agents of the relevant Issuer and the Trustee as the holder of such Notes in accordance with and subject to the terms of the Global Security or, as the case may be, the Global Certificate (and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly). Notes which are represented by the Global Security or, as the case may be, the Global Certificate will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg and/or the Depository.

(iv) In these Conditions, "**Global Security**" means the relevant Temporary Global Security representing each Series or the relevant Permanent Global Security representing each Series, "**Global Certificate**" means the relevant Global Certificate representing each Series that is registered in the name of, or in the name of a nominee of, (1) a common depositary for Euroclear and/or Clearstream, Luxembourg, (2) the Depository and/or (3) any other clearing system, "**Noteholder**" means the bearer of any Bearer Note or the person in whose name a Registered Note is registered (as the case may be) and "**holder**" (in relation to a Note, Coupon or Talon) means the bearer of any Bearer Note, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be), "**Series**" means (A) (in relation to Notes other than Variable Rate Notes) a Tranche, together with any further Tranche or Tranches, which are (aa) expressed to be consolidated and forming a single series and (bb) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of interest and (B) (in relation to Variable Rate Notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest and "**Tranche**" means Notes which are identical in all respects (including as to listing).

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

2. No Exchange of Notes and Transfers of Registered Notes

(a) **No Exchange of Notes:** Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Denomination Amount may not be exchanged for Bearer Notes of another Denomination Amount. Bearer Notes may not be exchanged for Registered Notes.

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

(c) **Exercise of Options or Partial Redemption or Purchase 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 or purchase of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed or purchased. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any other Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

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

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

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

3. Status and Guarantee

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

(b) Guarantee

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

4. Negative Pledge and Financial Covenants

(a) Negative Pledge

(i) ATPL has covenanted with the Trustee in the Trust Deed that so long as any of the Notes remains outstanding, it will not create or have outstanding any security on or over its business, assets, undertakings, property or revenues (including uncalled capital), present or future save for any security which has been approved by the Trustee or the Noteholders by way of an Extraordinary Resolution (as defined in the Trust Deed).

(ii) ACL has covenanted with the Trustee in the Trust Deed that so long as any of the Notes remains outstanding, it will not, and will ensure that none of its Principal Subsidiaries will, create or have outstanding any security on or over its business, assets, undertakings, property or revenues (including uncalled capital), present or future, except for:

(1) liens arising solely by operation of law (or by an agreement evidencing the same) and in the ordinary course of its business in respect of indebtedness which either (A) has been due for less than 30 days or (B) is being contested in good faith and by appropriate means;

(2) (A) any security existing at the date of the Trust Deed and as disclosed in writing to the Trustee on or prior to the date of the Trust Deed and (B) any security created for the purpose of refinancing or increasing any indebtedness secured by any such existing security, provided that (in the case of paragraph (B) only) the amount secured by any such existing security shall not at any time exceed 75 per cent. of the current market value of such asset at that time (as determined by the Trustee on the basis of the most recent valuation report prepared by an independent professional valuer and delivered by ACL to the Trustee);

(3) any security on or over their respective assets acquired, renovated, refurbished or developed by it after the date of the Trust Deed for the sole purpose of financing the acquisition (including acquisition by way of acquisition of the shares in the company or entity owning (whether directly or indirectly) such assets), renovation, refurbishment or development or any refinancing thereof and securing a principal amount not exceeding the cost of such acquisition, renovation, refurbishment or development or the value of such development;

(4) pledges of goods, the related documents of title and/or other related documents arising or created in the ordinary course of its business as security only for indebtedness to a bank or financial institution directly relating to the goods or documents on or over which that pledge exists;

(5) any security created by way of fixed and/or floating charge on or over their respective assets for the purpose of securing working capital facilities granted in the ordinary course of business;

(6) any security created to secure its liabilities in respect of letters of credit, performance bonds and/or bank guarantees issued in the ordinary course of its business; and

(7) any other security which has been approved by the Trustee or the Noteholders by way of an Extraordinary Resolution.

(b) Financial Covenants

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

(i) the Consolidated Tangible Net Worth is not less than S$225,000,000; and

(ii) the ratio of Consolidated Net Borrowings to Consolidated Total Equity does not exceed 4:1; and

(iii) the ratio of Consolidated Secured Debt to Consolidated Total Assets shall not at any time exceed 0.7:1.

For the purposes of these Conditions:

(1) "**Consolidated Net Borrowings**" means Consolidated Total Borrowings less cash and cash equivalents (as determined in accordance with generally accepted accounting principles in Singapore);

(2) "**Consolidated Secured Debt**" means, at any particular time, the portion of Consolidated Total Liabilities secured by any security interest over any asset of the Group (as defined in the Trust Deed);

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

(A) the amount paid up or credited as paid up on the issued share capital of ACL; and

(B) the amounts standing to the credit of the capital and revenue reserves (including capital redemption reserve fund, revaluation reserves and profit and loss account) of the Group on a consolidated basis,

all as shown in the then latest audited or half year unaudited consolidated balance sheet of the Group 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 paragraphs (A) and (B) above of the Group since the date of the latest audited consolidated balance sheet of the Group;

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

(III) deducting:

(aa) 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;

(bb) all goodwill and other intangible assets; and

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

(4) "**Consolidated Total Assets**" means, at any particular time, the consolidated amount of the book values of all the assets of the Group, determined as assets in accordance with generally accepted accounting principles in Singapore;

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

(A) bank overdrafts and all other indebtedness in respect of any borrowings maturing within 12 months;

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

(C) the liabilities of the Issuers under the Trust Deed or the Notes;

(D) all other indebtedness whatsoever of the Group for borrowed moneys; and

(E) any redeemable preference shares issued by any member of the Group and which is regarded by generally accepted accounting principles in Singapore as debt or other liability of the Group;

(6) "**Consolidated Total Equity**" means the amount (expressed in Singapore dollars) for the time being, calculated in accordance with generally accepted accounting principles in Singapore, equal to the aggregate of:

(A) the amount paid up or credited as paid up on the issued share capital of ACL;

(B) the amounts standing to the credit of the capital and revenue reserves (including capital redemption reserve fund, revaluation reserves and profit and loss account) of the Group on a consolidated basis; and

(C) the amounts attributable to the non-controlling interests of the Group,

all as shown in the then latest audited or half-yearly unaudited consolidated balance sheet of the Group 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 paragraphs (A) and (B) above of the Group since the date of the latest audited consolidated balance sheet of the Group; and

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

(III) deducting:

(aa) 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; and

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

(7) "**Consolidated Total Liabilities**" means the aggregate of Consolidated Total Borrowings plus, insofar as not already taken into account, all other liabilities of the Group calculated in accordance with generally accepted accounting principles in Singapore, including:

(A) current creditors, proposed dividends and other distributions to shareholders and taxation payable within 12 months;

(B) the principal amount raised by acceptances under any acceptance credit in favour of any member of the Group;

(C) the face amount of any bills of exchange (other than cheques) or other instruments upon which any member of the Group is liable as drawer, acceptor or endorser;

(D) all actual and contingent liabilities of whatsoever nature of any member of the Group including, without limitation, the maximum premium payable on a redemption of any debenture or other indebtedness of any member of the Group and all actual and contingent liabilities of any other person (including the value of any shares and the principal amount of any debentures of any person) to the extent that such liabilities, shares or debentures are directly or indirectly guaranteed or secured by or are, directly or indirectly, the subject of an indemnity given by, or with a right of recourse against, any member of the Group;

(E) the aggregate of the principal amounts outstanding under all agreements or transactions entered into by any member of the Group for leasing, hire purchase, conditional sale or purchase on deferred terms, or provision of funds in support of obligations of third parties and similar transactions in relation to any property, and any other amounts due to creditors other than current creditors; and

(F) amounts standing to the credit of any deferred tax account or tax equalisation reserve,

provided that no liabilities shall be included in a calculation of Consolidated Total Liabilities more than once.

5. Interest and other Calculations

(I) Interest on Fixed Rate Notes

(a) Interest Rate and Accrual

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

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

Interest will cease to accrue on each Fixed Rate Note from (and including) the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of 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 (but excluding) the Relevant Date (as defined in Condition 8).

(b) Calculations

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

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

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

(a) Interest Payment Dates

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

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

Interest will cease to accrue on each Floating Rate Note or Variable Rate Note from (and including) the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of 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) and the Agency Agreement to (but excluding) the Relevant Date.

(b) Rate of Interest - Floating Rate Notes

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

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

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

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

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

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

(B) if on any Interest Determination Date, no such rate appears on the Reuters Screen ABSIRFIX01 Page under the column headed "SGD SIBOR" (or such other replacement page thereof or if no rate appears on such other Screen Page as may be provided hereon) or if the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Agent Bank will request the principal Singapore offices of each of the Reference Banks to provide the Agent Bank with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Interest Determination Date to prime banks in the Singapore interbank market for a period equivalent to the duration of such Interest Period commencing on such Interest Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Notes. The Rate of Interest for such Interest Period shall be the arithmetic mean (rounded up, if necessary, to the nearest four decimal places) of such offered quotations and as adjusted by the Spread (if any), as determined by the Agent Bank;

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

(D) if on any Interest Determination Date, one only or none of the Reference Banks provides the Agent Bank with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date and as adjusted by the Spread (if any);

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

(A) the Agent Bank will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period as being the rate which appears on the Reuters Screen ABSFIX01 Page under the caption "SGD SOR rates as of 11:00 hrs London Time" and under the column headed "SGD SOR" (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period and as adjusted by the Spread (if any);

(B) if on any Interest Determination Date, no such rate is quoted on the Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) or the Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Agent Bank will determine the Rate of Interest for such Interest Period as being the rate (or, if there is more than one rate which is published, the arithmetic mean of those rates (rounded up, if necessary, to four decimal places)) for a period equal to the duration of such Interest Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as the Agent Bank may select; and

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

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

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

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

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

and as adjusted by the Spread (if any);

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

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

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

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

(c) Rate of Interest - Variable Rate Notes

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(d) Definitions

As used in these Conditions:

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

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

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

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

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

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

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

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

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

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

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

"**Reference Banks**" means the institutions specified as such hereon or, if none, three major banks selected by the Agent Bank (in consultation with the relevant 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 relevant Issuer has concluded or is negotiating an agreement for the issue of such Variable Rate Note pursuant to the Programme Agreement;

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

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

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

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

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

(III) Interest on Hybrid Notes

(a) Interest Rate and Accrual

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

(b) Fixed Rate Period

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

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

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

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

(c) Floating Rate Period

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

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

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

(iv) The provisions of Condition 5(II)(b) shall apply to each Hybrid Note during the Floating Rate Period as though references therein to Floating Rate Notes are references to Hybrid Notes.

(IV) Zero Coupon Notes

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

(V) Calculations

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

The Agent Bank will, as soon as practicable after the Relevant Time on each Interest Determination Date determine the Rate of Interest and calculate the amount of interest payable (the "**Interest Amounts**") in respect of each Calculation Amount of the relevant Floating Rate Notes, Variable Rate Notes or (where applicable) Hybrid Notes for the relevant Interest Period. The amount of interest payable in respect of any Floating Rate Note, Variable Rate Note or (where applicable) Hybrid Note shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount, by the Day Count Fraction shown on the Note and rounding the resultant figure to the nearest sub-unit of the Relevant Currency. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Agent Bank shall (in the absence of manifest or proven error) be final and binding upon all parties.

(b) Notification

The Agent Bank will cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to the Issuing and Paying Agent, the Trustee, the relevant Issuer and the Guarantor not later than four business days thereafter. In the case of Floating Rate Notes, if so required by the relevant Issuer, the Agent Bank will also cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to Noteholders in accordance with Condition 16 as soon as possible after their determination. The Interest Amounts and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period by reason of any Interest Payment Date not being a business day. If the Floating Rate Notes, Variable Rate Notes or, as the case may be, Hybrid Notes become due and payable under Condition 10, the Rate of Interest and Interest Amounts payable in respect of the Floating Rate Notes, Variable Rate Notes or, as the case may be, Hybrid Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest and Interest Amounts need to be made unless the Trustee requires otherwise.

(c) Determination or Calculation by the Trustee

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

(d) Agent Bank and Reference Banks

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

6. Redemption and Purchase

(a) Final Redemption

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

(b) Purchase at the Option of Issuer

If so provided hereon, the relevant Issuer shall have the option to purchase all or any of the Fixed Rate Notes, Floating Rate Notes, Variable Rate Notes or Hybrid Notes at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Noteholders shall be bound to sell such Notes to the relevant Issuer accordingly. To exercise such option, the relevant Issuer shall give irrevocable notice to the Noteholders within the relevant Issuer's Purchase Option Period shown on the face hereof. Such Notes may be held, resold or surrendered to the Issuing and Paying Agent for cancellation. The Notes so purchased, while held by or on behalf of the relevant Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 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 relevant Issuer in such place and in such manner as may be agreed between the relevant Issuer and the Trustee, subject to compliance with any applicable laws. So long as the Notes are listed on any Stock Exchange (as defined in the Trust Deed), the relevant Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any purchase of such Notes.

(c) Purchase at the Option of Noteholders

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

(d) Redemption at the Option of the Issuer

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

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

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

(e) Redemption at the Option of Noteholders

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

(ii) If, for any reason, a Change of Shareholding Event (as defined below) occurs, the relevant Issuer will within seven days of such occurrence (the "**Transfer Date**") give notice to the Noteholders of the occurrence of such event and shall, at the option of the holder of any Note, redeem such Note at its Redemption Amount, together with interest accrued to (but excluding) the date fixed for redemption, on the date falling 60 days from the Transfer Date (or if such date is not a business day, on the next day which is a business day). To exercise such option, the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons and unexchanged Talons) with any Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any other Transfer Agent at its specified office, together with an exercise notice in the form obtainable from any Paying Agent, the Registrar or any other Transfer Agent or the relevant Issuer (as applicable), no later than 30 days from the Transfer Date. Any Note or Certificate so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the relevant Issuer.

For the purposes of this Condition 5(e)(ii), a "**Change of Shareholding Event**" occurs when Mr Koh Wee Seng, Ms Ko Lee Meng and Ms Koh Lee Hwee cease to own in aggregate (whether directly or indirectly) more than 50 per cent. of the issued share capital of ACL.

(f) Redemption for Taxation Reasons

If so provided hereon, the Notes may be redeemed at the option of the relevant Issuer in whole, but not in part, on any Interest Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount or (in the case of Zero Coupon Notes) Early Redemption Amount (as defined in Condition 6(h) below) (together with interest accrued to (but excluding) the date fixed for redemption), if (i) the relevant Issuer (or, if the Guarantee was called, the Guarantor) has or will become obliged to pay additional amounts as provided or referred to in Condition 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 relevant Issuer or, as the case may be, the Guarantor taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the relevant Issuer or, as the case may be, the Guarantor would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the relevant Issuer shall deliver to (1) the Trustee and the Issuing and Paying Agent a certificate signed by a duly authorised officer of the relevant Issuer or, as the case may be, the Guarantor stating that the relevant Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the relevant Issuer so to redeem have occurred, and (2) the Trustee an opinion of independent legal, tax or other professional advisers of recognised standing to the effect that the relevant Issuer or, as the case may be, the Guarantor has or is likely to become obliged to pay such additional amounts as a result of such change or amendment (with a copy to the Issuing and Paying Agent certified true by a Director of the Issuer).

(g) Purchases

The relevant Issuer, the Guarantor and/or any of their respective related corporations 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 the relevant Issuer, the Guarantor and/or any of their respective related corporations may be surrendered by the purchaser through the relevant 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 relevant Issuer, the Guarantor or, as the case may be, the relevant related corporation be held or resold.

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

(h) Early Redemption of Zero Coupon Notes

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

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

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

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

(i) Redemption upon Cessation or Suspension of Trading of Shares

In the event that (i) the shares of ACL cease to be traded on the SGX-ST (as defined in the Trust Deed) or (ii) trading in the shares of ACL on the SGX-ST is suspended for a continuous period of more than seven days (other than by reason of holiday, statutory or otherwise), the relevant Issuer shall, at the option of the holder of any Note, redeem such Note at its Redemption Amount together with interest accrued to (but excluding) the date fixed for redemption on any date on which interest is due to be paid on such Notes or, if earlier, the date falling 45 days after the Effective Date. In this Condition 5(i), "**Effective Date**" means (in the case of (i)) the date of cessation of trading or (in the case of (ii)) the business day immediately following the expiry of such continuous period of seven days. The relevant Issuer shall within seven days after the Effective Date, give notice to the Trustee, the Issuing and Paying Agent and the Noteholders of the occurrence of the event specified in this paragraph (i) (provided that any failure by the relevant Issuer to give such notice shall not prejudice any Noteholder of such option). To exercise such option, the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons and unexchanged Talons) with any Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any other Transfer Agent at its specified office, together with an exercise notice in the form obtainable from any Paying Agent, the Registrar or any other Transfer Agent or the relevant Issuer (as applicable), no later than 21 days after the Effective Date. Any Note or Certificate so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the relevant Issuer.

(j) Cancellation

All Notes purchased by or on behalf of the relevant Issuer, the Guarantor and/or any of their respective related corporations 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 relevant Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes or Certificates so surrendered for cancellation may not be reissued or resold.

7. Payments

(a) Principal and Interest in respect of Bearer Notes

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

(b) Principal and Interest in respect of Registered Notes

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

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

(c) Payments subject to law etc.

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

(d) Appointment of Agents

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

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

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

(e) Unmatured Coupons and unexchanged Talons

(i) Bearer Notes which comprise Fixed Rate Notes and Hybrid Notes should be surrendered for payment together with all 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 a period of five years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).

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

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

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

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

(f) Talons

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

(g) Non-business days

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

(h) Default Interest

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

8. Taxation

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

(a) by or on behalf of a holder who is subject to such taxes, duties, assessments or governmental charges by reason of his being connected with Singapore otherwise than by reason only of the holding of such Note or Coupon or the receipt of any sums due in respect of such Note or Coupon (including, without limitation, the holder being a resident of, or a permanent establishment in, Singapore);

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

(c) by, or on behalf of, a holder who would be able to lawfully avoid (but has not so avoided) such deduction or withholding by making a declaration or any other statement including, but not limited to, a declaration of residence or non-residence, but fails to do so.

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

9. Prescription

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

10. Events of Default

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

(a) the relevant Issuer or the Guarantor does not pay any sum payable by it under any of the Notes (in the case of interest) within three business days of its due date and (in all other cases) when due;

(b) the relevant Issuer or the Guarantor does not perform or comply with any one or more of their respective obligations (other than the payment obligation of the relevant Issuer or the Guarantor referred to in paragraph (a)) under any of the Issue Documents (as defined in the Trust Deed) or any of the Notes and, if in the opinion of the Trustee that default is capable of remedy, it is not in the opinion of the Trustee remedied within 21 days next following the service by the Trustee on the relevant Issuer or, as the case may be, the Guarantor of notice requiring the same to be remedied;

(c) any representation, warranty or statement by the relevant Issuer or the Guarantor in any of the Issue Documents or any of the Notes or in any document delivered under any of the Issue Documents or any of the Notes is not complied with in any respect or is or proves to have been incorrect in any respect when made or deemed repeated and, if in the opinion of the Trustee the event resulting in such non-compliance or incorrect representation, warranty or statement is capable of remedy, it is not in the opinion of the Trustee remedied within 21 days after notice of such non-compliance or incorrect representation, warranty or statement shall have been given by the Trustee to the relevant Issuer or, as the case may be, the Guarantor;

(d) the Guarantee is not (or is claimed by the Guarantor not to be) in full force and effect;

(e) (i) any other indebtedness of the relevant Issuer, the Guarantor or any of its subsidiaries in respect of borrowed money is or is declared to be or is capable of being rendered due and payable prior to 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 a result of any actual or potential default, event of default or the like (however described) any facility relating to any such indebtedness is or is declared to be or is capable of being cancelled or terminated before its normal expiry date; or

(ii) the relevant Issuer, the Guarantor or any of its subsidiaries fails to pay when due or expressed to be due, any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised,

provided however that no Event of Default will occur under this paragraph (e) unless and until the aggregate amount of the indebtedness in respect of which one or more of the events mentioned above in this paragraph (e) has/have occurred equals or exceeds S$5,000,000 or its equivalent in other currency or currencies;

(f) the relevant Issuer, the Guarantor or any of its Principal Subsidiaries is (or is, or could be, deemed by law or a court to be) insolvent or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its indebtedness, begins negotiations or takes any other step with a view to the deferral, rescheduling or other readjustment of all or a material part of (or of a particular type of) its indebtedness (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors or a moratorium is agreed or declared in respect of or affecting all or a material part of (or of a particular type of) the indebtedness of the relevant Issuer, the Guarantor or any of the Principal Subsidiaries;

(g) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or a material part of the property, assets or revenues of the relevant Issuer, the Guarantor or any of the Principal Subsidiaries and is not discharged or stayed within 30 days;

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

(i) any step is taken by any person with a view to the winding-up, amalgamation, reconstruction, reorganisation, merger, consolidation or dissolution of the relevant Issuer, the Guarantor or any of the Principal Subsidiaries (except (i) for a reconstruction, amalgamation, merger, consolidation or reorganisation on terms approved by an Extraordinary Resolution of the Noteholders, (ii) in the case of a Principal Subsidiary only, where such winding-up does not involve insolvency and results in such Principal Subsidiary being able to pay all of its creditors in full or (iii) in the case of a Principal Subsidiary only, where such reconstruction, amalgamation, merger, consolidation or reorganisation is not likely to have a material adverse effect on the relevant Issuer, or as the case may be, the Guarantor and does not include insolvency) or for the appointment of a liquidator (including a provisional liquidator), receiver, manager, judicial manager, trustee, administrator, agent or similar officer of the relevant Issuer, the Guarantor or any of their respective subsidiaries or over the whole or a material part of the assets of the relevant Issuer, the Guarantor or any of the Principal Subsidiaries;

(j) (i) the relevant Issuer or the Guarantor ceases or threatens to cease to carry on all or any material part of their respective businesses or (ii) any of the Principal Subsidiaries ceases or threatens to cease to carry on all or any part of its business and such event is likely to have a material adverse effect on either Issuer or the Guarantor;

(k) any step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the relevant Issuer, the Guarantor or any of the Principal Subsidiaries;

(l) any action, condition or thing (including the obtaining of any necessary consent) at any time required to be taken, fulfilled or done for any of the purposes stated in Clause 15.3 of the Trust Deed is not taken, fulfilled or done, or any such consent ceases to be in full force and effect without modification or any condition in or relating to any such consent is not complied with (unless that consent or condition is no longer required or applicable);

(m) it is or will become unlawful for the relevant Issuer or the Guarantor to perform or comply with any one or more of their respective payment or other material obligations under any of the Issue Documents or any of the Notes;

(n) any of the Issue Documents or any of the Notes ceases for any reason (or is claimed by the relevant Issuer or the Guarantor not) to be the legal and valid obligations of the relevant Issuer or the Guarantor, binding upon it in accordance with its terms;

(o) any litigation, arbitration or administrative proceeding (other than (i) those of a frivolous or vexatious nature or (ii) those being contested in good faith by appropriate proceedings) against the relevant Issuer, the Guarantor or any of the Principal Subsidiaries is current or pending (1) 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 relevant Issuer or the Guarantor under any of the Issue Documents or any of the Notes or (2) which has or could have a material adverse effect on the relevant Issuer or the Guarantor;

(p) any event occurs which, under the law of any relevant jurisdiction, has an analogous or equivalent effect to any of the events mentioned in paragraph (f), (g), (h), (i) or (k);

(q) the relevant Issuer, the Guarantor or any of the Principal Subsidiaries is declared by the Minister of Finance to be a declared company under the provisions of Part IX of the Companies Act, Chapter 50 of Singapore; and

(r) for any reason ACL ceases to own (directly or indirectly) the whole of the issued share capital for the time being of ATPL.

In these Conditions:

(A) "**Principal Subsidiaries**" means:

(aa) World Class Land Pte Ltd; or

(bb) any subsidiary of ACL:

(I) whose total assets, as shown by the accounts of such subsidiary (consolidated in the case of a subsidiary which itself has subsidiaries), based upon which the latest audited consolidated accounts of the Group have been prepared, is at least 10 per cent. of the total assets of the Group as shown by such audited consolidated accounts; or

(II) whose net profits after tax, as shown by the accounts of such subsidiary (consolidated in the case of a subsidiary which itself has subsidiaries), based upon which the latest audited consolidated accounts of the Group have been prepared, is at least 10 per cent. of the consolidated net profits after tax of the Group as shown by such audited consolidated accounts,

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

(AA) if the whole of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall thereupon cease to be a Principal Subsidiary and the transferee (unless it is one of the Issuers or ACL) shall thereupon become a Principal Subsidiary; and

(BB) if a substantial 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 one of the Issuers or ACL) shall thereupon become a Principal Subsidiary.

Any subsidiary which becomes a Principal Subsidiary by virtue of (AA) above or which remains or becomes a Principal Subsidiary by virtue of (BB) above shall continue to be a Principal Subsidiary until the date of issue of the first audited consolidated accounts of the Group prepared as at a date later than the date of the relevant transfer which show the total assets or (as the case may be) net profits after tax of the relevant subsidiary as shown by the accounts of such subsidiary (consolidated in the case of a subsidiary which itself has subsidiaries), based upon which such audited consolidated accounts have been prepared, to be less than 10 per cent. of the total assets or (as the case may be) net profits after tax of the Group, as shown by such audited consolidated accounts. A report by the Auditors (as defined in the Trust Deed), who shall also be responsible for producing any pro-forma accounts required for the above purposes, that in their opinion a subsidiary is or is not a Principal Subsidiary shall, in the absence of manifest error, be conclusive; and

(B) "**subsidiary**" has the meaning ascribed to it in the Trust Deed.

11. Enforcement of Rights

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

12. Meeting of Noteholders and Modifications

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

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

The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed or these Conditions which in the opinion of the Trustee is of a formal, minor or technical nature, is made to correct a manifest or proven error or to comply with mandatory provisions of Singapore law or is required by Euroclear, Clearstream, Luxembourg, the Depository and/or any other clearing system in which the Notes may be held and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or these Conditions which is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification, authorisation or waiver shall be notified to the Noteholders as soon as practicable (and in any event within 14 days of such modification) in accordance with Condition 16 and by way of an announcement on the SGX-ST.

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

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

13. Replacement of Notes, Certificates, Coupons and Talons

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

14. Further Issues

The relevant Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes of any Series in all respects (or in all respects except for the first payment of interest on them) and so that the same shall be consolidated and form a single Series with such Notes, and references in these Conditions to "**Notes**" shall be construed accordingly.

15. Indemnification of the Trustee

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

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

16. Notices

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

Until such time as any Definitive Securities (as defined in the Trust Deed) or Certificates are issued, there may, so long as the Global Security(ies) or Global Certificate(s) is or are held in its or their entirety on behalf of Euroclear, Clearstream, Luxembourg and/or the Depository, be substituted for such publication in such newspapers the delivery of the relevant notice to Euroclear, Clearstream, Luxembourg and/or (subject to the agreement of the Depository) the Depository for communication by it to the Noteholders, except that if the Notes are listed on the SGX-ST and the rules of such exchange so require, notice will in any event be published in accordance with the previous paragraph. Any such notice shall be deemed to have been given to the Noteholders on the seventh day after the day on which the said notice was given to Euroclear, Clearstream, Luxembourg and/or the Depository.

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

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

17. Governing Law and Jurisdiction

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

(b) The courts of Singapore are to have jurisdiction to settle any disputes that may arise out of or in connection with the Trust Deed, any Notes, Coupons or Talons or the Guarantee and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed, Notes, Coupons, Talons or the Guarantee may be brought in such courts. Each of the Issuers and the Guarantor has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.

18. Contracts (Rights of Third Parties) Act

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

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

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

TERMS AND CONDITIONS OF THE PERPETUAL SECURITIES

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

The Perpetual Securities are constituted by a Trust Deed dated 10 June 2013 made between (1) Aspial Corporation Limited ("**ACL**") and (2) DBS Trustee Limited (the "**Trustee**", which expression shall wherever the context so admits include such company and all other persons for the time being the trustee or trustees of the Trust Deed), as trustee for the Perpetual Securityholders (as defined below) (as amended and restated by an amendment and restatement deed dated 30 July 2013 made between the same parties and by a second amendment and restatement deed dated 16 July 2015 made between (1) ACL and Aspial Treasury Pte. Ltd. ("**ATPL**"), as issuers (each, an "**Issuer**" and together, the "**Issuers**") (2) ACL, in its capacity as guarantor for Securities (as defined in the Trust Deed) issued by ATPL (the "**Guarantor**"), and (3) the Trustee, as trustee, and as supplemented by a supplemental trust deed dated 5 March 2020, made between the same parties, and as further amended, restated or supplemented from time to time, the "**Trust Deed**"), and (where applicable) the Perpetual Securities are issued with the benefit of a deed of covenant dated 10 June 2013 (as amended, varied or supplemented by a supplemental deed of covenant dated 30 July 2013 and a second supplemental deed of covenant dated 16 July 2015 and as further amended, varied or supplemented from time to time, the "**ACL Deed of Covenant**") executed by ACL, relating to the Perpetual Securities issued by ACL and a deed of covenant dated 16 July 2015 (as amended, varied or supplemented from time to time, the "**ATPL Deed of Covenant**" and together with the ACL Deed of Covenant, the "**Deeds of Covenant**") executed by ATPL, relating to the Perpetual Securities issued by ATPL. These terms and conditions (the "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which include the form of the Bearer Perpetual Securities, Certificates, Coupons and Talons referred to below. ACL has entered into an Agency Agreement dated 10 June 2013 made between (1) ACL, as issuer, (2) DBS Bank Ltd., as issuing and paying agent (in such capacity, the "**Issuing and Paying Agent**") (3) DBS Bank Ltd., as agent bank (in such capacity, the "**Agent Bank**") and (4) the Trustee, as trustee (as amended and restated by an amendment and restatement agreement dated 30 July 2013 made between (1) ACL, as issuer, (2) the Issuing and Paying Agent, as issuing and paying agent (and, together with any other paying agents that may be appointed, the "**Paying Agents**"), (3) the Agent Bank, as agent bank, (4) DBS Bank Ltd., as transfer agent (and, together with any other transfer agents that may be appointed, the "**Transfer Agents**"), (5) DBS Bank Ltd., as registrar (in such capacity, the "**Registrar**"), and (6) the Trustee, as trustee for the Perpetual Securityholders, and a second amendment and restatement agreement dated 16 July 2015 made between (1) the Issuers, as issuers (2) the Guarantor, in its capacity as guarantor for Securities issued by ATPL, (3) the Issuing and Paying Agent, as issuing and paying agent, (4) the Agent Bank, as agent bank, (5) the Transfer Agent, as transfer agent, (6) the Registrar, as registrar, and (7) the Trustee, as trustee, and as further amended, restated or supplemented from time to time, the "**Agency Agreement**"). The Perpetual Securityholders and the holders (the "**Couponholders**") of the distribution coupons (the "**Coupons**") relating to the Perpetual Securities in bearer form and, where applicable in the case of such Perpetual Securities, talons for further Coupons (the "**Talons**") are bound by and are deemed to have notice of all of the provisions of the Trust Deed, the Agency Agreement and the relevant Deed of Covenant.

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

1. Form, Denomination and Title

(a) Form and Denomination

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

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

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

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

(b) Title

(i) Title to the Bearer Perpetual Securities and the Coupons and Talons appertaining thereto shall pass by delivery. Title to the Registered Perpetual Securities shall pass by registration in the register that the relevant 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, trust or an interest in it, 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 below) or, as the case may be, a Global Certificate (as defined below), and such Global Security or Global Certificate is held by a common depositary for Euroclear Bank S.A./N.V. ("**Euroclear**") and/or Clearstream Banking, *société anonyme* ("**Clearstream, Luxembourg**") and/or The Central Depository (Pte) Limited (the "**Depository**"), each person who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg and/or the Depository as the holder of a particular principal amount of such Perpetual Securities (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg and/or the Depository as to the principal amount of such Perpetual Securities standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest or proven error) shall be treated by the relevant Issuer, the Guarantor, the Issuing and Paying Agent, the Paying Agents, the Agent Bank, the Transfer Agents, the Registrar, all other agents of the relevant 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 relevant Issuer, the Guarantor, the Issuing and Paying Agent, the other Paying Agents, the Agent Bank, the Transfer Agents, the Registrar, all other agents of the relevant Issuer and the Trustee as the holder of such Perpetual Securities in accordance with and subject to the terms of the Global Security or, as the case may be, the Global Certificate (and the expressions "**Perpetual Securityholder**" and "**holder of Perpetual Securities**" and related expressions shall be construed accordingly). Perpetual Securities which are represented by the Global Security or, as the case may be, the Global Certificate will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg and/or the Depository.

(iv) In these Conditions, "**Global Security**" means the relevant Temporary Global Security representing each Series or the relevant Permanent Global Security representing each Series, "**Global Certificate**" means the relevant Global Certificate representing each Series that is registered in the name of, or in the name of a nominee of, (1) a common depositary for Euroclear and/or Clearstream, Luxembourg, (2) the Depository and/or (3) any other clearing system, "**Perpetual Securityholder**" means the bearer of any Bearer Perpetual Security or the person in whose name a Registered Perpetual Security is registered (as the case may be) and "**holder**" (in relation to a Perpetual Security, Coupon or Talon) means the bearer of any Bearer Perpetual Security, Coupon or Talon or the person in whose name a Registered Perpetual Security is registered (as the case may be), "**Series**" means a Tranche, together with any further Tranche or Tranches, which are (A) expressed to be consolidated and forming a single series and (B) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first distribution payment and "**Tranche**" means Perpetual Securities which are identical in all respects (including as to listing).

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

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

(a) **No Exchange of Perpetual Securities:** Registered Perpetual Securities may not be exchanged for Bearer Perpetual Securities. Bearer Perpetual Securities of one Denomination Amount may not be exchanged for Bearer Perpetual Securities of another Denomination Amount. Bearer Perpetual Securities may not be exchanged for Registered Perpetual Securities.

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

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

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

(e) **Transfers Free of Charge:** Transfers of Perpetual Securities and registrations and issues of Certificates, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the relevant Issuer, the Guarantor, the Registrar or the other Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/or security and/or prefunding as the Registrar or the other relevant Transfer Agent may require in respect of such tax or other governmental 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 relevant 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 seven days ending on (and including) any Record Date (as defined in Condition 6(b)(ii)).

3. Status and Guarantee

(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).

(i) **Status of Senior Perpetual Securities**

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

(ii) **Guarantee of Senior Perpetual Securities**

The payment of all sums expressed to be payable by ATPL under the Trust Deed, the Senior Perpetual Securities and the Coupons relating to them are unconditionally and irrevocably guaranteed by the Guarantor. The obligations of the Guarantor under the Senior Guarantee (as defined in the Trust Deed) are contained in the Trust Deed. The payment obligations of the Guarantor under the Senior Guarantee and the Trust Deed constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and shall at all times rank *pari passu* with all other unsecured obligations (other than subordinated obligations and priorities created by law) of the Guarantor.

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

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

The Subordinated Perpetual Securities and Coupons relating to them constitute direct, unconditional, subordinated and unsecured obligations of the relevant 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 relevant Issuer. The rights and claims of the Perpetual Securityholders and Couponholders in respect of the Subordinated Perpetual Securities are subordinated as provided in this Condition 3(b).

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

(ii) **Ranking of claims on Winding-up - ACL**

Subject to the insolvency laws of Singapore and other applicable laws, in the event of the Winding-up of ACL, 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 ACL but at least pari passu with all other subordinated obligations of ACL that are not expressed by their terms to rank junior to the Subordinated Perpetual Securities and in priority to the claims of shareholders of ACL and/or as otherwise specified in the applicable Pricing Supplement.

(iii) **Ranking of claims on Winding-up - ATPL**

Subject to the insolvency laws of Singapore and other applicable laws, in the event of the Winding-up of ATPL, 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 ATPL but at least *pari passu* with all other subordinated obligations of ATPL that are not expressed by their terms to rank junior to the Subordinated Perpetual Securities and in priority to the claims of shareholders of ATPL and/or as otherwise specified in the applicable Pricing Supplement.

(iv) **No set-off - ACL**

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 ACL 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 ACL. Notwithstanding the preceding sentence, if any of the amounts owing to any holder of Subordinated Perpetual Securities or any Coupons relating to them by ACL 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 ACL (or, in the event of its Winding-up or administration, the liquidator or, as appropriate, administrator of ACL) and, until such time as payment is made, shall hold such amount in trust for ACL (or the liquidator or, as appropriate, administrator of ACL) and accordingly any such discharge shall be deemed not to have taken place.

(v) **No set-off - ATPL**

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 ATPL 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 ATPL. Notwithstanding the preceding sentence, if any of the amounts owing to any holder of Subordinated Perpetual Securities or any Coupons relating to them by ATPL 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 ATPL (or, in the event of its Winding-up or administration, the liquidator or, as appropriate, administrator of ATPL) and, until such time as payment is made, shall hold such amount in trust for ATPL (or the liquidator or, as appropriate, administrator of ATPL) and accordingly any such discharge shall be deemed not to have taken place.

(vi) **Guarantee of Subordinated Perpetual Securities**

The payment of all sums expressed to be payable by ATPL under the Trust Deed, the Subordinated Perpetual Securities and the Coupons relating to them are unconditionally and irrevocably guaranteed on a subordinated basis by the Guarantor. The obligations of the Guarantor under the Subordinated Guarantee are contained in the Trust Deed. The payment obligations of the Guarantor under the Subordinated Guarantee and the Trust Deed constitute direct, unconditional, subordinated and unsecured obligations of the Guarantor and shall at all times rank *pari passu* with any Parity Obligations of the Guarantor. The rights and claims of the Perpetual Securityholders in respect of the Subordinated Guarantee are subordinated as provided in this Condition 3(b).

(vii) **Ranking of claims on winding-up – Guarantor**

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

(viii) **No set-off – Guarantor**

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 Guarantor in respect of, or arising under or in connection with, the Subordinated Guarantee, 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 Guarantor. 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 Guarantor in respect of, or arising under or in connection with, the Subordinated Guarantee 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 Guarantor (or, in the event of its Winding-up or administration, the liquidator or, as appropriate, administrator of the Guarantor) and, until such time as payment is made, shall hold such amount in trust for the Guarantor (or the liquidator or, as appropriate, administrator of the Guarantor) and accordingly any such discharge shall be deemed not to have taken place.

4. **Distribution and other Calculations**

(I) Distribution on Fixed Rate Perpetual Securities

(a) Distribution Rate and Accrual

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

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

Distribution will cease to accrue on each Fixed Rate Perpetual Security from (and including) 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 (but excluding) the Relevant Date (as defined in Condition 7).

(b) Distribution Rate

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

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

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

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

(ii) (if a Reset Date is specified in the applicable Pricing Supplement), (1) for the period from (and including) the Distribution Commencement Date to (but excluding) the First Reset Date specified in the applicable Pricing Supplement, the rate shown on the face of such Perpetual Security and (2) for the period from (and including) the First Reset Date and each Reset Date (as specified 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 Shareholding Event (as defined below) and/or Redemption upon Cessation or Suspension of Trading of Units (as defined below) is specified hereon and a Change of Shareholding Event Margin and/or a Cessation or Suspension Event Margin is specified in the applicable Pricing Supplement, in the event that a Change of Shareholding Event (as defined in Condition 5(h)) and/or a Cessation or Suspension Event (as defined in Condition 5(i)) has occurred, so long as the relevant Issuer has not already redeemed the Perpetual Securities in accordance with Condition 5(h) or, as the case may be, Condition 5(i), the then prevailing Distribution Rate shall be increased by the Change of Shareholding Event Margin with effect from (and including) the Distribution Payment Date immediately following the date on which the Change of Shareholding Event and/or a Cessation or Suspension Event occurred (or, if the Change of Shareholding Event and/or a Cessation or Suspension Event occurs on or after the date which is two business days prior to the immediately following Distribution Payment Date, the next following Distribution Payment Date).

For the purposes of these Conditions:

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

"**Swap Offer Rate**" means:

(aa) the rate per annum (expressed as a percentage) notified by the Agent Bank to the relevant Issuer equal to the swap offer rate published by the Association of Banks in Singapore (or such other equivalent body) for a period equal to the duration of the Reset Period specified in the applicable Pricing Supplement on the second business day prior to the relevant Reset Date (the "**Reset Determination Date**");

(bb) if on the Reset Determination Date, there is no swap offer rate published by the Association of Banks in Singapore (or such other equivalent body), the Agent Bank will determine the swap offer rate for such Reset Period (determined by the Agent Bank to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates (excluding the highest and the lowest rates) which appears on Page TPIS on the monitor of the Bloomberg Agency under the caption "Tullett Prebon – Rates – Interest Rate Swaps – Asia Pac – SGD" and the column headed "Ask" (or if the Agent Bank determines that such page has ceased to be the commonly accepted page for determining the swap offer rate, such other replacement page as may be specified by the Agent Bank after taking into account the industry practice at that relevant time and the recommendations by the Association of Banks in Singapore (or such other equivalent body)) at the close of business on each of the five consecutive business days prior to and ending on the Reset Determination Date);

(cc) if on the Reset Determination Date, rates are not available on Page TPIS on the monitor of the Bloomberg Agency under the caption "Tullett Prebon – Rates – Interest Rate Swaps – Asia Pac – SGD" and the column headed "Ask" (or if the Agent Bank determines that such page has ceased to be the commonly accepted page for determining the swap offer rate, such other replacement page as may be specified by the Agent Bank after taking into account the industry practice at that relevant time and the recommendations by the Association of Banks in Singapore (or such other equivalent body)) at the close of business on one or more of the said five consecutive business days, the swap offer rate will be the rate per annum notified by the Agent Bank to the relevant Issuer equal to the arithmetic mean (rounded up, if necessary, to four decimal places) of the rates which are available in such five-consecutive-business-day period or, if only one rate is available in such five-consecutive-business-day period, such rate; and

(dd) if on the Reset Determination Date, no rate is available on Page TPIS on the monitor of the Bloomberg Agency under the caption "Tullett Prebon – Rates – Interest Rate Swaps – Asia Pac – SGD" and the column headed "Ask" (or if the Agent Bank determines that such page has ceased to be the commonly accepted page for determining the swap offer rate, such other replacement page as may be specified by the Agent Bank after taking into account the industry practice at that relevant time and the recommendations by the Association of Banks in Singapore (or such other equivalent body)) at the close of business in such five-consecutive-business-day period, the Agent Bank will request the principal Singapore offices of the Reference

Banks to provide the Agent Bank with quotation(s) of their swap offer rates for a period equivalent to the duration of the Reset Period at the close of business on the Reset Determination Date. The swap offer rate for such Reset Period shall be the arithmetic mean (rounded up, if necessary, to four decimal places) of such offered quotations, as determined by the Agent Bank or, if only one of the Reference Banks provides the Agent Bank with such quotation, such rate quoted by that Reference Bank,

provided that, in each case, in the event the Swap Offer Rate is less than zero, the Swap Offer Rate shall be equal to zero per cent. per annum.

(c) Calculation of Reset Distribution Rate

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

(d) Publication of Relevant Reset Distribution Rate

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

(e) Determination or Calculation by Trustee

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

(f) Calculations

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

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

(II) Distribution on Floating Rate Perpetual Securities

(a) Distribution Payment Dates

Each Floating Rate Perpetual Security confers a right to receive distribution on its 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 (as defined below) on the face of the Perpetual Security (the "**Specified Number of Months**") after the preceding Distribution Payment Date or, in the case of the first Distribution Payment Date, after the Distribution Commencement Date (and which corresponds numerically with such preceding Distribution Payment Date or the Distribution Commencement Date, as the case may be). If any Distribution Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day (as defined below), then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding business day and (ii) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

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

Distribution will cease to accrue on each Floating Rate Perpetual Security from (and including) 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 (but excluding) the Relevant Date.

(b) Rate of Distribution - Floating Rate Perpetual Securities

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

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

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

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

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

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

(B) if on any Distribution Determination Date, no such rate appears on the Reuters Screen ABSIRFIX01 Page under the column headed "SGD SIBOR" (or such other replacement page thereof or if no rate appears on such other Screen Page as may be provided hereon) or if the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Agent Bank will request the principal Singapore offices of each of the Reference Banks to provide the Agent Bank with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Distribution Determination Date to prime banks in the Singapore interbank market for a period equivalent to the duration of such Distribution Period commencing on such Distribution Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Perpetual Securities. The Rate of Distribution for such Distribution Period shall be the arithmetic mean (rounded up, if necessary, to four decimal places) of such offered quotations and as adjusted by the Spread (if any), as determined by the Agent Bank;

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

(D) if on any Distribution Determination Date, one only or none of the Reference Banks provides the Agent Bank with such quotation, the Rate of Distribution for the relevant Distribution Period shall be the rate per annum which the Agent Bank determines to be the arithmetic mean (rounded up, if necessary, to four decimal places) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Distribution Determination Date and as adjusted by the Spread (if any);

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

(A) the Agent Bank will, at or about the Relevant Time on the relevant Distribution Determination Date in respect of each Distribution Period, determine the Rate of Distribution for such Distribution Period as being the rate which appears on the Reuters Screen ABSFIX01 Page under the caption "SGD SOR rates as of 11:00hrs London Time" and under the column headed "SGD SOR" (or such replacement page thereof for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Distribution Determination Date and for a period equal to the duration of such Distribution Period and as adjusted by the Spread (if any);

(B) if on any Distribution Determination Date, no such rate is quoted on the Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) or the Reuters Screen ABSFIX01 Page (or such other replacement page as aforesaid) is unavailable for any reason, the Agent Bank will determine the Rate of Distribution for such Distribution Period as being the rate (or, if there is more than one rate which is published, the arithmetic mean of those rates (rounded up, if necessary, to four decimal places)) for a period equal to the duration of such Distribution Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as the Agent Bank and the relevant Issuer may select; and

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

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

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

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

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

and as adjusted by the Spread (if any);

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

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

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

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

(c) Definitions

As used in these Conditions:

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

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

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

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

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

(ii) if "Actual/360" is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Perpetual Securities) the Fixed Rate Distribution Period or (in the case of Floating Rate Perpetual Securities) the Distribution Period in respect of which payment is being made divided by 360; and

(iii) if "Actual/365 (Fixed)" is specified in the applicable Pricing Supplement, the actual number of days in (in the case of Fixed Rate Perpetual Securities) the Fixed Rate Distribution Period or (in the case of Floating Rate Perpetual Securities) the Distribution Period in respect of which payment is being made divided by 365;

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

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

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

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

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

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

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

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

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

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

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

(III) Calculations

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

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

(b) Notification

The Agent Bank will cause the Rate of Distribution and the Distribution Amounts for each Distribution Period and the relevant Distribution Payment Date to be notified to the Issuing and Paying Agent, the Trustee, the relevant Issuer and the Guarantor not later than four business days thereafter. In the case of Floating Rate Perpetual Securities, if so required by the relevant Issuer, the Agent Bank will also cause the Rate of Distribution and the Distribution Amounts for each Distribution Period and the relevant Distribution Payment Date to be notified to Perpetual Securityholders in accordance with Condition 14 as soon as possible after their determination. The Distribution Amounts and the Distribution Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Distribution Period by reason of any Distribution Payment Date not being a business day. If an Enforcement Event occurs in relation to the Floating Rate Perpetual Securities, the Rate of Distribution and Distribution Amounts payable in respect of the Floating Rate Perpetual Securities shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Distribution and Distribution Amounts need to be made unless the Trustee requires otherwise.

(c) Determination or Calculation by the Trustee

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

(d) Agent Bank and Reference Banks

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

(IV) Distribution Discretion

(a) Optional Payment

If Optional Payment is set out hereon, the relevant Issuer may, at its sole discretion, elect not to pay a distribution (or to pay only part of a distribution) which is scheduled to be paid on a Distribution Payment Date by giving notice (an "**Optional Payment Notice**") to the Trustee and the Issuing and Paying Agent and the Perpetual Securityholders (in accordance with Condition 14) not more than 10 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 relevant Issuer may not elect to defer any distribution if during the "Reference Period" (as specified in the applicable Pricing Supplement) ending on the day before that scheduled Distribution Payment Date, either or both of the following (each such event a "**Compulsory Distribution Payment Event**") have occurred:

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

(ii) any of the relevant Issuer's Junior Obligations or the Guarantor'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 relevant Issuer's Parity Obligations or any of the Guarantor'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, officers, consultants or directors of the Group (as defined in the Trust Deed), (2) as a result of the exchange or conversion of Parity Obligations of the relevant Issuer or, as the case may be, the Guarantor for Junior Obligations of the relevant Issuer or, as the case may be, the Guarantor or (3) as specified in the applicable Pricing Supplement. For the avoidance of doubt, a Compulsory Distribution Payment Event shall not occur, and accordingly nothing in this Condition 4(IV)(a) shall restrict the relevant Issuer from electing to defer any distribution, merely as a result of any dividends, distributions or payments or other actions made by the relevant Issuer or, as the case may be, the Guarantor in respect of obligations which are not the relevant Issuer's or the Guarantor's Junior Obligations or which are not the relevant Issuer's or the Guarantor's Parity Obligations.

In these Conditions, "**Junior Obligation**" means, in relation to the relevant Issuer or the Guarantor, 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 relevant Issuer or, as the case may be, the Guarantor that ranks or is expressed to rank, whether by its terms or by operation of law, junior to the Perpetual Securities or, as the case may be, the Guarantee.

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 relevant 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 relevant 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 relevant Issuer in respect of the Perpetual Securities.

(c) Non-Cumulative Deferral and Cumulative Deferral

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

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

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

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

(d) Restrictions in the case of Non-Payment

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

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

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

in each case, other than (1) in connection with any employee benefit plan or similar arrangements with or for the benefit of employees, officers, consultants or directors of the Group, (2) as a result of the exchange or conversion of Parity Obligations of the relevant Issuer or, as the case may be, the Guarantor for Junior Obligations of the relevant Issuer or, as the case may be, the Guarantor or (3) as specified in the applicable Pricing Supplement unless and until (A) (if Cumulative Deferral is specified as being applicable in the applicable Pricing Supplement) the relevant 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) 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 relevant Issuer or, as the case may be, the Guarantor 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.

For the avoidance of doubt, nothing in this Condition 4(IV)(d) shall restrict the relevant Issuer or, as the case may be, the Guarantor from declaring or paying any dividends, distributions or payments or taking any other action in respect of obligations which are not the relevant Issuer's or Guarantor's Junior Obligations or which are not the relevant Issuer's or Guarantor's Parity Obligations.

(e) Satisfaction of Optional Distribution or Arrears of Distribution

The relevant Issuer:

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

(ii) in any event shall satisfy any outstanding Arrears of Distribution (in whole but not in part) on the earliest of:

(A) the date of redemption of the Perpetual Securities in accordance with the redemption events set out in Condition 5 (as applicable);

(B) the next Distribution Payment Date following the occurrence of a breach of Condition 4(IV)(d) or the occurrence of a Compulsory Distribution Payment Event; and

(C) the date such amount becomes due under Condition 9 or on a Winding-up of the relevant Issuer or the Guarantor.

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

(f) No default

Notwithstanding any other provision in these Conditions, the non-payment of any distribution payment in accordance with this Condition 4(IV) shall not constitute a default for any purpose (including, without limitation, pursuant to Condition 9) on the part of the relevant 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 relevant Issuer shall (subject to the provisions of Condition 3 and without prejudice to Condition 9) only have the right to redeem or purchase them in accordance with the following provisions of this Condition 5.

(b) Redemption at the Option of the Issuer

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

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

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

(i) the relevant Issuer receives a ruling by the Comptroller of Income Tax in Singapore (or other relevant authority) which confirms that:

(1) the Perpetual Securities will not be regarded as "debt securities" for the purposes of Section 43N(4) of the Income Tax Act, Chapter 134 of Singapore ("**ITA**") and Regulation 2 of the Income Tax (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 relevant Issuer for the purposes of the withholding tax exemption on interest for "qualifying debt securities" under the ITA; or

(ii) (1) the relevant Issuer (or, if the Guarantee was called, the Guarantor) has or will become obliged to pay additional amounts as provided or referred to in Condition 7, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement; and

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

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

(1) the Trustee and the Issuing and Paying Agent a certificate signed by duly authorised officer of the relevant Issuer or, as the case may be, the Guarantor stating that the relevant Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the relevant Issuer so to redeem have occurred; and

(2) the Trustee an opinion of independent legal, tax or other professional advisers of recognised standing to the effect that the relevant Issuer or, as the case may be, the Guarantor has or is likely to become obliged to pay such additional amounts as a result of such change or amendment (with a copy to the Issuing and Paying Agent certified true by a Director of the relevant Issuer), and such certificate and opinion shall be sufficient evidence of the satisfaction of the conditions precedent set out above and be conclusive and binding on the Perpetual Securityholders.

(d) Redemption for Accounting Reasons

If so provided hereon, the Perpetual Securities may be redeemed at the option of the relevant Issuer in whole, but not in part, on any Distribution Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Perpetual Securityholders (which notice shall be irrevocable), at their Redemption Amount (together with distribution (including any Arrears of Distribution and any Additional Distribution Amount) accrued to (but excluding) the date fixed for redemption) 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 relevant Issuer (the "**Relevant Accounting Standard**"), the Perpetual Securities will not or will no longer be recorded as "equity" of the relevant Issuer pursuant to the Relevant Accounting Standard.

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

(i) the Trustee and the Issuing and Paying Agent a certificate, signed by a director or a duly authorised officer of the relevant Issuer stating that the circumstances referred to above prevail and setting out the details of such circumstances; and

(ii) the Trustee an opinion of the relevant 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 (with a copy to the Issuing and Paying Agent certified true by a Director of the relevant Issuer).

Each such certificate and opinion shall be sufficient evidence of the satisfaction of the conditions precedent set out above and be conclusive and binding on the Perpetual Securityholders. Upon the expiry of any such notice as is referred to in this Condition 5(d) the relevant Issuer shall be bound to redeem the Perpetual Securities in accordance with this Condition 5(d).

(e) Redemption for Tax Deductibility

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

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

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

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

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

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

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

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

(1) the Trustee and Issuing and Paying Agent a certificate, signed by a director or a duly authorised officer of the relevant Issuer stating that the circumstances referred to above prevail and setting out the details of such circumstances; and

(2) the Trustee an opinion of the relevant Issuer's independent tax or legal adviser of recognised standing stating that the circumstances referred to above prevail and the date on which the relevant change or amendment to the tax regime is due to take effect (with a copy to the Issuing and Paying Agent certified true by a Director of the relevant Issuer).

Each such certificate and opinion shall be sufficient evidence of the satisfaction of the conditions precedent set out above and be conclusive and binding on the Perpetual Securityholders. Upon the expiry of any such notice as is referred to in this Condition 5(e), the relevant Issuer shall be bound to redeem the Perpetual Securities in accordance with this Condition 5(e).

(f) Redemption in the case of Minimal Outstanding Amount

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

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

(g) Purchases

The relevant Issuer, the Guarantor and/or any of their respective related corporations 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 the relevant Issuer, the Guarantor and/or any of their respective related corporations may be surrendered by the purchaser through the relevant 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 relevant Issuer, the Guarantor or, as the case may be, the relevant related corporation be held or resold.

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

(h) Redemption upon a Change of Shareholding Event

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

For the purposes of these Conditions, a "**Change of Shareholding Event**" occurs when Mr Koh Wee Seng, Ms Ko Lee Meng and Ms Koh Lee Hwee cease to own in aggregate (whether directly or indirectly) more than 50 per cent. of the issued share capital of ACL or such other event as may be specified in the Pricing Supplement.

(i) Redemption upon Cessation or Suspension of Trading of Units

If so provided hereon, in the event that (i) the units in ACL cease to be traded on the SGX-ST (as defined in the Trust Deed) or (ii) trading in the units in ACL on the SGX-ST is suspended for a continuous period of more than seven days (other than by reason of holiday, statutory or otherwise) (each, a "**Cessation or Suspension Event**"), the Perpetual Securities may be redeemed at the option of the relevant Issuer in whole, but not in part, on any Distribution Payment Date or, if earlier, the date falling 45 days after (in the case of (i)) the date of cessation of trading or (in the case of (ii)) the business day immediately following the expiry of such continuous period of seven days (in either case, the "**Effective Date**"), at their Redemption Amount (together with distribution (including Arrears of Distribution and any Additional Distribution Amount) accrued to the date fixed for redemption). The relevant Issuer shall within seven days after the Effective Date, give notice to the Trustee, the Issuing and Paying Agent and the Perpetual Securityholders of the occurrence of the event specified in this Condition 5(i).

(j) Cancellation

All Perpetual Securities purchased by or on behalf of the relevant Issuer, the Guarantor and/or any of their respective related corporations 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 relevant Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Perpetual Securities or Certificates so surrendered for cancellation may not be reissued or resold.

6. Payments

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

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

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

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

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

(c) Payments subject to law etc.

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

(d) Appointment of Agents

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

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

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

(e) Unmatured Coupons and unexchanged Talons

(i) Bearer Perpetual Securities which comprise Fixed Rate Perpetual Securities should be surrendered for payment together with all 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 relevant Issuer may require.

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

(f) Talons

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

(g) Non-business days

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

7. Taxation

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

(a) by or on behalf of a holder who is subject to such taxes, duties, assessments or governmental charges by reason of his being connected with Singapore otherwise than by reason only of the holding of such Perpetual Security or Coupon or the receipt of any sums due in respect of such Perpetual Security or Coupon (including, without limitation, the holder being a resident of, or a permanent establishment in, Singapore);

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

(c) by, or on behalf of, a holder who would be able to lawfully avoid (but has not so avoided) such deduction or withholding by making a declaration or any other statement including, but not limited to, a declaration of residence or non-residence, but fails to do so.

As used in these Conditions, "**Relevant Date**" in respect of any Perpetual Security or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Perpetual Securityholders in accordance with Condition 14 that, upon further presentation of the Perpetual Security (or relative Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon presentation, and references to "**principal**" shall be deemed to include any premium payable in respect of the Perpetual Securities, all Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 5, "**distribution**" shall be deemed to include all Distribution Amounts and all other amounts payable pursuant to Condition 4 and any reference to "**principal**" and/or "**premium**" and/or "**Redemption Amounts**" and/or "**distribution**" shall be deemed to include any additional amounts, principal, premium, Redemption Amount or distribution (as the case may be) which may be payable under these Conditions.

8. Prescription

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

9. Non-payment

(a) Non-payment when due

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

(b) Proceedings for Winding-Up

If (i) a final and effective order is made or an effective resolution is passed for the Winding-up of the relevant Issuer and/or the Guarantor or (ii) the relevant Issuer shall not make payment of principal or distribution in respect of the Perpetual Securities for a period of three business days or more after the date on which such payment is due (together, the "**Enforcement Events**"), the relevant Issuer or, as the case may be, the Guarantor shall be deemed to be in default under the Trust Deed and the Perpetual Securities or, as the case may be, the Guarantee and the Trustee may, subject to the provisions of Condition 9(d), institute proceedings for the Winding-up of the relevant Issuer and/or the Guarantor and/or prove in the Winding-up of the relevant Issuer and/or the Guarantor and/or claim in the liquidation of the relevant Issuer and/or the Guarantor for such payment.

For the purposes of these Conditions, "**Winding-up**" means bankruptcy, winding-up, liquidation, receivership or similar proceedings.

(c) Enforcement

Without prejudice to Condition 9(b) but subject to the provisions of Condition 9(d), the Trustee may without further notice to the relevant Issuer or the Guarantor institute such proceedings against the relevant Issuer and/or the Guarantor as it may think fit to enforce any term or condition binding on the relevant Issuer or the Guarantor under the Perpetual Securities, the Guarantee or the Trust Deed, as the case may be, (other than any payment obligation of the relevant Issuer or the Guarantor under or arising from the Perpetual Securities or the Guarantee, 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 relevant Issuer or the Guarantor, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums, in cash or otherwise, sooner than the same would otherwise have been payable by it.

(d) Entitlement of Trustee

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

(e) Right of Perpetual Securityholders or Couponholder

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

(f) Extent of Perpetual Securityholders' remedy

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

10. Meeting of Perpetual Securityholders and Modifications

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

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

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

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

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

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

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

12. Further Issues

The relevant 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 in all respects (or in all respects except for the first payment of distribution on them) and so that the same shall be consolidated and form a single Series with such Perpetual Securities, and references in these Conditions to "**Perpetual Securities**" shall be construed accordingly.

13. Indemnification of the Trustee

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

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

14. Notices

Notices to the holders of Registered Perpetual Securities shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or Sunday) after the date of mailing. Notwithstanding the foregoing, notices to the holders of Perpetual Securities will be valid if published in a daily newspaper of general circulation in Singapore (or, if the holders of any Series of Perpetual Securities can be identified, notices to such holders will also be valid if they are given to each of such holders). It is expected that such publication will be made in The Business Times. Notices will, if published more than once or on different dates, be deemed to have been given on the date of the first publication in such newspaper as provided above. Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders of Bearer Perpetual Securities in accordance with this Condition 14.

Until such time as any Definitive Securities (as defined in the Trust Deed) or Certificates are issued, there may, so long as the Global Security(ies) or Global Certificate(s) is or are held in its or their entirety on behalf of Euroclear, Clearstream, Luxembourg and/or the Depository, be substituted for such publication in such newspapers the delivery of the relevant notice to Euroclear, Clearstream, Luxembourg and/or (subject to the agreement of the Depository) the Depository for communication by it to the Perpetual Securityholders, except that if the Perpetual Securities are listed on the SGX-ST and the rules of such exchange so require, notice will in any event be published in accordance with the previous paragraph. Any such notice shall be deemed to have been given to the Perpetual Securityholders on the seventh day after the day on which the said notice was given to Euroclear, Clearstream, Luxembourg and/or the Depository.

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

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

15. Governing Law and Jurisdiction

(a) 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.

(b) The courts of Singapore are to have jurisdiction to settle any disputes that may arise out of or in connection with the Trust Deed, any Perpetual Securities, Coupons or Talons or the Guarantee and accordingly any legal action or proceedings arising out of or in connection with the Perpetual Securities, Coupons, Talons or the Guarantee may be brought in such courts. Each of the Issuers and the Guarantor has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.

16. Contracts (Rights of Third Parties) Act

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

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

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

ASPIAL TREASURY PTE. LTD.

History and Business

ATPL was incorporated as a private company with limited liability under the laws of the Republic of Singapore on 3 July 2015. It is a wholly-owned subsidiary of ACL.

Its principal activities are the provision of financial and treasury services to the Group and the joint venture entities and associated entities of the Group.

Registered Office

The registered office of ATPL is 55 Ubi Avenue 3 #01-01 Singapore 408864.

Shareholding and Capital

As at the Latest Practicable Date, the issued and paid-up ordinary share capital of ATPL is S$2,000,000, comprising 2,000,000 ordinary shares. All the issued and paid-up ordinary share capital of ATPL is held by ACL.

Directors and Company Secretary

The directors and company secretary of ATPL are as follows:

Name/Designation	**Business Address**
Koh Wee Seng **Director**	55 Ubi Avenue 3 #01-01 Singapore 408864
Ko Lee Meng **Director**	55 Ubi Avenue 3 #01-01 Singapore 408864
Koh Lee Hwee **Director**	55 Ubi Avenue 3 #01-01 Singapore 408864
Lim Swee Ann, Felix **Company Secretary**	55 Ubi Avenue 3 #01-01 Singapore 408864

ASPIAL CORPORATION LIMITED

1. OVERVIEW

ACL was incorporated with limited liability under the laws of the Republic of Singapore on 12 November 1970 under the name of “Lee Hwa Goldsmiths & Jewellers (Private) Limited”. On 16 January 1998, ACL’s name was changed to “Lee Hwa Holdings Pte Ltd”. On 28 May 1999, ACL was converted into a public limited company, at which time it changed its name to “Lee Hwa Holdings Limited”. In June 1999, ACL was listed on the Main Board of the SGX-ST. With effect from 5 April 2001, ACL changed its name to “Aspial Corporation Limited”.

ACL is an investment holding company that operates through its subsidiaries, which are principally engaged in a diversified portfolio of businesses including real estate, jewellery, financial service and other investments (including the hospitality business through its associate AFGL).

As at the Latest Practicable Date, ACL has a market capitalisation of approximately S$300.6 million.

1.1 Real Estate Business

The Group is involved in the development of commercial, residential and commercial-cum-residential projects in good locations in Singapore (such as locations within close proximity to public amenities, educational centres, shopping malls, Mass Rapid Transit (“**MRT**”) stations and public transportation hubs) and in strategic locations in major cities in Australia and Malaysia. The real estate business of the Group, which includes property development and investment, is conducted through its subsidiaries, namely through World Class Land Pte Ltd (“**WCL**”) in Singapore and through World Class Global Limited (”**WCG**”) (formerly World Class Global Pte. Ltd.) overseas.

Since the commencement of its real estate business in 2001, the Group has successfully launched and completed more than 33 property development projects in Singapore and launched three major projects in Australia.

Additionally, as part of its property investment business, the Group has invested in some investment properties, comprising mainly shop units in Singapore and Penang, Malaysia.

1.2 Jewellery Business

Since the incorporation of ACL in 1970, ACL has expanded from being a retailer of traditional gold jewellery to a retailer of contemporary gold, diamond and gem-set jewellery.

The Group’s jewellery business segment is made up of the “Niessing” brand for the “high-end” segment, the “Lee Hwa Jewellery” (“**Lee Hwa**”) brand for the “accessible luxury” segment and the “Goldheart Jewelry” (“**Goldheart**”) brand for the “mass market” segment, as well as its bullion dealing business.

The Group’s “Niessing” jewellery has a global retail network that spans Germany, Hong Kong, Australia, Singapore, Japan and Switzerland, while its “Lee Hwa” and “Goldheart” brands focus on the Singapore market.

1.3 Financial Service Business

The Group offers financial services through Maxi-Cash Financial Services Corporation Ltd. (“**Maxi-Cash**”) in the form of pawnbroking, the retail and trading of jewellery and branded merchandise through its store network, and the provision of secured lending. As at the Latest Practicable Date, Maxi-Cash has a network of 53 stores in Singapore, Malaysia, Australia and Hong Kong.

1.4 <u>Other investments</u>

The Group's investment in the hospitality business is primarily through its associate AFGL. ACL currently has a direct 41.75% equity interest in AFGL.

AFGL is a public company incorporated in Singapore on 14 June 1973 and is listed on the Main Board of the SGX-ST. The AFGL Group has, over the years, evolved from property development and property management activities to focus on hospitality and investment holdings. As at the Latest Practicable Date, the AFGL Group has a presence in Thailand, Vietnam and Laos. Its portfolio of businesses includes high-end hotels and resorts such as Holiday Inn Resort Phuket in Phuket, Thailand, serviced residences, namely Cityview Apartments and Commercial Centre in Ho Chi Minh City, Vietnam and Somerset Vientiane in Vientiane, Laos, real estate consultancy and property development.

There is currently a dispute between AFGL Group and its local joint venture partner in relation to the China Xuzhou Gulou Square project and the matter is still under court proceedings in China. The AFGL Group has obtained an interim asset-freeze order from the local court to protect its interest.The AFGL Group had on 5 June 2020 entered into an equity transfer framework agreement pursuant to which it had agreed to sell its entire shareholding of 55 per cent. equity interest in the joint venture company to affiliates of the local joint venture partner (the "**Purchasers**") (the "**Proposed Disposal**"). However, as the Purchasers had failed to procure financing for the purchase, which was a condition precedent to the completion of the Proposed Disposal, the Proposed Disposal did not take place. The longstop date for the Proposed Disposal has expired and no further extension of time was agreed to by the parties to the agreement. Nevertheless, discussions with the joint venture partner on the Proposed Disposal are still underway. AFGL is also seeking legal advice and will, in consultation with its legal advisors, determine the means to enforce the AFGL Group's legal rights available under the agreement and take such steps as necessary in the best interest of the AFGL Group.

Taking into account the geographical footprint of the AFGL Group's assets and its developments, the Group sees potential for the continued growth in the various businesses and subsidiaries of AFGL and believes that its stake in AFGL would add value to its real estate business and is a strategic and synergistic holding for the Group.

The Group believes that its diversified revenue streams from its various business segments allow it to be less affected by adverse changes in market conditions affecting any single business segment.

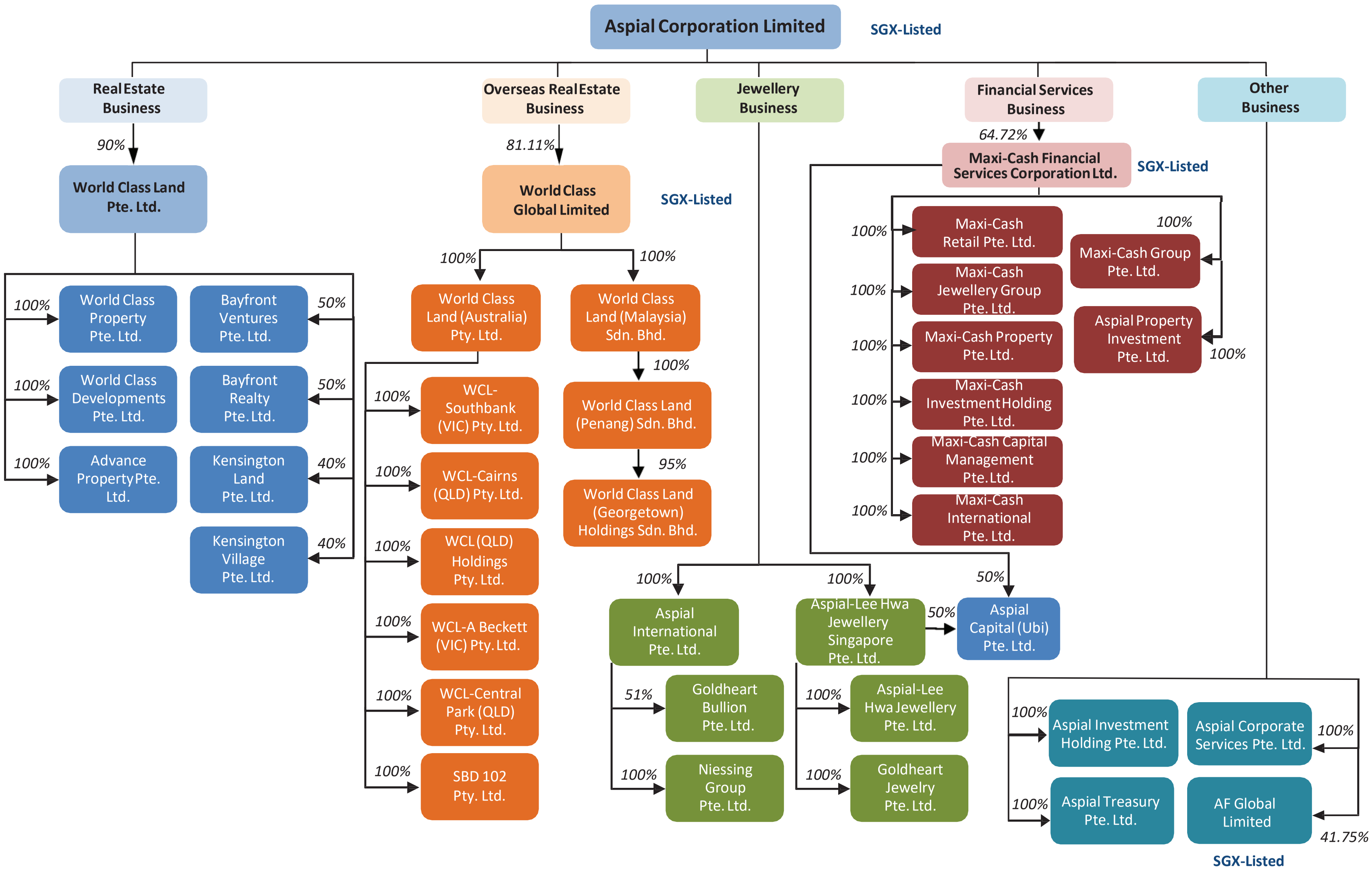
Recent Developments arising from the coronavirus disease 2019 ("COVID-19") Pandemic

COVID-19 has resulted in governments around the world, including those of Singapore and the other countries in which the Group operates or has investments, imposing various measures, including travel restrictions, suspension of business activities and major events, and implementation of quarantine and movement control orders, in an effort to curb the spread of COVID-19.

Such measures pose potential risks to the Group's business operations and financial condition. As the COVID-19 pandemic is ongoing, there remains significant uncertainty over the impact of COVID-19 on the Group. The estimate of the impact on the Group's business operations and financial condition cannot be reasonably determined at this juncture in view of, *inter alia*, the portfolio and geographical spread of the Group's business, and the actual extent of the impact will depend on, *inter alia*, the duration and intensity of the COVID-19 pandemic, the level of government support for the businesses in the countries where the Group operates, and the extent and speed of the post-pandemic economic recovery. Please see the risk factor titled "*The outbreak of communicable diseases, if uncontrolled, could materially and adversely affect the business of the Group*" for more information.

Currently, the Group has put in place mitigating measures, such as suspending non-essential capital and operating expenditure, and implementing cost containment measures to manage staff costs and overheads, across its businesses. The Group has also received some support such as rental rebates from landlords and grants from the Singapore Government for wages under the Jobs Support Scheme.

As at the Latest Practicable Date, the corporate structure of ACL and its key subsidiaries is as follows:



2. REAL ESTATE BUSINESS

2.1 Overview

The Group is involved in the development of commercial, residential and commercial-cum-residential projects in good locations in Singapore (such as locations within close proximity to public amenities, educational centres, shopping malls, MRT stations and public transportation hubs) and in strategic locations in major cities in Australia and Malaysia. The real estate business of the Group, which includes property development and investment, is conducted through its subsidiaries, namely through WCL in Singapore and through WCG overseas.

On 15 June 2017, the Group successfully spun off its overseas real estate business with the listing of WCG on the Catalist Board of SGX-ST ("**Catalist**").

Since the commencement of its real estate business in 2001, the Group has successfully launched and completed more than 33 property development projects in Singapore and launched three major projects in Australia.

Additionally, as part of its property investment business, the Group has invested in some investment properties, comprising mainly shop units in Singapore and Penang, Malaysia. The Group currently operates seven hotels comprising 121 rooms with a total of 72 keys in Georgetown, Penang. The Group expects its hotel portfolio in Penang to increase from the present 72 keys to about 350 keys by the end of 2021, by which four of its properties in Penang are expected to have completed.

2.2 General Business Developments in 1H2020

Revenue contribution from the Group's real estate business in 1H2020 slipped 38.6% to S$98.7 million, compared with S$160.7 million in 1H2019. The revenue was mainly contributed by Australia 108 which completed in 4Q2020.

Pre-tax profit for the real estate business in 1H2020 was S$12.6 million and decreased by S$4.2 million or 25.0% compared to 1H2019 and was due mainly to lower revenue in 1H2020.

2.3 Strategy

The Group, through WCL, has a real estate business with a strong focus in the development and investment of the mass-market segment. The Group is involved in commercial, residential and mixed property development projects. In Singapore, the Group's key strategy is to purchase land or property at good locations (such as locations within close proximity to public amenities, educational centres, shopping malls, MRT stations and public transportation hubs), with good potential for further development.

The Group's property development projects have thus far achieved high saleability as the developments are typically in good locations in Singapore. In addition, superior design and planning with regard to the overall architectural design and layout of its projects and the efficient space utilisation of the individual units increase the value of the projects due to the greater appeal of such projects to customers.

Moreover, the Group seeks to launch, sell and complete its projects within reasonably short timeframes to reduce the risk of market volatility and price corrections, and has thus far been successful in doing so.

In addition to developing projects through its subsidiaries, the Group, through WCL, may also enter into joint ventures to form special purpose companies, which would in turn bid for the properties on sale.

Overseas, through WCG, the Group is currently undertaking several property development projects, including residential and mixed use developments, and may in the future expand its business to include property development in other sectors, including the industrial and hospitality sectors and may acquire new properties in Australia, Indonesia, Malaysia, New Zealand, and the Philippines. It may also expand its business to include the acquisition or development of property for investment purposes in Australia, Indonesia, Malaysia, New Zealand, and the Philippines, to earn rental or other income.

The Group's strategy is to survey and source for development sites in major cities, where it has identified strong interest from local and international purchasers for quality and strategically located projects. The Group currently specialises in developing quality residential and mixed use development projects with the following features:

- Quality residential projects: the Group's residential developments are designed to include a range of amenities and facilities for residents' use such as a swimming pool, gymnasium, lounge, theatre and dining facilities. Most of the Group's projects are designed with a view to promote city living and are fitted with high quality furnishings.

- Accessible locations: the Group's land sites occupy strategic and popular locations, with the majority being in or around major business districts which are easily accessible via public transport, and which are located in close proximity to public amenities, shopping malls, eateries and entertainment venues.

- Integrated mixed-development projects: some of the Group's developments are ear-marked as mixed use development projects which will provide residents with convenient access to retail and commercial facilities.

As the Group believes that future development, government plans, accessibility, environment, security and amenities are critical factors being considered by its target market, it will take these into account, together with other factors, when deciding whether to acquire a land site for development. In general, the Group's target purchasers are purchasers who are looking to acquire properties for investment purposes or who wish to live in or near major business districts in each city. In order to attract these purchasers, the Group places strong emphasis on the design, functionality, quality and workmanship of its properties, by distinguishing its properties through landscaping, the provision of recreational facilities and amenities.

As part of its property investment, the Group has invested in a few investment properties in Singapore and overseas. Depending on the investment property markets in Singapore and overseas, the Group may continue to invest in properties in Singapore and overseas to generate regular income or to sell the investment properties when opportunities arise.

2.4 Completed Projects

The Group has enjoyed success in its past property development projects. To date about 33 property development projects of the Group in Singapore have received TOP. These projects include commercial shops and offices, residential condominiums and apartments as well as landed properties.

The majority of the Group's property projects have been well-received, and a substantial proportion of the units in its projects has usually been sold within six months from their launch date. All of the Group's property development projects have thus far been profitable.

Recent completed projects include the CityGate project in Singapore and the Avant and Australia 108 projects in Melbourne, Australia. The Group obtained TOP for the CityGate project, a 30-storey development located at the junction of Beach Road and Jalan Sultan which comprises over 188 commercial units and 311 residential units, in November 2018. The CityGate project is a joint venture development with Fragrance Group Limited of which the Group has a 50 per cent. interest in. The Group also successfully completed its Avant project, a 56-storey residential and commercial tower comprising 456 residential units, in Melbourne, Australia in August 2018. The Avant project is strategically located in the heart of Melbourne's central business district and is within a short walking distance of the Royal Melbourne Institute of Technology (RMIT) and Melbourne Central. In 4Q2020, the Group completed the development of Australia 108, an iconic 101-storey tower, which is the tallest building in Melbourne, Australia and the tallest residence in the Southern Hemisphere as at the time of completion.

Other completed projects by the Group include the 582-unit residential project, Urban Vista, for which TOP was obtained in April 2016. In addition, the integrated development, Kensington Square, which comprises 57 retail units and 141 residential units obtained TOP in August 2016, while the Hillford, comprising 20 commercial units and 281 residential units obtained TOP in September 2016. The Group also obtained TOP for the 210-unit Waterfront@Faber project in 2Q2017.

As at the Latest Practicable Date, the Group has acquired a total of 28 land parcels in Penang, Malaysia. Save for two vacant land parcels, the rest of the land parcels comprise mainly shophouses.

All but one of the Group's shophouses are categorised under Category II of the Conservation Buildings and Draft Guidelines. Category II includes buildings of special interest which warrant every effort being made to preserve them. Internal alteration to the buildings and extension to the rear and the side is allowed for adaptive reuse of the building provided that the extension complements and/or enhances the quality of the existing building in terms of setting, mass, height, design, scale, material use and architectural elements.

The Group's shophouses at (i) *Ropewalk Piazza* at Jalan Pintal Tali, (ii) 2, 4, 6, 8, & 10 Jalan Hutton, (iii) *Bahari Parade* at Jalan Sri Bahari, and (iv) 41, 43 & 51 Gat Jalan Prangin in Penang, fall within the buffer zone of the George Town UNESCO World Heritage Site in Penang, Malaysia. One of the criterion for the abovementioned listing would be the presence of a unique architecture, culture and townscape, which demonstrates an exceptional range of shophouses and townhouses, as well as the presence of protective and conservation measures put in place by the competent authorities on such shophouses.

2.5 <u>Projects under Development</u>

As at the Latest Practicable Date, the Group has the following ongoing projects in Australia.

Nova City, Cairns

Tower 1 of Nova City was launched by WCG in October 2016. The site on which the development is situated has a land area of 25,874 sq m and can potentially yield a floor gross floor area of approximately 115,510 sq m.

Albert Street, Brisbane

In September 2014, the Group acquired a property at Albert Street, Brisbane, covering an area of approximately 2,007 sq m, for approximately A$35.0 million. The Group has obtained approval to develop the property into a 91-storey (including ground level) tower comprising residential, commercial and retail units. The Group is assessing various development options for the property at Albert Street, Brisbane.

Margaret Street, Brisbane

In 2H2014, the Group acquired a property at 240 Margaret Street, Brisbane, covering an area of approximately 1,715 sq m for approximately A$30.0 million. The Group is assessing various development options for the property at Margaret Street, Brisbane.

3. JEWELLERY BUSINESS

3.1 Overview

The Group's jewellery business is carried out by Aspial-Lee Hwa Jewellery Singapore Pte. Ltd. ("**ALH**") and Aspial International Pte Ltd ("**Aspial International**"), both of which are wholly-owned subsidiaries of ACL.

ALH is a vertically-integrated retailer of contemporary jewellery with in-house design, manufacturing and retailing capabilities. ALH is also a leading jewellery retailer in Singapore with a brand portfolio that consists of two main jewellery brands, Lee Hwa for the "accessible luxury" segment and Goldheart for the "mass market" segment.

Aspial International, through its indirect equity interest in Niessing Manufaktur GmbH & Co. KG, owns the "Niessing" jewellery brand, an award-winning German brand which targets the high-end luxury market. The Group's Niessing jewellery has a global retail network that spans Germany, Hong Kong, Australia, Singapore, Japan and Switzerland.

As at the Latest Practicable Date, the Group has a network of 25 jewellery retail stores across Singapore, including eight under Lee Hwa, 16 under Goldheart and one under Niessing. As at the Latest Practicable Date, the Group also has a network of Niessing jewellery retail stores in Germany, Hong Kong, Australia, Japan and Switzerland.

The Group also has a substantial stake in the gold bullion dealing business.

3.2 General Business Developments in 1H2020

The Group's jewellery business reported revenue of S$34.0 million in 1H2020 as compared to S$63.4 million in 1H2019. The lower revenue was mainly due to the temporary closure of retail shops in Singapore during the "Circuit Breaker" period and "Phase One" of the re-opening period. The Group's jewellery retail shops re-opened on 19 June 2020 when Singapore moved into the "Phase Two" period.

The Group's jewellery business recorded a small pre-tax profit of S$0.1 million in 1H2020 as compared to a pre-tax loss of S$2.1 million in 1H2019. This was mainly due to profit recorded by its bullion business as well as grants and rebates relating to staff and rental costs that helped to defray some of the operating costs and loss of revenue due to the temporary closure of retail shops during the "Circuit Breaker" period and "Phase One" of the re-opening period.

The Group expects consumer sentiments to remain weak with the ongoing COVID-19 pandemic and will work on improving the operational effectiveness and efficiency of its jewellery business.

3.3 Strategy

The Group, through ALH, is one of the few local jewellers with vertically-integrated, end-to-end operations including in-house designing, manufacturing and retailing capabilities and the majority of the jewellery sold by ALH is designed by its own designers.

Supplementing the in-house designed collections, ALH purchases jewellery collections from overseas (for example, Italy and Hong Kong). These internationally purchased pieces are contemporary designs that have been meticulously selected so as to provide customers with the widest and latest choices from the international jewellery market.

ALH manufactures its jewellery through sub-contracting arrangements in countries such as China. Outsourcing of production to reliable sub-contractors ensures that production costs are kept low. At the same time, stringent quality control procedures are in place to ensure that the quality of the finished product is consistently maintained at international standards.

The Niessing brand has its own design centre in Düsseldorf, Germany. All of the Group's Niessing jewellery are manufactured in a state of the art production facility in Vreden, Germany. As part of the manufacturing process, different methods of production are utilised and combined, ranging from traditional techniques to cutting-edge technologies.

The Group's strategy is to build strong brand equity through effective marketing campaigns. The marketing function of ALH is performed by a team of experienced and savvy marketing personnel who are well versed in brand-building, creative advertising and promotional campaigns.

ALH continues to invest in brand-building, advertising and promotions every year. These marketing efforts increase the equity value and positive perception of its brands and strengthen the relationship between consumers and its brands.

Further, ALH strives to make the shopping experience at its retail stores an unforgettable and satisfying one. Customers are introduced to a wide variety of quality products by trained and courteous staff whose objective is to provide sincere, helpful and knowledgeable service to customers.

The Group adopts a multi-brand portfolio strategy in its business to ensure that it is represented in various market segments. In a market segmented by customer needs and average transaction price, each of the brands target a different market segment: the Niessing brand targets the "high-end luxury" segment, the Lee Hwa brand, the "accessible luxury" segment and Goldheart, the "mass market" segment.

Niessing ("High-end Luxury" Segment)

Niessing is an award-winning German brand which targets the high-end luxury segment of the market. The Group's Niessing jewellery has a global retail network that spans Germany, Hong Kong, Australia, Singapore, Japan and Switzerland.

Lee Hwa ("Accessible Luxury" Segment)

Lee Hwa is a contemporary fine jeweller whose unique jewellery creations are based on trends and inspirations from the fashion runways. Lee Hwa introduced the world's first 19K solid Purple Gold in 2000. It also collaborated with leading creative luminaries such as Toshiyuki Kita, Dick Lee and Ashley Isham. Additionally, Lee Hwa is the official Singapore licensee of Forevermark, an exclusive diamond brand from the De Beers group of companies.

Goldheart ("Mass Market" Segment)

In February 2006, ALH acquired Goldheart Jewelry Pte. Ltd. for S$14.5 million. Established in 1974 in Singapore, Goldheart is a contemporary jewellery brand well-known for its position and strength in the romance segment of the market. Goldheart has launched exclusive merchandise such as Celestial® diamonds (the world's first 73-facet starburst diamond) and the MODE collection (a range of white, rose and yellow gold targeted at the modern and stylish woman). Goldheart is also a leading 916/999 gold jewellery retailer which offers fashionable designs at attractive prices.

3.4 Overview of Jewellery Industry

The jewellery industry can be broadly split into two key markets: the traditional gold jewellery market versus the contemporary jewellery market. Due to changing trends, jewellery is now more of a fashion accessory that makes a statement about a woman's individuality, rather than a luxury item meant only to be worn on special occasions.

In line with these changing trends, designs of jewellery are more contemporary, bolder and more expressive and are increasingly tied to fashion trends so as to complement the lifestyle and wardrobe of the modern woman.

4. FINANCIAL SERVICE BUSINESS

4.1 Overview

The Group carries out its financial service business through Maxi-Cash, which was incorporated in Singapore under the Companies Act as a private company limited by shares wholly-owned by ACL under the name "World Class Financial Services Pte. Ltd." on 10 April 2008, which was subsequently changed to "Maxi-Cash Financial Services Corporation Pte. Ltd." on 3 May 2011. On 13 April 2012, Maxi-Cash Financial Services Corporation Pte. Ltd. was converted into a public company limited by shares and its name was changed to "Maxi-Cash Financial Services Corporation Ltd.". On 22 June 2012, Maxi-Cash was listed on Catalist.

As at the Latest Practicable Date, the Group has a network of 46 stores in strategic locations in Singapore, four stores in Malaysia, one store in Australia and two stores in Hong Kong – 45 of the stores in Singapore, the store in Australia and three of the stores in Malaysia are engaged in both pawnbroking and the retail and trading of jewellery and branded merchandise; one of the stores in Singapore, one of the stores in Malaysia and one of the stores in Hong Kong are engaged only in the retail and trading of jewellery and branded merchandise; one of the stores in Hong Kong is engaged only in pawnbroking.

The Group believes that as a leader and innovator in the pawnbroking industry, its modern, professional and customer-centric store concept has been well-received by consumers in Singapore. The Group's revenue from its financial service business was S$102.8 million in 1H2020 and increased by 11.7% from the corresponding period in 1H2019.

The financial service business of the Group is carried out by Maxi-Cash through:

- Maxi-Cash Group Pte. Ltd. and its subsidiaries, which carry out the pawnbroking operations of the stores in Singapore;
- Maxi-Cash Retail Pte. Ltd., which carries out the retail and trading of jewellery and branded merchandise in the stores in Singapore;
- Maxi-Cash Jewellery Group Pte. Ltd., which manages the inventory of jewellery and branded merchandise, and carries out the trading of jewellery and branded merchandise;
- Maxi-Cash International Pte. Ltd. and its subsidiaries, which operate the stores overseas; and
- Maxi-Cash Capital Management Pte. Ltd., which carries out the secured lending business overseas.

(a) Pawnbroking

Pawnbroking, carried out by Maxi-Cash Group and its subsidiaries, is essentially a form of collateralised micro-loan and is an activity regulated by and licensed under the Pawnbrokers Act 2015 (Act 2 of 2015) (the "**Pawnbrokers Act 2015**") in Singapore. The Group's pawnbroking activities in Malaysia are regulated and licensed under the Pawnbrokers Act 1972, its pawnbroking activities in Australia are regulated by and subject to the Second-Hand Dealers and Pawnbrokers Act 1989 and its pawnbroking activities in Hong Kong are regulated by and subject to the Pawnbrokers Ordinance.

As licensed pawnbrokers, the Group's financial service business is an alternative to, and complements, Singapore's banking system and provides its customers with convenient and quick access to short-term finance with a redemption period of six months (for each pledge transaction which may be renewed).

Its customers are walk-in individuals who pledge personal articles with its pawnshops. As collateral for the loans granted, the Group typically accepts jewellery such as yellow gold, white gold, diamonds and branded timepieces.

In Singapore, the rate of interest that can be charged on the loans is regulated by the Pawnbrokers Act 2015. The Pawnbrokers Act 2015 also regulates the redemption and forfeiture of pledges. Each personal article pledged is redeemable at any time during the redemption period, which is prescribed under the Pawnbrokers Act 2015 to be six months after the date on which the pledge was made or such longer period as may be agreed between the pawnbroker and the pawner. The redemption period may be extended by agreement between the pawnbroker and the pawner even after such period has expired. Unredeemed pledged articles may be forfeited by pawnbrokers, subject to the pawnbroker serving a notice of forfeiture stating, *inter alia*, that the pledge will be forfeited one month after the date on which the notice is served and that the pledge may be redeemed at any time before it is forfeited. Upon a pledge being forfeited, the pledge becomes the absolute property of the pawnbroker.

(b) Retail and Trading of Jewellery and Branded Merchandise

The Group retails both pre-owned and new jewellery and branded merchandise in its outlets.

Its customers are walk-in individuals as well as traders/dealers of jewellery, precious metals and watches.

The Group is currently exempted under the Secondhand Goods Dealers (Exemption) Order from having to obtain any licences under the Secondhand Goods Dealers Act (Chapter 288A of Singapore) in Singapore. Certain subsidiaries of Maxi-Cash International Pte. Ltd. are also registered under the Second-Hand Dealers and Pawnbrokers Act 1989 in Australia.

The Group is also registered under the Precious Stones and Precious Metals (Prevention of Money Laundering and Terrorism Financing) Act 2019 (the "**PSPM Act**") in Singapore. Under the PSPM Act, regulated dealers of precious stones, precious metals or precious products are required to register with the Registrar of Regulated Dealers in order to carry on a business of dealing in precious stones, precious metals or precious products, unless they are excluded or exempted.

(c) Provision of secured lending

The Group provides secured lending overseas to foreign corporations through Maxi-Cash Capital Management, a wholly-owned subsidiary of Maxi-Cash. The Group currently has loans that are typically secured by land or property-related assets. The terms of the loan to be offered, such as the amount, tenor, interest rate and period of repayment, are determined by the Group on a case-by-case basis taking into account factors such as the value of the collateral, the level of pre-sales, the loan-to-value ratio and the borrower's credit-worthiness.

4.2 General Business Developments in 1H2020

In 1H2020, the Group's financial service business recorded revenue of S$102.8 million, which was a S$10.8 million or 11.7% increase from the corresponding period in 2019. The Group's financial service business registered a pre-tax profit of S$12.1 million for 1H2020, which was 76.9% higher than in 1H2019.

The increase in revenue and pre-tax profit was mainly due to higher revenue and profit contributions from the pawnbroking and trading business, which was partially offset by lower revenue and profit contribution from the retail of jewellery and branded merchandise and the secured lending business. Grants and rebates relating to staff and rental costs also helped to defray some of the operating costs and loss of retail sales during the "Circuit Breaker" period.

4.3 Strategy

The Group plans to develop and expand its financial service business operations by increasing its number of stores, especially in locations with room for higher market penetration by the Group. In order to optimise its expansion, the Group may assess potential markets by analysing demographic, competitive and regulatory factors, site selection and growth potential. The Group's strategy for expansion includes providing greater accessibility to its customers as well as leveraging on its expertise and presence in the financial service industry. In line with this strategy, the

Group has increased the number of its shop locations in Singapore from 11 in 2009 (when it first commenced business) to 46 (as at the Latest Practicable Date). While a majority of these shops are leased from independent third parties, the Group may acquire properties for its own use as and when opportunities arise.

In 2Q2019, the Group expanded its business into Malaysia and Australia, with the opening of one store in Malaysia and one store in Australia. Its store in Australia is engaged in pawnbroking and the retail and trading of jewellery and branded merchandise, while its store in Malaysia is engaged in pawnbroking. Since 2Q2020, the Group expanded its business into Hong Kong, with the opening of two stores, one of which is engaged in the retail and trading of jewellery and branded merchandise while the other is engaged in pawnbroking.

The Group believes that a key factor in the future growth of its financial service business is consumer recognition and loyalty towards the "Maxi-Cash" brand. The Group intends to strengthen its "Maxi-Cash" brand name and maintain its brand leadership (in terms of number of shops in Singapore) so as to further distinguish Maxi-Cash from its competitors. It intends to achieve this through its branding and marketing strategies, which include brand management and positioning, advertising and promotional activities to highlight its modern, professional and customer-centric store concept, providing customers with a "bank-like" pawning experience where trust, transparency and reliability are the hallmarks of its services.

Though the Group is directly impacted by fluctuations in gold prices, it believes that it is an innovator in a recession-proof space, and through offering a contemporary, bank-like experience, its large network and pledge book will enable it to capture more market share and further cement its status as a leader in Singapore's pawnbroking industry. The Group's branding efforts, coupled with its modern, professional and innovative business approaches are expected to continue to drive its growth in 2020.

The Group believes that in order to keep up with rapid changes in market trends and consumer preferences, it needs to carry a wider range of jewellery and branded merchandise. It intends to achieve this by acquiring more jewellery and branded merchandise and expanding the range of jewellery brands which it carries. This will serve to increase its range of products whilst leveraging on its existing sales and distribution networks.

In addition to growing organically, the Group may consider expanding its financial service business through investments, acquisitions, joint ventures or strategic alliances with parties who create synergistic values with its existing business. Through such investments, acquisitions, joint ventures or strategic alliances, the Group will look to strengthen its market position, expand its network, as well as expand into new businesses complementary to its current business, in Singapore and overseas.

5. COMPETITIVE STRENGTHS

The Group's competitive strengths are as follows:

Real Estate Business

- Focus on mass-market segment and commercial, residential and mixed developments (comprising office, retail and residential units) in good locations;
- Launch, sale and completion of projects within reasonably short timeframes;
- Superior design and planning capabilities to respond to changing consumer demands;
- Experienced and committed board of directors and management team; and
- Focus on the overseas real estate business.

Jewellery Business

- Portfolio of established brands to cater to different market segments;
- Strong marketing and brand equity;
- Vertically-integrated operations;
- Economies of scale;
- Innovation through offering of new designs and merchandise; and
- Experienced and committed board of directors and management team.

Financial Service Business

- Leader and innovator in the pawnbroking industry in Singapore;
- Well-established brand name in the industry;
- Skilled and qualified work force;
- Experienced and committed board of directors and management team;
- Well-developed system of risk management; and
- Ability to provide convenient and quick access to short-term financing.

5.1 Real Estate Business

(a) Focus on mass-market segment and commercial, residential and mixed developments (comprising office, retail and residential units) in good locations

The Group expects reasonably good demand in the mass-market and mixed development segments and has been involved in mixed development projects (comprising office, retail and residential units), for instance, through its projects at The Hillford, CityGate and Kensington Square.

The Group's property development projects have thus far achieved high saleability as the developments are typically in good locations in Singapore (such as locations within close proximity to public amenities, educational centres, shopping malls, MRT stations and public transportation hubs) and in strategic locations in major cities in Australia and Malaysia. The high saleability of the Group's developments has enabled the Group to have strong financial performance and strong future cash flow and profit.

(b) Launch, sale and completion of projects within reasonably short timeframes

The Group seeks to launch, sell and complete its projects within reasonably short timeframes to reduce the risk of market volatility and price corrections.

(c) Superior design and planning capabilities to respond to changing consumer demands

To increase the value and appeal of its property development projects, the Group invests significant effort and planning into the overall architectural design and layout of its projects and the efficiency and space utilisation of the individual units to satisfy and cater to the preferences of the target segment of investors and homeowners.

(d) Experienced and committed board of directors and management team

The Group has a committed board of directors and management team who are experienced in their respective fields of expertise.

(e) Focus on overseas real estate business

The Group has successfully diversified its real estate business by switching its focus to residential, commercial and mixed commercial and residential properties in Australia and Malaysia and pursuing a strategy of scouting and sourcing for development sites in central locations in major cities, especially in cities where a strong interest from foreign purchasers for quality residential projects has been identified.

5.2 Jewellery Business

(a) Portfolio of established brands to cater to different market segments

The Group is a retailer of contemporary jewellery in Singapore and overseas with more than 49 years of retailing experience and, as at the Latest Practicable Date, a network of 25 retail stores that covers most of the major shopping malls in Singapore as well as retail stores in Germany, Hong Kong, Australia, Japan and Switzerland.

The Group enjoys strong brand equity in the three main brands under its portfolio – Lee Hwa, Goldheart and Niessing.

(b) Strong marketing and brand equity

The Group's strategy is to build strong brand equity through effective marketing campaigns. The Group's marketing function is performed by a team of experienced and savvy marketing personnel who are well-versed in brand-building, creative advertising and promotional campaigns.

(c) Vertically-integrated operations

The Group, through ALH, is one of the few local jewellers with vertically-integrated, end-to-end operations including in-house designing, manufacturing and retailing capabilities and the majority of the jewellery sold by ALH is designed by its own designers.

ALH manufactures its jewellery through sub-contracting arrangements in countries such as China. Outsourcing of production to reliable sub-contractors ensures that production costs are kept low. At the same time, stringent quality control procedures are in place to ensure that the quality of the finished product is consistently maintained at international standards.

The Niessing brand also has its own design centre in Düsseldorf, Germany. All of the Group's Niessing jewellery are manufactured in a state of the art production facility in Vreden, Germany. As part of the manufacturing process, different methods of production are utilised and combined, ranging from traditional techniques to cutting-edge technologies.

(d) Economies of scale

Having a chain of jewellery retail stores in Singapore allows the Group to obtain competitive rates, generate significant cost savings (through the sharing of operational costs incurred on, for instance, management of retail shops, information technology and human resources), and shorten the time taken to market new products.

(e) Innovation through offering of new designs and merchandise

ALH has its own in-house design team and the majority of the jewellery sold by ALH is designed by its own designers. Supplementing the in-house designed collections, ALH purchases jewellery collections from overseas (for example, Italy and Hong Kong). These internationally purchased pieces are contemporary designs that have been meticulously selected so as to provide customers with the widest and latest choices from the international jewellery market.

The Niessing brand also has its own design centre in Düsseldorf, Germany.

(f) Experienced and committed board of directors and management team

The Group has a committed board of directors and management team who are experienced in their respective fields of expertise.

5.3 Financial Service Business

(a) Leader and innovator in the pawnbroking industry in Singapore

The Group has, as at the Latest Practicable Date, a large network of stores in 46 strategic locations in Singapore engaged in pawnbroking and/or the retail and trading of jewellery and branded merchandise.

The Group's stores are predominantly strategically and conveniently located near amenities like bus interchanges and MRT stations.

The Group has been providing financial services in Singapore for more than 11 years when it first commenced its operations in February 2009. As a result of its dedication, understanding and experience in serving the needs of its customers, the Group's business has grown in scale, as evident from the growth of its revenue from approximately 92 million in 1H2019 to approximately 102.8 million in 1H2020.

In tandem with its efforts to innovate the pawnbroking industry, the Group has strived to provide its customers with a modern, professional and "bank-like" pawning experience. For example, the Group had in April 2013, launched its island-wide renewal service which allows its customers to renew their pawn tickets and pay interest at any of the Group's stores island-wide instead of returning to the original store where the pledge was pawned.

Additionally, in 2017, the Group launched three new online services that offer an omni-channel approach to both its business and its customers. The first of these services is iPAYMENT, a significant service innovation in the pawnbroking industry. The service provides customers with a safe, fast and convenient mode of payment with 24-hour access from any location in the world. In addition, the Group's eSHOP platform offers an extensive range of quality accessories curated by an experienced team of watch, jewellery and leather specialists. Lastly, the online valuation service provides a platform for customers to submit their items for appraisal without having to bring their valuables into Maxi-Cash's physical stores. The intuitive user interface allows customers to save time and effort, thus providing faster and better service quality.

Another significant initiative that the Group embarked on was the launch of iKiosk, the first automated interest payment machine in Singapore, in one of its stores in 2017. The new service is part of Maxi-Cash's efforts to innovate through new technologies and cater to different customer segments. In just three easy steps, customers can make monthly interest payments without having to queue at the counter, thus providing fast and efficient service. Since its launch, the iKiosk has been positively received by the Group's customers.

(b) Well-established brand name in the industry

Since its incorporation, the Group has established a strong track record and reputation under its "Maxi-Cash" brand name. The Group places high priority in building good rapport and relationships with its customers. As a testament to its commitment to fair trading and transparency with its customers, the Group's business in the retail and trading of jewellery and branded merchandise attained the CaseTrust accreditation from the Consumer Association of Singapore in 2014.

The Group also believes that public awareness towards it has been enhanced through its marketing campaigns, and customers have gained a deeper understanding of Maxi-Cash and the benefits of its financial service business.

(c) Skilled and qualified workforce

The Group believes that the presence of a skilled and qualified workforce is one of the key growth factors of the Group's financial service business to date. The Group recruits candidates with potential for future development, and trains and motivates its employees to provide quality services that will enhance client satisfaction.

The Group's staff possess the relevant knowledge to appraise pledged articles and disburse loans expeditiously and the Group believes that its high quality customer service and short response time differentiate its services from its competitors. The majority of its employees are trained in appraisal skills in addition to the usual customer relations and communication skills.

The Group believes that its training has built up a talent pool that enables it to staff its store network with skilled and qualified personnel as well as to staff new stores as the Group grows its network.

The Group also has in-house expertise in providing repair and after sales services for luxury time pieces.

(d) Experienced and committed board of directors and management team

The Group has a committed board of directors and management team who are experienced in their respective fields of expertise.

The Group believes that the extensive experience of the Maxi-Cash management team, together with its industry knowledge and in-depth understanding of the market, will enable it to continue to take advantage of future market opportunities.

(e) Well-developed system of risk management

Risk management is integral to the success of the Group's financial service business. Its focus on accuracy in the valuation and assessment of the authenticity of pledged articles, and acquisition of jewellery and branded merchandise enables it to maintain its risk at minimum levels.

In assessing personal articles presented for pawning or sale, the Group's focus on the accuracy of the valuations of the personal articles enables it to minimise price risks and determine the appropriate value of loans to be given. In addition to having skilled and qualified staff with appraisal and valuation expertise, the Group has in place different approval levels for different loan amounts. Depending on the loan quantum, approvals for loans may escalate to the level of the head of operations, who is based in the Group's head office. In accordance with its risk management guidelines, the Group has also set a single customer loan amount limit in its computer system. This well-developed risk management system allows the Group to effectively manage its risks as it expands its business.

In its secured lending business, the Group manages its risk by entering into markets which it is familiar with, being selective of the location and type of its collateral and placing a strong emphasis on the valuation of the collateral when determining its loan terms. An independent valuation report will be required by the Group and the Group's staff may also conduct an on-site visit to the property if and when necessary.

Additionally, to the extent that the secured loans extended by the Group are denominated in a foreign currency, the Group may enter into contracts or arrangements to hedge its foreign exchange exposure.

(f) Ability to provide convenient and quick access to short-term financing

The Group aims to provide short-term secured financing services to its customers in an expeditious manner and in circumstances such as where securing loans from commercial banks and other lending financial institutions may be difficult or require a longer time. The Group thus complements the role played by commercial banks and other lending financial institutions by providing speedy, convenient and efficient services to customers who need loans on short notice. The Group normally provides financing as long as the collateral provided by its customers meets its loan application requirements.

As at the Latest Practicable Date, the Group has a wide network of stores in strategic and convenient locations in Singapore, including locations near amenities like bus interchanges and MRT stations. This large network facilitates customer outreach, thereby providing customers with convenient access to the Group's financing services. As its staff possesses the relevant knowledge to appraise pledged articles and disburse loans promptly, the Group is in a position to ensure that its services are provided expeditiously.

6. INSURANCE

As at the Latest Practicable Date, the Group has taken out the following insurance policies in respect of all its businesses:

(a) staff-related insurance (including workman compensation insurance, group hospitalisation and surgical insurance and/or group personal accident insurance);

(b) asset-related insurance (including motor vehicle insurance, fire insurance, and/or all risk insurance);

(c) public liability insurance; and

(d) officer liability insurance.

In respect of its financial service business, in addition to the above insurance policies, the Group has also taken out policies for loss and damage to pledged articles held in its pawnshop premises as required under the Pawnbrokers Act.

The Group is of the view that the above insurance policies are adequate for the existing operations of the Group.

7. BOARD OF DIRECTORS AND SENIOR MANAGEMENT

7.1 <u>Board of Directors</u>

The Group is led by Mr Koh Wee Seng and his sister, Ms Koh Lee Hwee, together with a professional management team.

The board of directors (the "**Board**") oversees the management of the business and affairs of the Group. The Board comprises two Executive Directors and four Non-Executive Directors. Three out of the six directors are Independent Directors.

The Board comprises business people and professionals with strong financial and business backgrounds, providing the Board with the necessary experience and expertise to direct and lead the Group.

Mr Koh Wee Seng
Chief Executive Officer

Mr Koh Wee Seng is ACL's CEO and is responsible for the strategic planning, overall management and business development of the Group. Since late 1994, when the new management team, led by Mr Koh, took over the reins, the Group has overcome the challenges posed by changing consumer demand by implementing wide ranging and fundamental changes in its jewellery business. Mr Koh has also successfully led the Group's diversification into the real estate business, hospitality and financial service business. Mr Koh holds a Bachelor's degree in Business Administration from the National University of Singapore.

Ms Koh Lee Hwee
Executive Director

Ms Koh Lee Hwee is an Executive Director of ACL. Ms Koh is currently heading World Class Land Pte. Ltd., a subsidiary of ACL. Prior to her appointment, Ms Koh was also the CEO of the Group's subsidiary Maxi-Cash which is listed on Catalist. She was responsible for the strategic planning, overall management and business development of the Maxi-Cash group of companies. She has held the position of Vice President (Manufacturing) of the Group, where she oversaw and spearheaded the growth of the Group's manufacturing division and was responsible for the overall production plans, technology, management and development. Ms Koh has more than 20 years of experience in the jewellery industry. Ms Koh holds a Bachelor's degree in Arts from the National University of Singapore.

Ms Ko Lee Meng
Non-Executive and Non-Independent Director

Ms Ko Lee Meng is a Non-Executive Director and Non-Independent Director of ACL. On 1 October 2015, she relinquished her role as Executive Director and remains as the Non-Executive Director of the Group. Ms Ko has more than 25 years of experience in the jewellery industry and was previously the head of the Group's retail merchandising and manufacturing departments where she oversaw the management, manufacturing, replenishment and distribution of merchandise to the Group's jewellery retail stores. Ms Ko holds a Bachelor's degree in Arts from the National University of Singapore.

Mr Wong Soon Yum
Lead Independent Director

Mr Wong Soon Yum is the Lead Independent Director of ACL. Mr Wong is the Chairman of ACL's Audit Committee. Mr Wong started his career in the banking industry in 1971 with The Chase Manhattan Bank, N.A. and retired from his position as a Senior Vice President of Oversea-Chinese Banking Corporation Limited in late 1998. Mr Wong holds a Professional Diploma in Accountancy from Singapore Polytechnic and completed the Management Programme of Stanford-National University of Singapore.

Mr Kau Jee Chu
Independent Non-Executive Director

Mr Kau Jee Chu is an Independent Non-Executive Director of ACL and Chairman of ACL's Nominating Committee. He has more than 35 years of working experience in areas of accounting, manufacturing, finance and securities. His past careers include serving as the Regional Accountant of Commonwealth Development Corporation, General Manager of Federal Chemical Industries (Singapore) Pte. Ltd., General Manager of Singapura Building Society Ltd., CEO/Executive Director of Overseas Union Trust Ltd. and Chairman of OUB Securities Pte. Ltd.. Mr Kau is an accountant by profession and is a fellow of the Association of the Chartered Certified Accountants, United Kingdom.

Ms Ng Bie Tjin @ Djuniarti Intan
Independent Non-Executive Director

Ms Ng Bie Tjin @ Djuniarti Intan is an Independent Non-Executive Director of ACL. Ms Ng is the Chairman of ACL's Remuneration Committee and member of the Audit Committee and Nominating Committee. Ms Ng was a director of Datapulse Technology Limited from 7 January 1994 to 30 November 2014, and during that time, was a member of the Nominating Committee. During the 20-year period, Ms Ng was the Finance Director. Apart from overseeing the daily operations of the finance functions, including accounting, finance, treasury and capital management, she was responsible for the administration and implementation of corporate finance strategies and policies, corporate governance and internal control policies and procedures, investor relations, and identification and evaluation of new business opportunities. She has also been an independent director of SunMoon Food Company Limited since 31 August 2017 and is the chairman of its Audit and Risk Committee and member of its Remuneration and Nominating Committee. She has also been a director of Uniseraya Holdings Pte. Ltd. since January 2015. Ms Ng holds a Masters in Business Administration from the University of Southern California.

7.2 Senior Management

Mr Lim Swee Ann, Felix
Chief Financial Officer of the Group

Mr Lim Swee Ann, Felix currently serves as the Chief Financial Officer of the Group. Before joining the Group, he worked for two listed companies, one each in Singapore and Malaysia. He has more than 20 years of experience working in the finance organisation of various industries including ship building, manufacturing, retail and property development. He holds a Bachelor's degree in Commerce and Administration from Victoria University of Wellington in New Zealand and a Master of Business from Victoria University of Technology (Australia). He is a member of CPA Australia and a member of The Singapore Association of the Institute of Chartered Secretaries and Administrators.

Ng Kean Seen
Senior Director for Jewellery Business

Mr Ng Kean Seen is the Group's Senior Director for the Group's jewellery business. He oversees the Group's jewellery retail business and manages the Group's investments in Niessing jewellery, bullion and safe keeping businesses. He is currently spearheading Niessing's expansion into key Asia Pacific cities. Mr Ng has more than 19 years' experience in the jewellery trade. Prior to joining the Group, he was working in engineering and construction, automobile and financial services sectors. He graduated with a Bachelor of Engineering with Management (Hons) from University of Leeds (UK) and obtained a Master of Science in Marketing from City University of New York (US). He has also attended Chicago Business School and ESSEC Business School.

Ms Chan Gek Ching, Jocelyn
Human Resource Director of the Group

Ms Chan Gek Ching, Jocelyn is currently the Group's Human Resource Director and manages all aspects of the Group's human resource functions. Her key priority is to work together with the leadership team to inspire and achieve organisational effectiveness through business partnerships, attract and develop the best talents, and build a culture of collaboration and innovation. She has more than 15 years of human resource experience from the retail and tourism industries, and is a certified Institute for Human Resource Professionals Senior Professional. She holds a Master of Business from Nanyang Technological University and a Master of Science in Advanced Leadership Practise from University of Edinburgh Napier.

Lim Julie
Corporate Information Technology Director of the Group

Ms Lim Julie is currently the Group's Corporate Information Technology Director and manages all aspects of the IT functions of the Group, ranging from infrastructure, hardware to applications. She has spent the majority of her career in the IT industry and has more than 25 years of experience, 16 years of which were in IT project management and planning. Ms Lim is a certified Project Manager from both the Project Management Institution (PMI) and Infocomm Development Authority of Singapore (IDA) as well as a certified Enterprise Architecture (TOGAF). Before joining the Group, she was in the IT consulting and banking arena. She holds an Honours Degree in Computing and Information Systems from the University of London and a degree in Psychology from the University of Singapore Institute of Management.

SELECTED CONSOLIDATED FINANCIAL INFORMATION OF ASPIAL CORPORATION LIMITED AND ITS SUBSIDIARIES

*The following tables set forth the Group's consolidated statements of financial position as at 31 December 2017, 31 December 2018, 31 December 2019 and 30 June 2020, and the Group's consolidated statements of comprehensive income for the financial years ended 31 December 2017 ("**FY2017**"), 31 December 2018 ("**FY2018**") and 31 December 2019 ("**FY2019**") and the half year ended 30 June 2019 ("**1H2019**") and 30 June 2020 ("**1H2020**"). The selected consolidated financial data for FY2017, FY2018 and FY2019 in the tables below are derived from the historical financial statements of the Group, which have been audited by the independent auditors, Ernst & Young LLP. The selected consolidated financial data for 1H2019 and 1H2020 in the tables below are derived from the unaudited financial information of the Group for 1H2019 and 1H2020.*

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION OF THE GROUP AS AT 31 DECEMBER 2017, 31 DECEMBER 2018, 31 DECEMBER 2019 AND 30 JUNE 2020

	Audited As at 31 December 2017 (S$'000)	Audited As at 31 December 2018 (S$'000)	Audited As at 31 December 2019 (S$'000)	Unaudited As at 30 June 2020 (S$'000)
Non-current assets				
Property, plant and equipment	75,511	91,155	171,377	194,633
Investment properties	60,566	72,523	60,795	60,606
Intangible assets	7,456	10,244	9,599	9,490
Investment in associates	22,086	19,324	124,070	125,517
Investment in joint ventures	15,106	13,346	75	414
Investment securities	163,984	99,303	11,872	12,085
Trade and other receivables	49,018	16,686	14,282	4,479
Right-of-use assets	–	–	96,972	89,189
Prepayments	8,538	1	–	6
Deferred tax assets	8,430	3,530	3,181	2,123
	410,695	**326,112**	**492,223**	**498,542**
Current assets				
Contract assets	112,274	44,918	–	–
Inventories	133,781	147,413	149,692	149,264
Development properties	845,411	590,335	521,221	501,119
Properties held for sale	22,313	76,135	64,237	63,325
Trade and other receivables	289,941	326,229	331,293	296,383
Prepayments	8,959	6,798	5,598	3,661
Due from associates (non-trade)	1,305	276	1,278	1,079
Due from joint ventures (non-trade)	84,517	86,099	1	1,672
Investment securities	18,341	3,679	9,718	4,755
Derivatives	–	2,537	2,033	–
Cash and bank balances	54,888	59,020	146,194	64,990
	1,571,730	**1,343,439**	**1,231,265**	**1,086,248**
Total assets	**1,982,425**	**1,669,551**	**1,723,488**	**1,584,790**

	Audited As at 31 December 2017 (S$'000)	Audited As at 31 December 2018 (S$'000)	Audited As at 31 December 2019 (S$'000)	Unaudited As at 30 June 2020 (S$'000)
Current liabilities				
Trade and other payables	66,644	73,887	79,577	67,631
Due to an associate (non-trade)	2,360	2,028	1,508	980
Due to a joint venture (non-trade)	–	25	–	–
Provision for taxation	3,790	14,250	19,720	28,188
Derivatives	–	–	–	2,302
Lease liabilities	–	–	22,591	21,542
Interest-bearing loans and borrowings	679,159	461,655	486,436	478,674
Term notes and bonds	98,000	82,750	357,982	189,128
	849,953	**634,595**	**967,814**	**788,445**
Net current assets	**721,777**	**708,844**	**263,451**	**297,803**
Non-current liabilities				
Other payables	2,708	3,121	5,939	5,984
Interest-bearing loans and borrowings	165,899	104,346	104,991	138,448
Term notes and bonds	541,500	505,122	142,000	145,750
Lease liabilities	–	–	75,549	68,917
Deferred tax liabilities	13,706	15,804	16,747	16,917
	723,813	**628,393**	**345,226**	**376,016**
Total liabilities	**1,573,766**	**1,262,988**	**1,313,040**	**1,164,461**
Net assets	**408,659**	**406,563**	**410,448**	**420,329**
Equity attributable to owners of ACL				
Share capital	226,930	226,930	226,930	226,930
Treasury shares	(2,589)	(2,589)	(2,290)	(2,290)
Other reserves	(11,876)	(27,776)	(17,622)	(12,798)
Revenue reserves	106,744	109,335	105,705	106,357
	319,209	**305,900**	**312,723**	**318,199**
Non-controlling interests	89,450	100,663	97,725	102,130
Total equity	**408,659**	**406,563**	**410,448**	**420,329**
Total equity and liabilities	**1,982,425**	**1,669,551**	**1,723,488**	**1,584,790**

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR FY2017, FY2018, FY2019, 1H2019 AND 1H2020

	Audited FY2017 (S$'000)	Audited FY2018 (S$'000)	Audited FY2019 (S$'000)	Unaudited 1H2019 (S$'000)	Unaudited 1H2020 (S$'000)
Revenue	489,531	898,451	560,242	312,464	234,204
Materials and subcontract costs	(327,932)	(644,048)	(354,883)	(202,663)	(144,657)
Employee benefits	(50,033)	(58,398)	(62,661)	(30,493)	(28,223)
Depreciation and amortisation	(5,613)	(6,547)	(28,193)	(12,192)	(16,371)
Finance costs	(29,801)	(31,334)	(34,268)	(19,095)	(14,860)
Other operating expenses	(80,369)	(129,625)	(77,164)	(40,848)	(28,098)
Interest income	10,257	9,316	4,037	2,847	1,112
Rental income	2,785	2,703	2,560	1,211	1,331
Other income	6,400	15,827	8,502	4,245	14,854
Share of results of associates and joint ventures	2,403	210	12,233	11,984	1,463
Profit before tax	**17,628**	**56,555**	**30,405**	**27,460**	**20,755**
Taxation	(8,974)	(19,449)	(11,845)	(9,364)	(10,536)
Profit for the year/period	**8,654**	**37,106**	**18,560**	**18,096**	**10,219**
Other comprehensive income:					
Net fair value changes on debt and equity instruments at fair value through other comprehensive income	–	(8,472)	3,838	3,341	1,468
Net fair value changes of available-for-sale financial assets	1,055	–	–	–	–
Foreign currency translation	428	(16,934)	(3,475)	(2,405)	4,217
Share of other comprehensive income/(loss) of associates and a joint venture	138	(1,453)	7,663	6,764	49
Other comprehensive income/(loss) for the year/period, net of tax	**1,621**	**(26,859)**	**8,026**	**7,700**	**5,734**
Total comprehensive income for the year/period	**10,275**	**10,247**	**26,586**	**25,796**	**15,953**
Profit for the year/period attributable to:					
Owners of ACL	4,836	28,346	12,695	14,765	5,504
Non-controlling interests	3,818	8,760	5,865	3,331	4,715
	8,654	**37,106**	**18,560**	**18,096**	**10,219**
Total comprehensive income attributable to:					
Owners of ACL	6,472	6,397	21,186	22,668	10,320
Non-controlling interests	3,803	3,850	5,400	3,128	5,633
	10,275	**10,247**	**26,586**	**25,796**	**15,953**

GROUP'S REVENUE AND LOSS/PROFIT BEFORE TAX FROM OPERATIONS BY BUSINESS SEGMENT

	FY2017	FY2018	FY2019	FY2018 vs FY2017	FY2019 vs FY2018
	(S$'000)	(S$'000)	(S$'000)	(S$'000)	(S$'000)
Group					
Revenue	489,531	898,451	560,242	408,920	(338,209)
(Loss)/profit before tax from operations	17,628	56,555	30,405	38,927	(26,150)
Real estate business					
Revenue	185,749	574,213	210,882	388,464	(363,331)
(Loss)/profit before tax from operations	12,314	56,428	15,540	44,114	(40,888)
Financial service business					
Revenue	192,872	203,651	218,479	10,779	14,828
(Loss)/profit before tax from operations	14,957	12,066	17,939	(2,891)	5,873
Jewellery business					
Revenue	118,421	135,819	139,764	17,398	3,945
(Loss)/profit before tax from operations	(8,268)	(4,238)	(387)	4,030	3,851
Others					
Revenue	1,086	958	558	(128)	(400)
Profit before tax from operations	5,218	16,519	34,726	11,301	18,207

REVIEW OF THE GROUP'S FINANCIAL POSITION

30 June 2020 compared with 31 December 2019

The Group's shareholders' funds increased from S$410.4 million as at 31 December 2019 to S$420.3 million as at 30 June 2020. This was mainly contributed by increase in other reserves, non-controlling interests and revenue reserves. The increase in other reserves was mainly due to the foreign currency translation gain.

The Group's total assets of S$1,584.8 million as at 30 June 2020 was S$138.7 million lower as compared to 31 December 2019. This was mainly attributable to the decrease in cash and bank balances, trade and other receivables, development properties, right-of-use assets, and investment securities, partially offset by the increase in property, plant and equipment. The decrease in cash and bank balances was mainly due to the repayment of interest-bearing loans and borrowings and the redemption of the Group's outstanding S$177.3 million bonds and S$24.5 million term notes which were due in April 2020. The decrease in trade and other receivables was mainly due to the decrease in pledge book and secured loans for the Group's financial service business. The decrease in development properties was mainly due to recognition of costs relating to the settlement of units sold for Australia 108, partially offset by development expenditures incurred for on-going projects.

The Group's total liabilities of S$1,164.5 million as at 30 June 2020 was S$148.6 million lower than that as at 31 December 2019. This was largely due to the decrease in trade and other payables and the redemption of the Group's outstanding S$177.3 million bonds and S$24.5 million term notes due in April 2020, cancellation of S$25.9 million bonds and term notes due in April and August 2020 and open market purchases of bonds and term notes.

31 December 2019 compared with 31 December 2018

The Group's shareholders' funds increased from S$406.6 million as at 31 December 2018 to S$410.4 million as at 31 December 2019. This was mainly contributed by increase in other reserves, partially offset by decrease in revenue reserves and non-controlling interests. The increase in other reserves was mainly due to the share of other comprehensive income from AFGL.

The Group's total assets of S$1,723.5 million as at 31 December 2019 was S$53.9 million higher as compared to 31 December 2018. This was mainly attributable to the increase in investment in associates, right-of-use assets, cash and bank balances and property, plant and equipment, partially offset by the decrease in amount due from joint ventures, investment securities, development properties, contract assets, investment in joint ventures, properties held for sale and investment properties. The increase in cash and bank balances was mainly due to the net proceeds received from interest-bearing loans and borrowings and sales proceeds from the handover of Australia 108 completed units, partially offset by payment of development expenditures for on-going projects. The increase in property, plant and equipment as well as the decrease in investment properties were mainly due to the reclassification of development properties and investment properties in Georgetown, Penang for hotel use. The increase in right-of-use assets was due to the adoption of SFRS(I) 16 *Leases*.

The Group's total liabilities of S$1,313.0 million as at 31 December 2019 was S$50.1 million higher than that as at 31 December 2018. This was largely due to the increase in lease liabilities arising from the adoption of SFRS(I) 16 *Leases*, increase in interest bearing loans and borrowings and trade and other payables, partially offset by redemption of the outstanding S$62.8 million term notes due in June 2019, cancellation of S$10 million bonds due April 2020 and open market purchases of bonds and term notes.

31 December 2018 compared with 31 December 2017

The Group's shareholders' funds decreased from S$408.7 million as at 31 December 2017 to S$406.6 million as at 31 December 2018. This was mainly attributable to the decrease in other reserves, partially offset by an increase in revenue reserves and non-controlling interests. The decrease in other reserves was largely due to foreign currency translation and changes in fair value of debt and equity instruments.

The Group's total assets of S$1,669.6 million as at 31 December 2018 was S$312.9 million lower than that as at 31 December 2017. This was mainly attributable to the decrease in development properties, investment securities, contract assets, prepayments and deferred tax assets, partially offset by the increase in properties held for sale, property, plant and equipment, inventories, investment properties and trade and other receivables. The decrease in development properties was mainly attributable to three factors: Firstly, the reclassification of development properties to trade receivables and properties held for sale upon the Group receiving the TOP for its CityGate project in November 2018; secondly, the partial recognition of costs relating to the settlement of units sold for Avant and Australia 108 projects to cost of sales; and thirdly, the reclassification of a project in Australia and completed Malaysia properties to properties held for sale and investment properties. This decrease was partially offset by on-going construction costs, interest costs and development expenditures for Australia 108 and other overseas projects. The increase in property, plant and equipment was mainly due to the acquisition of a leasehold property for the Group's financial service business and an industrial building in Singapore.

The Group's total liabilities of S$1,263.0 million as at 31 December 2018 was S$310.8 million lower than that as at 31 December 2017. This was largely due to the decrease in interest-bearing loans and borrowings, and term notes and bonds, partially offset by the increase in provision for taxation and trade and other payables. The decrease in interest-bearing loans and borrowings was mainly due to the repayment of the Avant notes and full and partial repayment of construction loans for the CityGate project and Australia 108 respectively. The decrease in term notes and bonds was mainly due to the redemption of its S$51 million term notes due in November 2018.

REVIEW OF THE GROUP'S FINANCIAL PERFORMANCE

1H2020 compared with 1H2019

The Group's revenue of S$234.2 million for 1H2020 was S$78.3 million or 25.1% lower than the corresponding period in 2019. The lower revenue was due to the decrease in contribution from the real estate and jewellery businesses, partly offset by higher revenue from the financial service business.

Revenue from the Group's real estate business of S$98.7 million in 1H2020 declined by 38.6% from S$160.7 million in 1H2019. The revenue was mainly contributed by Australia 108 as the project will achieve full completion in 2020.

Revenue from the Group's financial service business of S$102.8 million in 1H2020 increased by S$10.8 million or 11.7% from the corresponding period in 2019. This was mainly due to higher revenue from the pawnbroking and the trading of jewellery businesses, partially offset by lower revenue from the retail of jewellery and branded merchandise in Singapore and the secured lending business.

The Group's jewellery business reported revenue of S$34.0 million in 1H2020 as compared to S$63.4 million in 1H2019. The lower revenue was mainly due to closure of retail shops in Singapore during the "Circuit Breaker" period.

The Group's pre-tax profit of S$20.8 million for 1H2020 was 24.4% lower than the S$27.5 million recorded in 1H2019.

Pre-tax profit of S$12.6 million in 1H2020 for the Group's real estate business decreased by S$4.2 million or 25.0% compared to 1H2019 and was due mainly to lower revenue in 1H2020.

The Group's financial service business registered a pre-tax profit of S$12.1 million for 1H2020, which was 76.9% higher than 1H2019. The increase in pre-tax profit was mainly due to higher profit contributions from the pawnbroking and trading business partially offset by lower profit contribution from the retail of jewellery and branded merchandise and the secured lending business. Grants and rebates relating to staff and rental costs helped to defray some of the operating costs and loss of retail sales during the "Circuit Breaker" period.

The Group's jewellery business recorded a small pre-tax profit of S$0.1 million in 1H2020 as compared to a pre-tax loss of S$2.1 million in 1H2019. This was mainly due to profit recorded by its bullion business and grants and rebates relating to staff and rental costs that helped to defray some of the operating costs and loss of revenue due to the closure of retail shops during the "Circuit Breaker" period.

FY2019 compared with FY2018

The Group registered a revenue of S$560.2 million and pre-tax profit of S$30.4 million in FY2019.

The Group's revenue of S$560.2 million for FY2019 was S$338.2 million or 37.6% below that of FY2018. This was mainly due to lower revenue from the Group's real estate business.

Revenue from the Group's real estate business declined by S$363.3 million to S$210.9 million due to the completion of fewer development projects in 2019. The revenue for FY2019 was mainly contributed by Australia 108 as compared to FY2018 where there were contributions from CityGate, Avant and Australia 108.

Revenue from the Group's financial service business increased by S$14.8 million or 7.3% to S$218.5 million in FY2019. The increase was due to higher interest income and sales from the retail and trading of jewellery and branded merchandise.

The Group's jewellery business recorded revenue of S$139.8 million in FY2019 as compared to S$135.8 million in FY2018. The higher revenue was mainly due to sales from overseas operations partially offset by lower sales from Singapore operations.

The Group's pre-tax profit for FY2019 was S$30.4 million as compared to S$56.6 million in FY2018.

For FY2019, the Group's real estate business recorded a pre-tax profit of S$15.5 million as compared to S$56.4 million for FY2018. The lower pre-tax profit was mainly due to lower revenue booked in FY2019 and provision for impairment loss, allowances for write-down of development properties and fair value loss amounting to S$8.2 million for its assets and properties in Singapore and Malaysia. Excluding these adjustments, pre-tax profit for the Group's real estate business would have been S$23.7 million.

Pre-tax profit for the Group's financial service business increased by S$5.9 million or 49.2% to S$17.9 million in FY2019. The increase was mainly due to higher gross profit and lower foreign exchange loss.

The Group's jewellery business registered a pre-tax loss of S$0.4 million in FY2019 as compared to S$4.2 million in FY2018. The pre-tax loss decreased mainly due to higher profit from associates, reduction in operating costs for Singapore retail business, partially offset by higher operating costs for overseas retail business.

The share of results from associates and a joint venture was mainly attributable to the higher profit from AFGL.

FY2018 compared with FY2017

The Group performed well in FY2018 with improvements in revenue across all core businesses. Revenue increased by 83.5% to S$898.5 million while pre-tax profit rose by 220.8% to S$56.6 million.

Revenue from the Group's real estate business increased by 209.2% from S$185.7 million in FY2017 to S$574.2 million in FY2018. The increase was primarily due to the recognition of sales from the CityGate project in Singapore, which obtained TOP in FY2018 and revenue from the settlement and handover of completed residential units for the Avant and Australia 108 projects in Melbourne, Australia.

Revenue from the Group's financial service business increased by S$10.8 million or 5.6% to S$203.7 million in FY2018. The increase was due to higher interest income and sales from the retail and trading of jewellery and branded merchandise.

Despite the smaller retail network in Singapore, revenue from the Group's jewellery business increased by 14.7% from S$118.4 million to S$135.8 million in FY2018. The higher revenue was mainly attributable to the maiden recognition of sales from its Niessing operations and increase in sales from its gold bullion business.

The Group's pre-tax profit for FY2018 was S$56.6 million, which was S$38.9 million or 219.8% higher than FY2017.

Pre-tax profit for the Group's real estate business surged 358.5% to S$56.4 million from S$12.3 million in FY2017 mainly due to profit contribution from the CityGate, Avant, and Australia 108 projects and partially offset by foreign exchange loss. Excluding net foreign exchange loss of S$14.0 million in FY2018, the pre-tax profit would have been S$70.4 million.

The Group's financial service business registered a pre-tax profit of S$12.1 million as compared to S$15.0 million in FY2017. The decline in pre-tax profit was due to higher finance cost and foreign exchange loss. Excluding foreign exchange loss, the pre-tax profit would have been S$18.0 million in FY2018.

The Group's jewellery business posted a pre-tax loss of S$4.2 million in FY2018 as compared to a loss of S$8.3 million in FY2017. The lower pre-tax loss was mainly due to the maiden profit contribution from its Niessing operations and lower loss from its retail business in Singapore.

The share of results of associates and a joint venture decreased by S$2.2 million to S$0.2 million in FY2018. This was mainly due to lower profit from its 50:50 joint venture company, AF Corporation Pte. Ltd., which holds 83.49% of the issued shares of AFGL.

On the Group level, excluding net foreign exchange loss of S$19.9 million in FY2018, the pre-tax profit would have been S$76.5 million.

INVESTMENT CONSIDERATIONS

Prior to making an investment or divestment decision, prospective investors in or existing holders of the Securities should carefully consider all the information set forth in this Information Memorandum and any documents incorporated by reference herein, including the investment considerations and risk factors set out below.

The investment considerations and risk factors set out below do not purport to be complete or comprehensive of all the investment considerations and risk factors that may be involved in the business, assets, financial condition, performance or prospects of the Issuers, the Guarantor and their respective subsidiaries or the properties owned by the Group or any decision to purchase, own or dispose of the Securities. Additional investment considerations and risk factors which the Issuers and the Guarantor are currently unaware of or currently deem immaterial may also impair their and/or the Group's business, assets, financial condition, performance or prospects. If any of the following investment considerations or risk factors develop into actual events, the business, assets, financial condition, performance or prospects of the Issuers, the Guarantor and/or the Group could be materially and adversely affected. In such cases, the ability of the Issuers and the Guarantor to comply with their respective obligations under the Trust Deed and the Securities may be adversely affected. Further, the market price of the Securities could decline, and investors may lose all or part of their investments in the Securities. The investment considerations and risk factors discussed below also include forward-looking statements and the Issuers', the Guarantor's and the Group's actual results may differ substantially from those discussed in these forward-looking statements. Headings and sub-headings are for convenience only and investment considerations and risk factors that appear under a particular heading or sub-heading may also apply to one or more other headings or sub-headings.

Limitations of this Information Memorandum

This Information Memorandum does not purport to nor does it contain all information that a prospective investor in or existing holder of the Securities may require in investigating the Issuers, the Guarantor or the Group, prior to making an investment or divestment decision in relation to the Securities issued under the Programme. Neither this Information Memorandum nor any document or information (or any part thereof) delivered or supplied under or in relation to the Programme or the Securities (or any part thereof) is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuers, the Guarantor, the Arranger or any of the Dealers that any recipient of this Information Memorandum or any such other document or information (or such part thereof) should subscribe for or purchase or sell any of the Securities.

This Information Memorandum is not, and does not purport to be, investment advice. A prospective investor should make an investment in the Securities only after it has determined that such investment is suitable for its investment objectives. Determining whether an investment in the Securities is suitable is a prospective investor's responsibility, even if the investor has received information to assist it in making such a determination. Each person receiving this Information Memorandum acknowledges that such person has not relied on the Issuers, the Guarantor, and/or their respective subsidiaries and/or associated companies, the Arranger, any of the Dealers or any person affiliated with each of them in connection with its investigation of the accuracy or completeness of the information contained herein or of any additional information considered by it to be necessary in connection with its investment or divestment decision. Any recipient of this Information Memorandum contemplating subscribing for or purchasing or selling 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 Issuers, the Guarantor 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 ACL'S AND THE GROUP'S BUSINESS, FINANCIAL CONDITION AND/ OR RESULTS OF OPERATIONS

General Business Risks

The Group's business is subject to general business risks including but not limited to:

(a) civil unrest, military conflict, terrorism, change in political climate and general security concerns and their adverse effects on business;

(b) global recession and its effects on the performance of the economies where the Group operates; and

(c) changes in laws and government regulations (or the interpretation thereof) or restrictive financial measures that increase operating costs or restrict business.

These general business risks could have adverse effects on the overall economic growth of the countries in which the Group operates which could consequently hinder the Group's current or future business, growth strategies, financial position and results of operations.

It is recognised that such risks can never be eliminated totally and that the cost of mitigating these risks could be high.

The outbreak of communicable diseases, if uncontrolled, could materially and adversely affect the business of the Group

Natural calamities and/or the outbreak of communicable diseases could result in volatility in international capital markets and adversely affect Singapore and other economies. Any material change in the financial markets or the Singapore economy or regional economies as a result of these events or developments may materially and adversely affect the Group's business, financial condition and results of operations.

In particular, the outbreak of COVID-19 has spread globally and triggered a global downturn and economic contraction. A number of governments (including the Singapore government) have revised gross domestic product growth forecasts for 2020 downward in response to the economic slowdown caused by the spread of COVID-19. The COVID-19 pandemic is ongoing and the actual extent of the pandemic and its impact on the domestic, regional and global economy remains uncertain. The COVID-19 pandemic could result in protracted volatility in international markets and/or result in a prolonged global economic crisis or recession as a consequence of disruptions to travel and retail segments, tourism and manufacturing supply chains, imposition of quarantines and prolonged closures of workplaces, and this could materially and adversely affect the Group's business and financial condition. In particular, the COVID-19 pandemic has caused stock markets worldwide to lose significant value and impacted economic activity in Asia and worldwide. If the disruption to capital and securities markets due to uncertainty about the effects of COVID-19 continues, the Group's ability to raise new capital and refinance its existing debt may be affected.

While governments around the world (including the Singapore government) have introduced and may continue to introduce support packages and relief measures in response to the COVID-19 pandemic, there is no assurance that such measures will be effective in improving the state of the local and global economy. According to the Ministry of Trade and Industry ("**MTI**"), Singapore's gross domestic product contracted by 13.2% in 2Q2020, on a year-on-year basis, which was worse than MTI's earlier estimate of a 12.6% year-over-year contraction. While Singapore's economy rebounded in 3Q2020 and its gross domestic product decreased by 7% on a year-on-year basis, an improvement from the previous quarter, MTI's full-year gross domestic product forecast still remains in the range of between -5% and -7%. The Singapore central bank has also indicated that recovery is expected to be slow and uneven, weighed down by renewed outbreaks of infection in Singapore or abroad.

Governments around the world, including in the countries in which the Group operates, have also introduced measures designed to slow the spread of the COVID-19 pandemic, including travel restrictions and movement control restrictions. These measures have directly affected, and may continue to directly affect, the Group's business operations and results of operations.

In Singapore, pursuant to measures implemented by the Singapore government to control the spread of COVID-19 during the "Circuit Breaker" period, all non-essential businesses were ordered to close with effect from 7 April 2020. The "Circuit Breaker" period ended on 1 June 2020 and Singapore entered into a three-staged process of gradually resuming activities. 2 June 2020 marked the start of "Phase One", where economic activities which were deemed not to pose a high risk of transmission were allowed to re-open. During this period, retail malls remained effectively closed as most retail outlets and dining at food and beverage outlets were not allowed to resume operations under "Phase One". Singapore transited to "Phase Two" on 19 June 2020, pursuant to which most businesses and workplaces were allowed to resume operations with safe-distancing measures in place. During this period, retail businesses were allowed to re-open their physical outlets.

While the actual extent of the COVID-19 impact on the Group's business, financial condition and results of operations remain uncertain, the Group's business has been, and will continue to be, affected by the COVID-19 pandemic.

The Group operates in highly competitive industries and any failure by the Group to compete could result in the Group losing market share and revenue

The Group operates in the real estate, jewellery and financial service industries, and is also engaged in other investments (which include its operations in the hospitality industry through AFGL), all of which are highly competitive. Any failure by the Group to compete effectively in these industries and/or investments could result in it losing market share and revenue which could in turn adversely affect its business.

The real estate industry in the jurisdictions in which the Group operates is highly competitive and the Group competes with other property developers, some with greater resources and lower-cost land banks, in seeking prospective buyers. Competition from such property developers may adversely affect the Group's ability to sell its projects.

The jewellery industry in the jurisdictions in which the Group operates is also highly competitive. The Group's competitors include specialty-branded retail shops, department stores, major chain stores and international retailers, which offer jewellery and other related products. The industry players compete with one another based on, amongst other things, product variety, product design, image of stores, advertising and marketing, product quality and price. There is no assurance that the Group will be able to maintain its competitive edge in the future in light of the changing and competitive market environment. Increasing competition in the industry may also affect the pricing and profitability of the Group's products.

The financial service industry in the jurisdictions in which the Group operates is similarly highly competitive. The Group competes with major pawnshops and retail chains, as well as other smaller players that operate individual pawnshops or retail outlets dealing in jewellery and branded merchandise. If the Group does not successfully compete against its competitors, its results of operations may be materially and adversely affected.

The ability of the Relevant Issuer and (where applicable) the Guarantor to comply with their respective payment obligations under the Securities may be dependent on the earnings of, and distributions by, the members of the Group and future performance of the Group

The ability of the Relevant Issuer and (where applicable) the Guarantor to comply with their respective payment obligations under the Securities may depend on the earnings of the Group and the distribution of funds amongst members of the Group, primarily in the form of dividends. Whether or not the members of the Group can make distributions to ACL will depend on their distributable earnings, cash flow conditions, restrictions that may be contained in their debt instruments, applicable laws and other arrangements. These restrictions could reduce the amount of distributions that ACL receives from other members of the Group, which could in turn restrict ACL's ability to fund its business operations and affect the ability of the Relevant Issuer and (where applicable) the Guarantor to comply with their respective payment obligations under the Securities.

Further, the ability of the Relevant Issuer and (where applicable) the Guarantor to make scheduled principal or interest payments on their respective indebtedness, including those under the Securities, is dependent on the Group's future performance and its ability to generate cash. This is, to a certain extent, subject to general economic, financial, competitive, legislative, legal, regulatory and other factors which are beyond the control of the Relevant Issuer and the Guarantor, such as those discussed in the section entitled "**Investment Considerations**" of this Information Memorandum. If the Relevant Issuer's or (where applicable) the Guarantor's future cash flow from operations and other capital resources are insufficient to fulfil their respective debt obligations, including those under the Securities, they may be forced to sell assets or attempt to restructure or refinance their existing indebtedness, and there is no assurance that such measures would be accomplished on a timely basis or on satisfactory terms or at all.

The Group's business may be affected by global economic conditions

The global financial system has suffered considerable turbulence and uncertainty in recent years, and expectations concerning the performance of the global economy in the short to medium-term remain uncertain. Uncertainty in the global financial system could affect consumer confidence and cause unstable market conditions. Geopolitical instability could also contribute to economic instability in both the affected regions and other parts of the world. These events could adversely affect the Group's business, financial condition, prospects and results of operations. Sovereign debt and/or fiscal deficits of certain countries could also raise concerns regarding the financial condition of financial institutions, insurers and other corporates (a) located in these countries, (b) that have direct or indirect exposure to these countries, and/or (c) whose banks, counterparties, custodians, customers, service providers, sources of funding and/or suppliers have direct or indirect exposure to these countries. A default by, or a significant decline in the credit rating of, one or more sovereigns or financial institutions could cause a stress on the global financial system and could adversely affect the Group's business, operations and profitability, its solvency and the solvency of its customers (particularly with regard to its real estate business), the value and liquidity of its assets and liabilities, the value and liquidity of the Securities, and/or the ability of the Group to refinance its current financial obligations and meet its obligations under the Securities and/or its debt obligations generally.

The Group may be affected by corporate guarantees provided to banks

The Issuers and the Guarantor may be required to provide corporate guarantees to banks from which subsidiaries or joint venture entities of the Group have obtained loans, particularly in connection with the Group's real estate business. In the case of loans obtained by the Group's joint venture entities, such corporate guarantees may be granted on a joint but not several basis. In the event of a default by a joint venture partner, the Issuers and/or the Guarantor may be liable to the lending bank for the full loan amount. This could consequently adversely affect the cashflow, financial performance and financial position of the Group.

There is no assurance that the growth of the Group will be sustainable

Apart from the Group's development plans and business strategies, other factors, like intense market competition and consumer preferences, which are beyond its control, may also affect the growth of the Group. There is no assurance that the Group will be able to achieve or maintain similar levels of growth in revenue and profit in the future. The past results of the Group should therefore not be used as a measure of its future performance.

The growth and success of the Group is dependent on its continued ability to attract and retain skilled and qualified personnel

The Group considers retaining skilled and qualified personnel to be one of the key factors for its growth and success. In particular, the Group requires a large number of capable staff to fill the appraisal, sales and management positions for its real estate, jewellery, financial service and other businesses. The Group may face difficulties in recruiting or retaining suitable personnel, particularly those with extensive experience in and knowledge of the industries in which the Group operates. If the Group fails to maintain or expand its team of personnel or replace any loss of such skilled and qualified personnel, its operations and financial performance may be adversely affected and it may not be able to implement its future expansion plans effectively.

Acts of terrorism and other political and economic developments could adversely affect the business of the Group

Increased political instability and social unrest (such as the threat or occurrence of terrorist attacks) and enhanced national security measures and the resulting decline in consumer confidence, whether locally or overseas, may hinder the Group's ability to do business. Any escalation in or re-occurrence of these events may disrupt the operations of the Group or those of its customers. These events have had and may continue to have an adverse effect on the world economy in general, and consumer confidence and spending in particular, which could in turn adversely affect the Group's revenue and results of operations. Further, the effect of these events on global financial markets may limit the capital resources available to the Group.

The Group may be exposed to security and transport risks

A large proportion of the Group's jewellery and financial service business transactions relates to gold, jewellery and branded merchandise. The Group has established security and cash management measures at its head office and at each of its outlets, as well as for the transport of its inventory.

However, there can be no assurance that the Group will not be subject to theft, pilferage or misappropriation, whether by third parties or by its own personnel. In such event, the Group may be subject to loss and/or damage, may incur significant increases in insurance premiums, and its reputation, business and operations may be materially and adversely affected.

RISKS RELATING TO THE REAL ESTATE BUSINESS OF THE GROUP

The real estate business of the Group may be affected by changes in government regulations and policies

The respective governments of the countries in which the Group operates may, at any time, introduce new regulations or policies or amend or abolish existing regulations or policies in relation to real estate, including those governing usage, zoning and government charges. Rights relating to the relevant properties may be restricted by legislative actions, such as revisions to the laws relating to building standards or town planning laws, or the enactment of new laws relating to government appropriation, condemnation and redevelopment. From time to time, the relevant authorities may also carry out redevelopment plans or effect zoning changes to particular areas. Should such situations arise, the Group's profitability and financial performance may be adversely affected.

In addition, the Group may be subject to local laws and regulations such as those relating to workplace health and safety and environmental pollution control. There is no assurance that such regulatory standards will remain unchanged in the future.

Should the relevant authorities implement additional and/or more stringent requirements, the Group may have to incur additional expenses and devote extra time or effort to comply with such changes. In the event of any non-compliance with such regulatory standards at project sites, the Group's project sites may be subject to temporary suspension or further examinations resulting in delays to the projects and the Group's business, financial performance and results of operations may be adversely affected.

The Group has been, and may in the future continue to be, affected by property cooling measures

The Group has been, and may in the future continue to be, affected by property cooling measures introduced from time to time by the respective governments of the countries in which the Group operates. For example, in recent years, the Singapore government has implemented several rounds of such measures to regulate the movement in property prices in Singapore to promote a more stable and sustainable property market. Such property cooling measures may have an adverse impact on the real estate business and financial performance of the Group.

The value of projects may be subject to market volatility and price corrections

The value of the Group's property development projects may be subject to market volatility and price corrections in the event of economic downturns, decrease in consumer confidence in the economy or other unpredictable supervening events. If any of such events were to occur, the financial condition and performance of the Group may be affected.

The Group's real estate business requires substantial capital and is subject to risks associated with debt financing and disruptions in funding sources

The Group's business requires substantial capital and its liquidity and profitability are largely dependent upon its timely access to, and the costs associated with raising, capital. The Group has been financing its operations mainly through a combination of shareholders' equity (including retained profits), net cash generated from operating activities, borrowings from financial institutions, proceeds from the issue of debt securities and advances from ACL to its subsidiaries and/or associates. Thus, the Group is subject to risks associated with debt financing and disruptions in funding sources. Risks normally associated with debt financing include adverse changes in interest rates and its ability to meet payments of principal and interest in a timely manner.

To finance its existing operations and future expansion plans, the Group is likely to rely on funding from financial institutions and/or shareholders of the Group and/or ACL's subsidiaries or other sources of funds. In the event that the Group is unable to obtain loans or other credit facilities or funds from financial institutions on reasonable terms or from shareholders or other sources, the Group may not be able to implement its business and operational strategies. This would adversely affect its business growth and financial performance.

The Group's real estate business is capital-intensive. The availability of adequate financing is crucial to the Group's ability to acquire land and complete its development projects according to plan. The Group finances its business activities through a combination of internal and external sources of funds. Internal sources of funds comprise mainly cash generated from the Group's operating activities and cash and bank balances, while external sources comprise mainly bank loans and other loans and capital contribution from the Group's shareholders. The Group's ability to arrange adequate external financing for land acquisitions or property developments on terms that will allow commercially acceptable returns 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. Although the Group has, in the past, been able to obtain financing to fund its business activities, there is no assurance that it will continue to be able to obtain such financing in the future on acceptable terms or at all. If the Group is unable to finance its business activities, its cash flow, financial performance, financial position, future plans and growth may be adversely affected.

Further, the Group's debt financing arrangements are subject to various documentations and conditions precedent, and although it may have entered into facility agreements with lenders or made arrangements to raise financing, it may not be able to drawdown on committed facilities or consummate such financing arrangements unless the relevant conditions precedents are fulfilled. While there were no past instances where the Group was unable to fulfil the conditions precedent for its facility agreements or financing agreements, there can be no assurance that it will be able to fulfil the conditions precedent under its future facility agreements or financing arrangements or that it will be able to enter into definitive agreements or arrangements on terms and conditions acceptable to it.

In the event that the Group is unable to secure adequate financing on terms acceptable to it or if it is unable to service the principal and interest payments on the financing, it may be the subject of claims by lenders seeking to recover their loans and seeking to enforce the mortgage over the land or development property on which these loan facilities are secured. The Group may also suffer losses if it has to stop construction and it may be the subject of claims by contractors as a result of the foregoing. In addition, in the event that it is unable to secure financing for the construction of its projects on a timely basis or on terms acceptable to it, this may result in delays in the construction of its projects which may in turn trigger certain cost escalation clauses in the contracts with its contractors, resulting in higher construction costs. The Group may also face claims from purchasers of its development properties arising from any delay or default by the Group in performing its obligations under the sale and purchase agreements, including its obligation to deliver or complete the property on time and according to the specifications set out in the agreements.

If any of the aforementioned events occur, the Group's business, financial condition, results of operations and prospects may be adversely affected.

Further, any additional debt financing may restrict the Group's freedom to operate its business as such funding may be subject to conditions that:

(a) limit the Group's ability to pay dividends or require it to seek consent for the payment of dividends;

(b) increase the Group's vulnerability to general adverse economic and industry conditions;

(c) require the Group to dedicate a portion of its cash flow from operations to repayments of its debt, thereby reducing the availability of its cash flow for capital expenditures, working capital and other general corporate purposes; and

(d) limit the Group's flexibility in planning for, or reacting to, changes in its business and/or industry.

Disruptions, volatility or uncertainty of the credit markets could limit the Group's ability to borrow funds or increase its borrowing costs. As such, the Group may be forced to pay high interest rates, thereby increasing its interest expense, decreasing its profitability and reducing its financial flexibility in the event that it takes on additional debt financing.

As at the Latest Practicable Date, some of the Group's outstanding bank borrowings used for land acquisitions and constructions have floating interest rates. Should there be any increase and/or adverse fluctuations in such floating interest rates and the Group is unable to obtain alternative facilities with more favourable interest terms, it will incur additional interest expense. Additionally, if all or a substantial part of its existing banking facilities are withdrawn and it is unable to secure alternative financing on comparable terms, its operations and working capital position may be adversely affected.

The Group may be adversely affected by unsold properties

In the event that the Group is unable to sell a significant proportion of its properties, its financial performance may be materially and adversely affected. Furthermore, the unsold properties that the Group continues to hold for sale post-completion may be relatively illiquid, and this would limit its ability to realise cash from unsold units on short notice. In such an event, the cash flow and financial performance of the Group may be adversely affected. Unsold properties may also incur penalties under the Residential Property Act, Chapter 274 of Singapore if they are not sold within certain prescribed time limits.

The Group may not be able to identify or acquire attractive sites for development at commercially acceptable prices

The Group may not be able to identify or acquire attractive sites for development at commercially acceptable prices or at all. If the Group is not able to continue to identify and acquire attractive sites at commercially acceptable prices, its business and financial performance could be adversely affected. Further, the Group's future growth and development are dependent, in part, on its ability to acquire, or enter into agreements to develop, additional tracts of land suitable for the Group's planned real estate projects. The Group may experience difficulties in acquiring parcels of land which are suitable (in size, location and price) for its projects. In the event that the Group is unable to acquire suitable land at acceptable prices and with the expectation of reasonable returns, its growth prospects could be limited and its business and results of operations could be adversely affected.

Cancellation of sale of projects could adversely affect the business, financial condition and results of operations of the Group

As a developer and seller of residential and commercial property development projects, the Group's business, financial condition and results of operations could be adversely affected in the event that a material number of sold residential, retail or office unit sales are cancelled. While this risk is beyond the control of the Group, the Group tries to minimise its possible effects by practising prudent financial management, such as diversifying its property sales to retail customers (rather than selling the bulk of its units to any single purchaser) wherever possible and entering into joint ventures where appropriate. In the event that purchasers terminate their purchase in breach of the sale and purchase agreements, the Group may take legal action against such purchasers to recover its losses. However, pursuing such claims may be costly and time consuming and there is no assurance that the Group will be able to recover its full losses arising from such termination.

The Group's ability to collect progress payments for its property development projects is dependent on the solvency and creditworthiness of its customers

The Group's ability to collect progress payments for its property development projects is dependent on the solvency and creditworthiness of its customers. In this respect, it may at times face delays in payment, or even non-payment, of progress payments from the purchasers of its property development projects. Any significant delay in collecting, or inability to collect, payment may adversely affect the Group's financial performance.

The Group may be subject to liability for structural or construction defects and other building-related claims

Structural or construction defects and other building-related claims may be brought against the Group, and there is no assurance that the Group will not be held liable for any damages, cost of repairs and/or the expense of litigation in connection with such claims. There is also no assurance that claims will not arise out of uninsurable events, such as landslides or earthquakes, or circumstances not covered by the Group's insurance or the indemnities provided by the Group's contractors, or that the contractors hired by the Group will be able to correct any such defects or indemnify the Group for costs incurred by the Group to correct such defects. In the event that the Group is subject to a substantial number of claims arising from such defects, this could result in a material adverse effect on its reputation, business, financial condition and results of operations.

The Group mitigates this risk by following strict quality control procedures during the various phases of a project's development, such as the construction, delivery of materials, project delivery and unit delivery to homeowners. In addition, the Group endeavours to ensure that all completed units, facilities and amenities are built according to specifications set by government regulatory agencies. However, there is no assurance that such measures taken by the Group will sufficiently mitigate the risk of structural or construction defects and other building-related claims.

The Group is reliant on independent contractors

The Group engages independent third-party contractors to provide various services, including architectural and structural design, piling and foundation, electrical, engineering, plumbing, building and property fitting-out works as well as installation of air-conditioning units and elevators. The Group invites contractors to participate in its projects according to their track record and reputation for quality.

There is no assurance that the Group will be able to find an independent contractor who is willing to undertake a particular project within the Group's budget and schedule. Inability to find a suitable independent contractor may result in increased costs for the Group or delays in the construction or completion of the project. There is also no assurance that the services rendered by any of the independent contractors will be satisfactory or match the level of quality that the Group requires. Contractors may also experience financial or other difficulties, such as shortages in, or increases in the cost of, construction materials and/or manpower, any of which could result in delays in the construction or completion of the project or increase the costs of construction. Any of these factors could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group may, from time to time, be involved in legal and other proceedings arising from its property developments

The Group may, from time to time, be involved in disputes with various parties involved in the development and sale of its properties. This includes main contractors, sub-contractors, agents, suppliers, construction companies, purchasers, other partners, lenders and third-party service providers. Disputes with purchasers may include claims relating to delays in completion, variations from contract specifications and defective works. Any such disputes may lead to legal and other proceedings, and may cause the Group to suffer additional costs and delays in the construction or completion of its projects. Under certain circumstances, the Group's contractors may be required to indemnify the Group in the event of delays and/or building defects. However, there is no assurance that the amount recoverable from the contractors would be sufficient to cover the amount of liquidated damages that the Group may be required to pay to purchasers. In addition, the Group may have disagreements with regulatory bodies in the course of its operations. This may result in the Group being involved in administrative proceedings or subject to unfavourable decrees, which may in turn result in financial losses and delays in the construction or completion of its projects. Any such project delays will affect the Group's business, financial performance, reputation, results of operation and prospects.

The Group's real estate business is dependent on consumer preferences

The success of the Group's property developments is dependent on consumer preferences and spending trends. Consumer preferences and spending trends are influenced by external factors including, amongst others, the income level of consumers and the markets' demographic profiles. The designs of the properties which appeal to some consumers may not appeal to other consumers. It is therefore important that the Group is able to produce designs with sufficient market appeal to attract consumers with varying preferences. In the event that the Group's competitors are able to introduce properties with more innovative or functional designs that better cater to the needs and preferences of consumers, the Group may not be able to maintain its competitive edge and this may adversely affect its profitability and financial performance.

The real estate business of the Group may be adversely affected by natural disasters and other events beyond its control

Some of the Group's property developments are located in areas that may be affected by strong winds, storms, floods, droughts, wildfires, cyclones, earthquakes, hurricanes and tsunamis. The Group's property developments may therefore be subject to such natural disasters as well as other disasters such as fires, acts of terrorism and failure of utilities, amongst other things. Such disasters could impede operations and/or damage infrastructure necessary for the Group's constructions and operations as well as its buildings under construction. If any such events were to occur, the business, financial condition, results of operations and prospects of the Group could be adversely affected.

The valuations of the Group's properties and land sites are subject to limitations and fluctuations

The valuations of the Group's properties are conducted by independent valuers based on certain assumptions, including, amongst other things, the revenue from and settlement of the balance purchase price for the pre-sold units and sale of unsold units within a certain time, the estimated selling prices and construction costs and the obtainment of the relevant approvals and building permits, including the approval for individual strata titles in respect of its proposed development projects. Any changes in regulatory conditions which are not anticipated or other relevant factors, such as changes in market conditions and changes in planning guidelines, could also affect such valuations.

Thus, such valuations may not accurately reflect the actual value of such properties upon realisation or disposal. Should the value of the Group's properties and land sites be lower upon realisation or disposal, the financial position and performance of the Group may be adversely affected. In addition, the Group may record losses in the event that the price at which it sells its properties is lower than its cost (in the case of properties under development), or the market values of its investment properties as determined by independent valuers fall below their carrying amounts (in the case of investment properties).

The Group's future plans for its real estate business are subject to uncertainties

As part of its future business plans, the Group intends to acquire potential development sites, expand its real estate business and capitalise on potential acquisition and joint venture opportunities. There can be no assurance, however, that the actual demand for the Group's property development projects in the future will meet its expectations. If the Group fails to achieve its business objectives or its sales targets, its profitability may be adversely affected.

In addition, while the Group has planned its expansion based on the outlook and its understanding of the property market and the general economic situation at the relevant time, there can be no assurance that such expansion plans will be commercially successful, remain feasible or that the actual outcome of those expansion plans will match its expectations. If its expansion plans are not successful or if the actual outcome of its expansion plans does not match its expectations, the business, financial condition, results of operations and prospects of the Group may be adversely affected.

For the Group's property development projects, its performance is also dependent on its ability to identify property development projects with good potential returns and by completing these projects within a scheduled time frame to realise these returns. This is in turn based on the Group's understanding of the operating environment and/or its anticipation of market conditions. The viability and profitability of the Group's property development projects may be affected by factors such as changes to its planning permits, clarification of planning guidelines with the relevant authorities, changes to the relevant building guidelines, unexpected project delays and changes in interest rates, construction costs, land costs and market conditions. Accordingly, there can be no assurance that the Group will be consistently successful in identifying profitable property development projects and completing and launching these projects under the best possible market conditions as planned. There can also be no assurance that a project assessed by the Group to be profitable at the initial phases will not turn out to be a loss-making asset or investment due to changes in circumstances beyond its control. If the Group fails to identify profitable property development projects or complete them profitably, its business, financial condition, results of operations and prospects may be adversely affected.

The projects that the Group has launched to date are largely residential property projects. As part of its business strategy, the Group may also develop or acquire commercial, retail, hotel, industrial and mixed-use properties in Australia, Indonesia, Malaysia, New Zealand and the Philippines and depending on various factors, including market conditions and the timing of receipt of relevant governmental approvals and permits, it may hold these as investment properties. Non-residential property developments and investments require different regulatory approvals, designs, layout and building materials, as well as different development, marketing and management strategies and skills as compared to residential property developments. There can be no assurance that the Group's future plans to expand into the property investment business and/or the development of its properties for commercial, retail, hotel, industrial or mixed-use purposes, if and when it occurs, will be commercially successful or provide a return or yield on its investment that will meet its expectations. If the Group fails to achieve its business objectives or its investment targets, its business, financial condition, results of operations and profitability may be adversely affected.

The Group is reliant on its third-party service providers

The Group outsources all its construction work and is reliant on consultants such as architects and structural engineers, as well as third-party contractors to assist in obtaining planning permits for its projects and to provide various construction services for the completion of each property development project. Further, for its more complex and larger property development projects overseas, the Group may engage project management companies to assist in the planning and development of the property. The Group considers the experience, track record and reputation of the companies when selecting its third-party service providers. While it adopts stringent measures in selecting such third-party service providers and ensuring that their works are acceptable according to its specifications, there can be no assurance that the services rendered by such third-party service providers will always be satisfactory or consistent with the Group's targeted quality levels.

For example, if there are any delays in obtaining planning permits, construction may be delayed. Further, if its third-party contractors fail to meet the various milestones as required under the construction schedule, or fail to rectify any unsatisfactory work and the Group is unable to solve these issues in a timely manner, it may not be able to complete the project within the set budget and time, resulting in cost overruns and project delays. The Group is also exposed to the risk that a contractor may require additional capital in excess of the price originally tendered to complete a project (whether as a result of unanticipated increase in cost of materials and labour or otherwise) and the Group may have to bear such additional amounts in order for the contractor to complete the project. In addition, the Group is also subject to the risk of its contractors failing to obtain relevant permits and/or approvals required for the provision of their services. Furthermore, there is also a risk that such contractors may experience financial or other difficulties, which may affect their ability to carry out construction work, thus delaying the completion of development projects beyond the deadline for completion stipulated in the relevant tender conditions and resulting in additional costs and/or penalties being payable by the Group.

If any of these events were to occur, the business, financial condition, results of operations and prospects of the Group may be adversely affected.

The Group is subject to increases in construction costs, including fluctuations in the costs of construction materials, labour and equipment

The construction costs of the Group's projects may fluctuate with the prices of various construction materials, such as metal, stone, cement, sand, pipes, electric cables, sanitary fittings, window and door fittings and other materials. The costs of leasing construction equipment, including excavators, cranes and lifting hoists, may also fluctuate over time due to changing market supply and demand conditions. In addition, the construction of the Group's projects also requires a relatively large number of skilled and unskilled labour. In the event of any material increase in the costs of construction materials, equipment and labour or compliance costs, and in the event that the Group is unable to secure alternative supply at costs acceptable to it or pass such additional costs to its customers, the operating costs of its projects may increase.

Under certain of the contracts which the Group has entered into with its contractors, there are cost escalation clauses which provide for the escalation of construction costs should certain events occur. Certain of the contracts which the Group has entered into with its main contractors also provide for a financial limitation of the contractor's liability under the contract. As such, in the event of a dispute, if the sum in dispute exceeds the financial limitation as set out in the contract, the Group may not be able to recover the full amount of damages which it has suffered as a result of the contractor's breach of contract. Such events may result in an increase in the costs of a project, and if such increased costs exceed what the Group has budgeted, the Group may need to secure additional financing. There is no assurance that it will be able to secure such additional financing on terms acceptable to it, if at all.

If the Group is unable to raise additional financing and it does not have sufficient internal financial resources to pay for such increased costs, its ability to complete the development of the affected project may be adversely affected, which could in turn affect its ability to repay its borrowings. As certain of the Group's borrowings are secured against mortgages on its properties, any default by it in repaying its borrowings may lead to legal actions by its lenders and such lenders may choose to enforce their mortgage over the Group's development properties.

If any of these events were to occur, the business, financial condition, results of operations and prospects of the Group may be adversely affected.

The Group is subject to risks in relation to its pre-sold properties

The Group typically pre-sells its properties prior to completion of construction, such as its three development projects in Australia. Failure to complete a property development on time may be attributed to various factors, some of which may be beyond the Group's control. Please refer to the risk factor entitled "*The Group's property development projects are subject to disruptions and project construction delays*" for more information on the aforementioned factors. If the delay and/or failure in the delivery of its pre-sold properties extend beyond the contractually specified period, purchasers may be entitled to terminate the pre-sale agreements and claim refunds of monies paid, damages or compensation for late delivery. Further, the Group may also be subject to default by purchasers of such pre-sold properties in making payment for these properties, and may fail to recover all or part of the amounts owing to it by such purchasers even though it has legal recourse to them under its sale and purchase agreements. Please refer to the risk factor entitled "*The Group is exposed to credit risks of purchasers of its properties*" for further information. If the Group experiences failure or significant delays in the completion or delivery of its pre-sold properties, its business, financial condition, results of operations and prospects may be adversely affected.

The Group's property development projects are subject to disruptions and project construction delays

The time required to complete a property development project depends on various factors, including the size and complexity of the project, prevailing market conditions and availability of resources. Delays may arise due to various factors, including adverse weather conditions, natural calamities, power failure, machinery and equipment breakdown, shortage of construction materials, shortage of labour, accidents, cessation of business of the Group's contractors, disputes with its contractors, stop-work orders and unexpected delays in obtaining required approvals. Such delays may result in cost overruns and increased financing costs and accordingly affect the Group's profitability.

Although the Group may be reimbursed by its contractors responsible for such delays or compensated via insurance under certain circumstances, there can be no assurance that such reimbursement or compensation would be adequate and the Group may nevertheless remain liable to the purchasers. In such an event, its business, financial condition, results of operations and prospects may be adversely affected.

The Group is subject to risks associated with the high-rise construction and staged completion of its property development projects

Certain of the Group's property development projects comprise high-rise residential towers. The construction of such projects will present increased complexities and technical requirements, such as specialised manpower and machinery, enhanced fire safety provisions, as well as the use of reinforced materials and external claddings. The Group has engaged experienced professionals with the relevant expertise and track record for the construction of high-rise property development projects. Nonetheless, in the event that it or its third-party service providers are unable to adequately address such increased complexities and technical requirements, the Group's ability to complete the projects on schedule may be affected. In such an event, its business, financial condition, results of operations and prospects may be adversely affected.

In Australia, the construction works for its high-rise property development projects will be completed in stages, with the completed apartment units handed over to the purchasers on a staged basis. As such, certain units in the Group's property development projects in Australia may be ready for occupancy, while construction works will continue for the remaining portions of the project. There can be no assurance that there will be minimal inconvenience faced by the purchasers of the completed units arising from the ongoing construction works. Further, there can be no assurance that the ongoing construction works will not be delayed or disrupted as a result of complaints from or disputes with certain purchasers of completed units as a result of such inconveniences. In the event the ongoing construction works of the Group's property development projects are delayed or disrupted, the Group's business, financial condition, results of operations and cash flows may be adversely affected.

In the event that the Group enters into joint ventures, it may be subject to risks associated with such joint ventures

The Group may undertake property development projects from time to time through the formation of joint ventures with external parties.

These joint ventures involve a certain amount of risks including, amongst others, the inability of joint venture partners to fulfil their obligations under the joint venture agreements and disagreements with joint venture partners. In addition, disputes with joint venture partners may also cause delays in the progress of the property development projects.

Political uncertainties or new government regulations (such as restrictions on ownership) or changes in economic, business and operating conditions may also result in a loss of value in the Group's investment in these joint ventures or a loss in its ability to influence the management and directors of, and decisions made under, these joint ventures. There can be no assurance that the Group will not, in the future, encounter the aforementioned business risks which may have a material adverse effect on its business, financial condition, results of operations and prospects.

The Group may suffer material losses in excess of insurance proceeds

The Group maintains insurance policies covering its properties in line with general market practice and legal requirements. Where practicable, it also maintains certain property damage, business interruption and general liability insurance in the various countries in which it operates.

However, certain types of risks (for example, risk of war, terrorist acts and losses caused by the outbreak of contagious diseases (including but not limited to COVID-19) or acts of God such as floods or earthquakes) may be uninsurable or the cost of insurance may be prohibitive. Should an uninsured loss or a loss in excess of insured limits occur, the Group may be required to pay compensation and/or lose the capital invested in the affected property as well as any anticipated future revenue from that property. The Group may also remain liable for any debt or other financial obligation in relation to any loans taken up for the acquisition and/or development of the affected property, where applicable. There can be no assurance that uninsured losses or losses in excess of insurance proceeds will not occur in the future. In such an event, the business, financial conditions, results of operations and prospects of the Group may be adversely affected.

The Group is dependent on purchasers' preferences and spending trends

The sale of the Group's development properties is dependent on purchasers' preferences and their spending trends in the markets in which the Group operates. These may be significantly influenced by external factors, such as income levels, market conditions, demographic profile of potential purchasers of its properties, geographical location and culture. In the event that the Group's properties do not have sufficient market appeal to attract purchasers and/or its competitors in the markets in which it operates are able to introduce more innovative or functional designs or properties which are priced more attractively than the Group is able to, the Group may not be able to maintain its competitive edge and its business, financial condition and prospects may be adversely affected.

The Group's real estate assets are relatively illiquid

Real estate assets are relatively illiquid. The illiquidity of the Group's real estate assets may limit its ability to monetise these assets at short notice or may result in a significant reduction in the price that it might otherwise seek for such assets in the event that it is required to effect an urgent sale. Should such an event occur, the financial performance and financial position of the Group may be adversely affected.

ADDITIONAL RISKS RELATING TO THE OVERSEAS REAL ESTATE BUSINESS OF THE GROUP

The Group's overseas real estate business is subject to the performance of the real estate industry in the countries in which it operates

The Group currently has ongoing property development projects in Australia and Malaysia. The Group's property development business is therefore subject to the performance of the property market in these countries. The demand for properties in the countries in which it operates could be adversely affected by, amongst others, any of the following factors:

(a) weakness in the local and regional economies;

(b) competition from other property developers;

(c) adverse changes in the demand and supply situation for properties;

(d) adverse changes in government regulations;

(e) absence or tightening of financing for purchase of properties; and/or

(f) higher interest rates.

The occurrence of any or a combination of these factors is likely to adversely impact the demand and pricing of the Group's properties, which is in turn likely to adversely affect the business, financial condition, results of operations and prospects of the Group and the value of its properties. The Group may also incur losses should it sell its properties below cost or incur impairment charges for unsold properties in a depressed market. In the event that the Group is unable to sell its properties, it may incur holding costs, including interest and maintenance costs. In such an event, its profitability may be adversely affected.

Further, all of the Group's current and proposed property development projects are located in either Australia or Malaysia. The success of its overseas real estate business is hence dependent on the continuing growth of the Australian and Malaysian economies and the real estate sectors of the various states in these countries in which the Group's properties are located. A concentration of investments in these two countries may cause the Group to be susceptible to downturns in the real estate markets in these countries. This may lead to a decline in sales which may in turn have an adverse impact on the business, financial condition, results of operations and prospects of the Group.

The Group's financial performance including its revenue and profit may be volatile and fluctuate from period to period

The Group is vulnerable and susceptible to revenue volatility between financial periods as its revenue is predominantly project-based and is dependent on, amongst other things, the number of ongoing and future property development projects, the pricing, sales and completion of these developments. The revenue the Group recognises between financial periods may fluctuate and may be inconsistent due to, amongst other things, the timing of completion and the volume of its ongoing and future property development projects.

Additionally, for the Group's existing development properties in Australia and Malaysia, revenue from the sale of such development properties is recognised using the completed contract method, where revenue is recognised when the risks and rewards of the ownership of units have been transferred to the purchasers. Hence, revenue and profit of the Group's property development projects in Australia and Malaysia are only recognised at completion and upon handover of the properties to purchasers.

To a large extent, the Group is affected by general economic and market conditions, property market conditions, consumer sentiments and competition as well as government regulations. Please refer to the risk factor entitled "*The Group's overseas real estate business is subject to the performance of the real estate industry in the countries in which it operates*" above.

There can be no assurance that the revenue from the sale of the Group's development properties will be comparable every year. Revenue contribution from the Group's real estate business in 1H2020 slipped 38.6% to S$98.7 million, compared with S$160.7 million in 1H2019. The revenue was mainly contributed by Australia 108 which was completed in 4Q2020. If the Group completes fewer property development projects or does not undertake any new property development projects in a particular financial period as compared to the previous financial period, or if there is any delay in the completion of any of the projects in its portfolio or the transfer of the risks and rewards of ownership of units to the purchasers, the Group's revenue and profit recognised in that particular financial period may be adversely affected.

The Group has limited experience in Australia and Malaysia

The Group only started acquiring properties and land for development, redevelopment or refurbishment, as the case may be, in Australia and Malaysia in 2014.

Due to the Group's limited experience in the property development and property investment business in Australia and Malaysia, it may not be able to identify suitable development projects and anticipate market changes which may take place in the Australian and Malaysian markets. Its limited experience may not provide sufficient basis for investors to evaluate its business, financial performance and prospects.

The Group may be exposed to risks associated with fluctuations in foreign exchange rates and changes in foreign exchange regulations

Because of the geographic diversity of the Group's real estate business, the Group receives or will receive income and incur expenses in a variety of currencies, including Singapore dollars, Australian dollars and Malaysian ringgit. The Group's financial statements are presented in Singapore dollars. Consequently, its costs, profit margins and asset values are affected by fluctuations in the exchange rates among the above-mentioned currencies. The Group cannot predict the effect of future exchange rate fluctuations on its assets, liabilities, income, cost of sales, expenses and margins. The weakening of non-Singapore dollar currencies in the countries in which the Group operates its real estate business may adversely affect its financial condition and results of operations. Additionally, some of the currencies which the Group uses may not be readily convertible or exchangeable or may be subject to exchange controls. The Group may also be subject to the imposition or tightening of exchange control or repatriation restrictions and may encounter difficulties or delays in relation to the receipt of its proceeds from the sale of its property development projects and dividends due to such exchange controls existing in the jurisdictions in which it operates.

As at the Latest Practicable Date, the Group's foreign exchange transaction exposure arises from WCG's loans to its subsidiaries which are denominated in Australian dollar or Malaysian ringgit, while the functional currency of WCG and the presentation currency of the Group's consolidated financial statements is in Singapore dollars. In addition, to the extent that (a) the Group's future revenue and expenses from its overseas business are not naturally matched in the same currency, or (b) there are timing differences between invoicing and collection of payment, the Group may be exposed to adverse fluctuations of such foreign currency against the Singapore dollar, and this may adversely affect its financial results.

In addition, the Group's financial information is presented in Singapore dollars. Exchange rate differences will arise when the assets and liabilities in foreign currencies are translated or exchanged into Singapore dollars for, amongst others, financial reporting purposes. Fluctuations in currency exchange rates could materially affect the Group's reported financial results.

The Group is exposed to credit risks of purchasers of its properties

The Group's contracts for sale of units in its projects under development do not generally require a purchaser to pay the purchase price of the property in full while it is still under construction. Purchasers generally pay a deposit and, depending on the market practice, relevant laws and regulations and the relevant sale and purchase agreements, may either pay the balance of the purchase price on completion or make progressive payments when certain project or construction milestones are reached. In particular, purchasers of the Group's property development projects in Australia such as Nova City, pay a deposit at the time of purchase with the balance being paid upon completion and handover of the property. Accordingly, the inability of purchasers to secure financing to pay the balance of the purchase price, or any fall in property prices which affects their ability to secure sufficient financing or their ability to complete the sale and purchase, or any deterioration in the financial position of these purchasers, resulting in a default in payment of the balance of the purchase price, may materially or adversely affect the Group's financial position and results of operations. Furthermore, purchasers who are individuals who are not residents in Australia may be subject to the risk of adverse foreign exchange rate fluctuations, currency controls and a limited pool of Australian financial institutions willing to finance their Australian property investments. There can be no assurance that defaults by these purchasers will not occur in the future in significant numbers or that the Group will not experience cash flow problems as a result of such defaults. Further, notwithstanding that the Group has legal recourse to purchasers who default in their payment obligations under sale and purchase agreements, there can be no assurance that it will be able to recover all or part of the amounts owing to it by such purchasers. Should these develop into actual events, the business, financial condition, results of operations and prospects of the Group may be adversely affected.

The Group's real estate business is capital intensive and is subject to its ability to raise capital

The Group's ability to develop and invest in properties is dependent on continued capital expenditure, including the acquisition of land and buildings and construction activities. There can be no assurance that financing for land acquisition and/or construction, either on a short-term or a longer term basis, will be available or, if available, that such financing will be obtained on terms favourable to the Group. In Australia, as the deposits paid by purchasers (comprising cash and bank guarantees) of its property development projects, such as Nova City, are held in escrow, the Group has no access to these deposits until completion of the development projects and the Group is therefore unable to use such funds to finance its construction activities. Certain contracts entered into with the Group's contractors provide it with an option not to continue with construction beyond certain milestones or timelines. In the event that the Group is unable to obtain financing before the relevant milestones or timelines are crossed, it has the option of not proceeding with the next stage of construction, subject to sufficient notice being provided and certain payments being made (for example, demobilisation and other costs to the contractors).

If the Group is unable to secure necessary financing or secure such financing on terms which are favourable to it, whether through external debt financing and/or internally generated cash flows, which are required to maintain or expand its land bank or to fund proposed or ongoing construction of its projects, and it exercises the option to not proceed with the next stage of construction under the relevant construction contracts, this could adversely affect the business, financial condition, results of operations and prospects of the Group.

The loss of any key members of senior management may affect its continuing ability to compete

The Group believes that its continuing success in its overseas real estate business is dependent to a certain extent upon the abilities and continuing efforts of its existing directors and senior management. If it were to lose the services of any of the key members of senior management, it may not be able to replace those members with persons of comparable experience or expertise, either on a timely basis or at all. Accordingly, the loss of any key members of its senior management may affect its continuing ability to compete effectively.

The Group operates in a highly competitive industry and it may not be able to secure new land sites

The Group is required to constantly identify and acquire land sites for property development in order to maintain the growth of its property development business. Generally, the Group replenishes and sources for new lots of land from private owners, by engaging external property agents, by sourcing for suitable development sites through government land sales programmes or by participating in property auctions.

The property development business in the countries where the Group operates in is highly competitive, with various small to medium-sized property developers and some large established players, who may have greater resources (including financial resources), a more established brand name and reputation, a more extensive network and greater exposure to potential business opportunities and a larger and more attractive land bank than the Group. In addition, due to their longer operating history in Australia and Malaysia, these competitors may have better knowledge and experience in the property development business in these countries. These advantages may allow the Group's competitors to afford higher bids for land sites, invest in bigger and/or more profitable property development projects and better withstand adverse economic conditions and adverse occurrences specific to the industry or the markets the Group operates in. Further, there can be no assurance that suitable sites will always be available to the Group and at costs acceptable to it. As such, the Group may not be able to secure a sufficient number of new land sites to maintain its land bank or for future development or investment.

To compete effectively, the Group may either have to engage in competitive pricing, or differentiate itself by adopting more innovative property designs and/or more creative marketing strategies. In the event that it fails to compete effectively, it may be forced to undertake fewer property development projects or projects with less desirable margins, and as a result, its business, financial condition, results of operations and prospects may be adversely affected.

The Group is subject to health, safety and environment standards

The Group is subject to various laws and regulations relating to workplace health and safety and environmental pollution control. There may be future amendments, new enactments or more stringent administration of these health, safety and environmental standards. Any change in such laws, regulations and/or standards in the future may result in the incurring of additional time and costs by the Group for the purposes of compliance. Further, any failure or delay in complying with these regulatory standards may result in fines, penalties, sanctions or temporary suspension which could disrupt the Group's business and operations or affect the timely completion of its development projects. This may in turn have a material adverse effect on its business, financial condition, results of operations and prospects.

Due diligence on the Group's properties may not reveal all material defects, breaches of laws and regulations and other deficiencies

The Group's reviews, surveys or inspections (or the relevant review, survey or inspection reports on which it has relied) may not reveal all defects or deficiencies affecting properties that it has interests in, including defects or deficiencies to the title thereof. In particular, there can be no assurance as to the absence of latent or undiscovered defects, deficiencies or inaccuracies in such reviews, surveys or inspection reports, any of which may have a material adverse impact on the Group's business, financial condition, results of operations and prospects.

The Group is subject to general risks associated with doing business overseas

There are general risks inherent in doing business overseas. These include unexpected changes in regulatory requirements, difficulties in staffing and managing foreign operations, fluctuations in currency exchange rates, potentially adverse tax consequences, legal uncertainties regarding liability and enforcement, changes in local laws and controls on the repatriation of capital or profits. The occurrences of any of these events may have a material adverse effect on the business, financial condition and results of operations of the Group.

The Group is also affected by the political risks in the countries where it operates. Wars, unsettled political conditions, social unrest, riots, piracy, terrorist attacks and government actions may adversely affect the Group's properties, the demand for its properties and/or its ability to carry on its business. If such risks develop into actual events, the operations and profitability of the Group may be adversely affected.

Many employees in Australia are unionised and are covered by collective bargaining agreements. In the event of any breakdown in talks with the labour unions, strikes or disruptions leading to work stoppages may arise. Any strikes or disruptions arising from such labour disputes could have a material adverse effect on the Group's business operations and in turn may significantly affect its business and financial condition.

The Group may be adversely affected by changes in the sociocultural, economic or political conditions locally and globally

The Group's real estate business may be materially and adversely affected by local and global developments in relation to inflation, prices of raw materials, bank interest rates, government policies and regulations and other conditions which may impact sociocultural, economic and political stability.

The Group's acquisition and subsequent redevelopment, alteration or renovation and refurbishment of heritage or culturally sensitive properties in the countries it operates in may adversely affect its reputation and goodwill in these countries. For example, certain communities and heritage groups may be concerned with the gentrification of the affected heritage precincts and may not agree with the Group's redevelopment plans for the aforementioned properties, which may alter the tenant mix, urban and architectural landscape of these properties and their surrounding precincts. Such communities and heritage groups may continue to lobby their causes through social media, print media, the internet and discussions with the local government communities and business groups. The responses by these communities and heritage groups and any regulatory changes as a result of these discussions to the Group's development plans on the affected properties may adversely affect the Group's business operations and financial performance.

Such conditions and developments are beyond the Group's control and there can be no assurance that such conditions and developments will not occur and/or adversely affect its business operations and financial performance.

GENERAL RISKS RELATING TO THE COUNTRIES IN WHICH THE GROUP OPERATES

The Group may be adversely affected by changes in laws and regulations in the countries in which it operates

The Group's business is subject to various laws and regulations in the countries in which it operates. Any changes in such laws and regulations applicable to the Group may have a negative impact on its business and operations. In addition, any failure or delay in complying with these laws and regulations could result in the imposition of fines or other penalties by the relevant authorities.

For instance, any changes to laws linked to foreign investment, such as the Foreign Acquisitions and Takeovers Legislation Amendment Act 2015 (the "**FATA**") in Australia, may restrict foreign purchasers from acquiring the Group's properties and this may adversely affect the profitability and financial condition of the Group.

The imposition of levies, restrictions and conditions regarding foreign acquisition, such as those imposed by the state government in Penang, may also deter foreign purchasers from acquiring the Group's properties and the profitability and financial condition of the Group may be adversely affected.

The Group is also subject to zoning, development, planning, design and construction as well as mortgage and refinancing requirements. In the event that there are any changes to these requirements which result in the Group not being able to fulfil its plans for any of its property development projects, it may be required to change its plans for its property development projects, and this may in turn adversely affect its business, financial condition, results of operations and prospects.

The Group may be adversely affected if it fails to obtain, or if there are material delays in obtaining, requisite governmental approvals for its land acquisitions and property developments or if it fails to fulfil certain conditions under the relevant governmental approvals

The property development industry in the countries in which the Group operates is governed by laws and regulations which have been established to regulate and protect individual consumers as well as to determine the minimum standard for the property development and construction industry. Real estate developers must comply with these various requirements mandated by applicable laws and regulations, including the policies and procedures established by local authorities designed for the implementation of such laws and regulations. In order to develop and complete a property development, a property developer must obtain various permits, licences, certificates and other approvals from the relevant administrative authorities at various stages of the property development process, such as title documents, 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.

In addition, under certain of the governmental approvals which the Group has obtained, there are conditions which the Group has to fulfil, failing which, such approvals will expire. For example, in Australia, under the approvals obtained from the Foreign Investment Review Board ("**FIRB**") for the acquisition of some of the Group's land, the Group is required to commence development of the land by a stipulated time from the date of the approval. If such conditions are not fulfilled by the stipulated time and/or if the Group fails to obtain an extension of time from the FIRB, it may be subject to civil and criminal penalties and the Treasurer may make a disposal order requiring the divestment of the relevant land.

In Penang, prior consent from the relevant authority may be required for demolition or alteration works for certain buildings, due to regulations relating to conservation of heritage buildings. There can be no assurance that the Group will not encounter problems in obtaining the requisite regulatory approvals for new acquisitions of land or in fulfilling the conditions required for obtaining these approvals or in fulfilling the conditions under the approvals. If the Group fails to obtain the requisite approvals or fulfil the conditions of those approvals for a significant number of its property developments, these developments may not proceed on schedule or the Group may not be able to proceed with the development of the property, and its business, financial condition, results of operations and prospects may be adversely affected.

The Group may be exposed to risk of loss from interruptions resulting from industrial disputes and work stoppages

The construction of property is labour intensive. As a property developer, the Group typically engages a contractor to undertake the building and construction of its property development projects. Any strikes or labour disputes involving its property development projects could result in work stoppages or a prolonged delay in the completion of its property development projects, which may in turn have a material adverse effect on the business, financial condition, results of operations and prospects of the Group.

RISKS RELATING TO THE GROUP'S REAL ESTATE BUSINESS IN AUSTRALIA

The acquisition and development of land or property by the Group in Australia is subject to regulatory approval

The Group's business operations in Australia are subject to regulatory approval. For instance, acquisitions of land in Australia are subject to approval requirements under the FATA (which may be rejected or may be given subject to conditions). If, in relation to an acquisition, the Group is unable to obtain approval under the FATA when required or is unable to fulfil any of the conditions to which the approval is subject, it may not be able to proceed with the acquisition.

Any failure to comply with laws and regulations could result in the Group committing an offence and being subject to penalties and/or fines.

The Group is subject to the risk of land acquisition by Australian public authorities

Australia has state based legislation giving prescribed authorities the right to compulsorily acquire land, either in whole or in part.

Depending on state laws, land may be compulsorily acquired for various reasons, for example, for public purpose. In the event of land being compulsorily acquired, the amount of compensation to be provided to the land owner will be determined based on various considerations. This could include the market value of the land as at the date of acquisition, the increase or depreciation in the value of any land severed from the acquired land, any special value of the land to the owner, loss caused by the severance and disturbance, and expenses incurred by the owner.

Any compulsory acquisition by the relevant Australian authorities of the Group's land may have a material adverse effect on its business, financial condition, results of operations and prospects.

RISKS RELATING TO THE GROUP'S REAL ESTATE BUSINESS IN MALAYSIA

The Group is subject to the risk of land acquisition by the Malaysia State Authority

The Group is subject to the risk of land acquisition by the Malaysia State Authority. While the Land Acquisition Act 1960 provides for compensation to be paid in such circumstances based on the fair market value of the property, any compulsory acquisition by the Malaysia State Authority may lead to project disruption and may have a material adverse effect on the business, financial condition, results of operations and prospects of the Group.

The acquisition and development of land or property in Malaysia is subject to regulatory approval

The Group's real estate business in Malaysia is subject to regulatory approval.

For example, the Group may be subject to restrictions on the acquisition of land in Malaysia. The Group may also be required to obtain licences or permissions in order to undertake any housing development or commence any building, engineering or other similar operation over its land or building. It may also be required to obtain licences relating to environmental laws for the conduct of its operations.

For the Group's properties in Penang, it may be required as a result of conservation laws, to submit planning applications and/or obtain approvals from the relevant governmental authority before it carries out any refurbishment, upgrading and building works on the properties or change the usage of the land.

In the event that the Group intends to carry out refurbishment for its other properties in Malaysia or change the usage of land and it does not obtain the requisite approvals for doing so, it may not be able to proceed with the development of the property in accordance with its planned use and may be required to change its plans for the project, and this may in turn adversely affect its profitability and financial condition. Failure to obtain the requisite approvals for its real estate business in Malaysia, or to fulfil any of the conditions to which these approvals are subject, may have an adverse impact on the business, financial condition, results of operations and prospects of the Group.

RISKS RELATING TO THE JEWELLERY BUSINESS OF THE GROUP

The Group is reliant on its "Lee Hwa", "Goldheart" and "Niessing" brands

The Group markets and sells its jewellery products mainly under its "Lee Hwa", "Goldheart" and "Niessing" brands. Future sales of its jewellery may depend in part on increasing brand recognition for the Group's products amongst consumers. Brand recognition in turn depends on factors such as the design, distinct character and quality of its products, the image of its stores, its communication activities including advertising, public relations and marketing and its general corporate profile. Failure to maintain brand recognition may have a material adverse effect on the Group's businesses and financial performance.

The Group's jewellery business may be subject to fluctuations in market prices of gold, platinum and gems

The Group's sales are susceptible to variations in the market prices of gold, platinum and gems. Any sharp appreciation in the prices of gold, platinum and gems may cause a similar increase in the price of the finished products, which may affect consumer demand. Similarly, depreciation in the prices of these raw materials may induce higher demand. On the other hand, any forecasted depreciations in the prices of gold, platinum and gems may cause a decrease in demand amongst consumers who purchase jewellery for investment purposes.

The Group may be affected by non-renewal of leases or increase in rental of its retail stores

Some of the retail stores of the Group's jewellery business are located at prime shopping locations in Singapore, Germany, Hong Kong, Australia, Japan and Switzerland which are easily accessible to consumers. The Group has entered into tenancy agreements in respect of such retail stores. The Group intends to renew the tenancies or to exercise the renewal options of certain of these tenancy agreements upon expiry and maintain these leases at the existing locations, provided that the rental rates are not unreasonably above market rental rates.

However, there is no assurance that these tenancies will be renewed upon expiry or renewed on terms and conditions which are acceptable to the Group. Should the Group fail to renew any tenancies for its retail stores upon expiry, such stores may have to be relocated and the Group may have to incur costs for renovation and removal. There is also no assurance that the Group will be able to secure new tenancies at similar locations that are satisfactory to the Group. If the stores are required to be relocated to less prime areas, the turnover of the Group may be affected. Existing stores may also face closure if the increase in rental rates are excessive or if the Group is unable to find alternative locations. In such instances, the Group may incur costs for closure. Failure to renew the existing tenancies upon expiry may hence have an adverse effect on the Group's performance and future development.

Rental expense forms a large part of the Group's operational costs for its jewellery business. Therefore, any substantial increase in rental expense may have a material adverse impact on the Group's profitability.

The Group may be subject to risks associated with third-party production

While the Group develops, controls and produces the majority of its prototypes in-house, it outsources the production of most of its jewellery products under the "Lee Hwa" and "Goldheart" brands to external manufacturers with the appropriate expertise and capacity. The Group has established a rigorous inspection and quality-control process for all outsourced production and contractually requires all third-party manufacturers to comply with intellectual property protections and confidentiality restrictions in addition to all applicable labour, social security and health and safety laws and regulations. However, the inability of third-party manufacturers to ship orders in a timely and appropriate manner or to comply with their contractual obligations could have a negative impact on the Group's operations and business. Similarly, if the Group expands beyond the production capacity of its current suppliers, it may not be able to find new suppliers with an appropriate level of expertise and capacity in a timely manner. If any of these risks were to develop into actual events, the business, financial condition and results of operations of the Group may be adversely affected.

Intellectual property rights may be costly and difficult to enforce and the Group may not be able to renew its intellectual property rights or may be subject to claims for infringement of third parties' intellectual property rights

The Group has registered some trademarks and designs in Singapore and other countries.

Effective enforcement of intellectual property rights is important for the protection of the Group's interests as it considers the recognition of its trademarks, brands and designs to be vital in the sale of its products. Unauthorised use of the Group's trademarks, brands and designs may damage the brand recognition and reputation of the Group. Although the Group has registered its trademarks and designs, it may be possible for third parties to unlawfully pass off their products as products of the Group or to infringe upon the Group's intellectual property rights in the design and/or manufacture of their products. In the event that third parties infringe upon the Group's intellectual property rights by unlawfully passing off their products as products of the Group or imitating or using the Group's trademarks and designs without its authorisation, the Group may face considerable difficulties and costly litigation in trying to protect these intellectual property rights. This may in turn affect its reputation, business and financial performance.

In addition, there is no assurance that the Group will be able to renew its intellectual property rights upon their expiry. In the event that the Group is unable to do so, its jewellery business and financial performance may be adversely affected.

Further, while taking care not to, the Group may in the course of business inadvertently infringe upon registered trademarks or other intellectual property rights belonging to third parties. In such an event, the Group may be subject to legal proceedings and claims relating to such infringement. Any claims or litigation involving infringement of intellectual property rights of third parties, whether with or without merit, could result in a diversion of management time and resources and the Group's jewellery business operations may be materially and adversely affected. In addition, any successful claim against the Group arising out of such proceedings could result in substantial monetary liability and may materially affect the Group's reputation and the continued sale of the affected products and consequently, the Group's financial performance.

Obsolete and slow-moving inventory may adversely affect the financial position and profitability of the Group

The jewellery business of the Group is highly dependent on consumer preferences. If the products of the Group fail to meet the changing trends of the market and consumers' tastes, the Group may face the risk of obsolete or slow-moving inventory. If the Group is unable to source for or manufacture products that suit consumers' tastes, the volume of obsolete and slow-moving inventory may increase and the financial position and profitability of the Group may be adversely affected.

The Group's business is reliant on a sufficient and continual supply of good quality gems

The jewellery products designed and offered by the Group consist largely of gems. The sales volume and operation results of the Group may be adversely affected if the gems supplied by its suppliers fail to meet the Group's requirements, in particular, requirements in relation to the size and quality standard of the gems. The ability of the Group to meet the demands of its customers may also be adversely affected if its major suppliers are unable to supply a sufficient quantity of gems to the Group on a timely basis. This may in turn affect the operations and financial performance of the Group.

The accessibility of the Group's jewellery retail stores may be affected by regulatory changes

The Group's jewellery business is highly dependent upon the accessibility of its retail stores. Therefore, the Group endeavours to establish retail stores in prime locations with high traffic volume and which are easily accessible to the public. However, in the event of changes to rules and regulations, such as public health and safety rules, access routes to the retail stores may be affected. This may result in a decrease in revenue for such stores (which may have high operating costs, such as high rental rates) and in turn result in losses to, or a decline in profits of, the Group.

RISKS RELATING TO THE FINANCIAL SERVICE BUSINESS OF THE GROUP

The Group is subject to regulatory risks associated with its financial service business and may be adversely affected if the Group is unable to maintain its existing licences, registrations, permits, approvals or exemptions

The Group's financial service business is subject to several laws and regulations in the countries in which it operates, including but not limited to the Pawnbrokers Act 2015 and the Secondhand Goods Dealers Act in Singapore, the Second-Hand Dealers and Pawnbrokers Act 1989 in Australia, the Pawnbrokers Act 1972 in Malaysia and the Pawnbrokers Ordinance in Hong Kong. In the event that the Group is unable to maintain the licences, registrations, permits, approvals or exemptions necessary for the conduct of its businesses, its operations and financial performance may be adversely affected.

Under the Pawnbrokers Act 2015, a licence is required for the operation of each pawnshop and the approval of the Registrar of Pawnbrokers is required for the sale of new jewellery in a pawnshop. Under the Secondhand Goods Dealers Act, a dealer in secondhand goods regulated thereunder is required to obtain a licence for each shop unless otherwise exempted. As at the Latest Practicable Date, the Group's stores have obtained the necessary licences, approvals and exemptions (where applicable) for the operation of its businesses. The Group's ability to continue its pawnbroking business, and the retail and trading of jewellery and branded merchandise is dependent on the relevant licences, approvals and exemptions.

There is no assurance that the Group's licences will be renewed when they expire in the future or that it will maintain the approvals necessary for it to sell new jewellery, or that its exempt status for the dealing in secondhand goods will be maintained. Any revocation or suspension of the licences of any of its pawnshops, revocation or suspension of the approvals necessary for it to sell new jewellery, revocation or suspension of its exempt status as a secondhand goods dealer, failure by the Group to obtain the relevant licences for the dealing in secondhand goods (in the event that its exempt status is revoked), or imposition of any penalties, whether as a result of the infringement of regulatory requirements or otherwise, may have an adverse and material impact on its business and financial performance.

If there are any changes in legislation, regulations or policies affecting the pawnbroking business and/or the retail and trading of jewellery and branded merchandise, such that more restrictions and/or additional compliance requirements are imposed on the Group, the Group may face higher costs of compliance and its financial performance may be adversely affected.

Additionally, the Group has expanded into the business of providing secured lending overseas. While the Group does not currently require any licences or approvals for the provision of its secured lending services overseas, any changes in applicable laws and regulations, or any future expansion in the scale, borrower base or geographical scope of the Group's secured lending business may require licences or approvals from relevant regulatory authorities. There is no assurance that the Group will be able to obtain such licences or approvals if and when necessary. Any failure to obtain such licences or approvals, or any infringement of any regulatory requirements may have an adverse impact on the Group's financial performance.

The Group's financial service business requires substantial capital and any disruption in funding sources could have a material adverse effect on its liquidity and financial condition

The Group's financial service business, operated through Maxi-Cash and its subsidiaries (the "**Maxi-Cash Group**"), requires substantial capital and its liquidity and profitability are largely dependent on its timely access to, and the costs associated with raising, capital. The Maxi-Cash Group has been financing its operations mainly through a combination of shareholders' equity (including retained profits), net cash generated from operating activities, borrowings from financial institutions, proceeds from the issue of debt securities and (subject to any restrictions under the Mainboard Listing Manual of the SGX-ST) advances and loans from the Group.

To finance its existing operations and future expansion plans, the Maxi-Cash Group is likely to rely on funding from financial institutions, the shareholders of Maxi-Cash and/or other sources of funds. In the event that it is unable to obtain loans, other credit facilities or funds from financial institutions on reasonable terms or from the shareholders of Maxi-Cash and/or other sources, the Group may not be able to implement its business and operational strategies. This could adversely affect its business growth and financial performance.

The Group may require additional funding for its future growth plans

The Group may find future opportunities to grow through investments, acquisitions, joint ventures or strategic alliances which it has not identified at this juncture. Under such circumstances, the Group may need to obtain additional debt and/or equity financing to implement these growth opportunities.

Additional debt financing may, apart from increasing interest expense and gearing:

(a) limit the Group's ability to pay dividends;

(b) increase the Group's vulnerability to general adverse economic and industry conditions;

(c) require the Group to dedicate a substantial portion of cash flow from operations to payments on its debt, thereby reducing the availability of its cash flow to fund capital expenditure, working capital and other requirements; and/or

(d) limit its flexibility in planning for, or reacting to, changes in the industries in which it operates.

The Group is unable to assure investors that it will be able to obtain the additional debt and/or equity financing on terms that are acceptable to it or at all. Any inability to secure additional debt and/or equity financing may materially and adversely affect its financial service business, implementation of its business strategies and future plans and financial position.

Gold price volatility may affect the Group's profitability

The profitability of the Group's operations is significantly affected by changes in gold prices as the Group is engaged in the sale of gold jewellery. Gold prices can fluctuate widely and are affected by numerous factors beyond the Group's control, including industrial and jewellery demand, inflation and expectations with respect to the rate of inflation, the strength of the United States dollar and other currencies, fluctuations in interest rates, gold sales by central banks and international institutions, forward sales by producers, global or regional political or economic events and production and cost levels in major gold-producing regions such as South Africa and China. In addition, gold prices are sometimes subject to rapid short-term changes because of speculative activities. The supply of gold consists of a combination of new production from mining and existing stocks of bullion and fabricated gold held by governments, public and private financial institutions, industrial organisations and private individuals. As the amounts produced in any single year constitute a small portion of the total potential supply of gold, typical variations in current production may not necessarily have a significant impact on the supply of gold or its price.

The Group extends loans secured by gold jewellery as collateral based on a certain loan-to-value ratio which factors in a buffer for potential fluctuations in gold prices and non-payment of interest. However, a significant and prolonged downward movement in the price of gold will result in a fall in collateral values. If the Group's customers do not repay their loans and the collateralised gold jewellery decreases significantly in value, the Group's financial position and results of operations may be adversely and materially affected.

The Group's business may be affected by non-renewal of leases, increase in rental of its stores, failure to secure new leases at strategic locations or termination of leases prior to expiry

The Group's stores are predominantly located at strategic locations which are accessible to customers. A majority of these shops are leased from independent third parties. There is no assurance that each of these leases can be renewed upon expiry or on favourable terms and conditions. Failure to renew the existing leases upon expiry or on favourable terms and conditions may adversely affect the Group's performance and future development.

Should the Group fail to renew any of its leases upon expiry, such stores may need to be relocated. If such stores have to be relocated to less favourable areas, the Group's revenue may be adversely affected and the Group will have to incur costs for renovation and removal. The Group's stores may face closure if the increase in rental is excessive or if the Group is unable to find alternative locations. In such instances, the Group will face a decline in revenue and incur additional costs for closure.

The accessibility of the Group's stores may be affected by regulatory changes

The Group's financial service business is highly dependent upon the accessibility of its stores. Therefore, the Group endeavours to establish stores in prime locations with high traffic volume and which are easily accessible to the public. However, in the event of changes to rules and regulations, such as public health and safety rules, access routes to the stores may be affected. This may result in a decrease in revenue for such stores (which may have high operating costs, such as high rental rates) and in turn result in losses to, or a decline in profits of, the Group. In addition, changes to rules and regulations which restrict the concentration of pawnshops in a particular location could adversely affect the Group's ability to locate its stores in prime locations with high traffic volume and which are easily accessible to the public. If the Group's stores are located in less favourable areas, this may affect the Group's business and expansion plans.

The Group may face uncertainties associated with the expansion of its business

The successful implementation of the Group's growth strategies depends on its ability to identify suitable sites for new stores as well as strengthen its brand recognition through its brand management and marketing strategies. There can be no assurance that the Group will be able to execute its growth strategies successfully. If the Group fails to manage its expansion plans and the related risks and costs, its business and financial performance may be adversely affected.

In addition, any restriction or delay in the issue of licences for new pawnshops, the approval for the sale of new jewellery in pawnshops, the issue of licences or the grant of an exempt status for the dealing in secondhand goods may impede the Group's business expansion.

The Group is reliant on its "Maxi-Cash" brand name

The Group markets its business under its "Maxi-Cash" brand name. The Group believes that its business will depend in part on increasing brand recognition amongst customers. Failure to maintain the image of its brand name and the quality standards associated with its brand name may have an adverse impact on its business and financial performance.

Intellectual property rights may be costly and difficult to enforce and the Group may not be able to renew its intellectual property rights or may be subject to claims for infringement of third parties' intellectual property rights

The Group has registered trademarks in Singapore, Australia, Malaysia and Hong Kong. Effective enforcement of intellectual property rights is important for the protection of the Group's interests as it considers the recognition of its trademarks to be vital to its business. Unauthorised use of the Group's trademarks may damage the brand recognition and reputation of the Group. Although the Group has registered its trademarks, it may be possible for third parties to infringe the Group's intellectual property rights in the conduct of their business. In the event that third parties infringe upon the Group's intellectual property rights in respect of its trademarks (for example, by imitating the Group's trademarks or using the Group's trademarks without its authorisation), the Group may face considerable difficulties and costly litigation in order to protect these intellectual property rights and this may in turn affect its reputation, business and financial performance.

In addition, there is no assurance that the Group will be able to renew its intellectual property rights upon their expiry. In the event that the Group is unable to do so, its business and financial performance may be adversely affected.

Further, while taking care not to do so, the Group may, during the course of its business, inadvertently infringe upon other registered trademarks or intellectual property rights belonging to third parties. In such an event, the Group may be subject to legal proceedings and claims relating to such infringement. Any claims or litigation involving infringement of intellectual property rights of third parties, whether with or without merit, could result in a diversion of the Group's management time and resources, and its business operations may be materially and adversely affected. In addition, any successful claim against the Group arising out of such proceedings could result in substantial monetary liability and may materially affect the Group's reputation and consequently, the Group's financial performance.

Competition in the financial service industry in which the Group operates is intense and any failure by the Group to compete could result in it losing market share and revenue

The financial service industry in which the Group operates is highly competitive. The Group competes with major pawnshops and retail chains, as well as other smaller players who operate individual pawnshops or retail outlets dealing in jewellery and branded merchandise. If the Group does not successfully compete against its competitors, its results of operations may be materially and adversely affected.

The Group's insurance coverage may not adequately protect the Group against certain operational risks

The Group maintains general insurance policies, where practicable, covering both its assets and employees, in line with general business practices in the pawnbroking and retail and trading of jewellery and branded merchandise industries, with policy specifications and insured limits which the Group believes are reasonable.

The occurrence of certain incidents, including fraud or other misconduct committed by its employees or third parties, fire, severe weather conditions, war, flooding and power outage, and the consequences resulting therefrom may not be covered adequately, if at all, by its insurance policies. If the Group incurs substantial liabilities which are not covered by its insurance policies, or if its business operations are interrupted for more than a short period of time, the Group may incur expenses and losses that could materially and adversely affect its operating results.

Changes in the economic, political and social conditions of Singapore and the policies adopted by the Singapore government may adversely affect the Group's business, growth strategies, financial condition and results of operations

The Group's revenue from its financial service business is mainly derived from its operations in Singapore. As a result, the Group's business is subject to the economic and social developments in Singapore. Changes in the economic, political and social conditions or the relevant policies adopted by the Singapore government, such as changes in laws and regulations (or the interpretation thereof) or restrictive financial measures, could have adverse effects on the overall economic growth of Singapore and the industries in which the Group operates, which could in turn hinder its current or future business, growth strategies, financial position and results of operations. The Group recognises that such risks and changes in economic, political and social conditions can never be eliminated totally and that the cost of mitigating these risks could be high.

Changes in the economic, political, social and regulatory conditions of the countries (outside of Singapore) in which the Group operates may adversely affect the Group's business, growth strategies, financial position and results of operations

The Group's overseas business, growth strategies, financial position and results of operations may be materially and adversely affected by changes in the economic, political, social and regulatory conditions of the countries in which it operates, including but not limited to:

(a) political unrest and economic instability;

(b) changes in laws and regulations;

(c) imposition of restrictions on currency conversion and overseas remittance;

(d) imposition of restrictions on foreign participation;

(e) uncertainty related to developing legal and regulatory systems;

(f) increase in protectionistic measures;

(g) changes in the rate and method of taxation; and

(h) inadequate local infrastructure and utilities supply.

The Group may not be successful in its expansion into businesses that are complementary to its current business

The Group may explore and/or pursue expansion opportunities into new businesses complementary to its current business. Expansion into new businesses may involve numerous risks, including but not limited to, the financial costs of setting up operations and working capital requirements. There is no assurance that these new businesses will achieve results that are commensurate with the Group's investment costs or that the Group will be successful in its expansion into such new businesses. There can also be no assurance that the Group's new businesses will generate sufficient revenue to cover its operational costs. If the Group is unable to implement its expansion plans or manage its operational costs effectively, or if there is a lack of demand for its services, the Group's business, results of operation and financial position may be adversely affected.

Risks relating to the investment properties owned and used by the Group

The Group, through its subsidiaries, owns several investment properties, some of which are used for the Group's operations.

Certain liabilities in respect of the Group's investment properties may be uninsured, such as liabilities arising from acts of terrorism, war or other civil disorder, due to various reasons, such as these events generally having a lower probability of occurring in Singapore or the countries in which the Group operates, such events being uninsurable or the cost of taking up such insurances being incommensurate to the risk. The Group's investment properties may also suffer physical damage caused by fire, natural disasters or other causes. There may therefore be circumstances in which the Group will not be covered or sufficiently covered or compensated for losses, damages or liabilities arising in relation to its investment properties, thereby adversely affecting its profitability and financial performance. Should an uninsured loss or a loss in excess of insured limits occur, the Group could suffer a loss in capital invested in the affected investment property as well as anticipated future revenue from that investment property. The Group could also remain liable for any debt or other financial obligation related to that investment property. No assurance can be given that material losses in excess of insurance proceeds will not occur in the future or that adequate insurance coverage will be available in the future on commercially reasonable terms or at commercially reasonable rates.

In addition, real estate assets are relatively illiquid. The illiquidity of the Group's investment properties may limit its ability to convert these assets into cash at short notice or may result in a significant reduction in the prices that it might otherwise seek for such assets in the event it requires to effect an urgent sale.

The Group's investment properties may also be subject to compulsory acquisition by the government of the country in which the investment property is located, for example for public purpose. In the event that any of the Group's investment properties is compulsorily acquired, there is no assurance that the compensation paid to the Group in respect of such property would not be less than its market value.

If any of the above circumstances were to materialise, the Group's business, financial condition, prospects and results of operations may be adversely affected.

RISKS RELATING TO THE GROUP'S PAWNBROKING BUSINESS

Changes in interest rates may affect the Group's profitability

The Group's pawnbroking business involves extending short-term collateralised loans to customers. In Singapore, the interest that the Group is able to charge on these short-term loans is regulated by the Pawnbrokers Act 2015. As at the Latest Practicable Date, the maximum interest rate chargeable on such short-term collateralised loans is 1.5% per month. Accordingly, increases in general interest rates and the Group's costs of funds may materially and adversely affect its profitability, financial performance and results of operations.

The Group may not be able to recover the full loan amount extended to its customers and the value of the collateral may not be sufficient to cover the outstanding amounts due

Failure by the Group's employees to properly appraise the value of the collaterals or pledged articles may result in it incurring losses on these loans. Any failure to recover the full amount of the loan through the sale of unredeemed pledges could expose the Group to a potential loss if the loan that was extended based on the initial appraised value is higher than the realised value of the collateral or pledged article. Any such losses arising from significant differences in the value of its loan portfolio may adversely affect its financial position and results of operations.

RISKS RELATING TO THE GROUP'S BUSINESS IN THE RETAIL AND TRADING OF JEWELLERY AND BRANDED MERCHANDISE

Obsolete, slow-moving or damaged inventory may adversely affect the financial position and profitability of the Group

The retail and trading of jewellery and branded merchandise is highly dependent on consumer preferences. If the products of the Group fail to meet the changing trends of the market and consumers' tastes, the Group may face the risk of obsolete or slow-moving inventory and its financial position and profitability may be adversely affected. In addition, the Group's inventory of branded merchandise may become susceptible to mould growth, particularly in Singapore given the high humidity. While the Group has measures in place (for example, the careful packaging and storage of its branded merchandise) to prevent and control mould growth, there is no assurance that the Group will not be subject to product damage, late deliveries or lost sales due to mould growth.

Any shortage in the supply of goods may adversely affect the Group's business, financial condition and results of operations

The retail and trading of jewellery and branded merchandise is dependent on the number of customers seeking to trade-in their goods. Any sudden shortage of supply or reduction in the inventory available to the Group from its customers may adversely affect its operations and financial position and/or result in the Group having to pay a higher cost for these pre-owned goods.

The retail of new jewellery may be affected by third party production. The Group sources its new jewellery from third party manufacturers overseas. The inability of third party manufacturers to ship orders in a timely manner or to comply with their contractual obligations could have a negative impact on the Group's business of retailing new jewellery.

RISKS RELATING TO THE GROUP'S SECURED LENDING BUSINESS

The secured lending business is subject to credit risks

The profitability of the secured lending business is dependent on the Group's ability to recover the full loan amount extended to its borrowers, whether through timely repayments from its borrowers or through realising the value of the collateral on such loans. The Group faces the risk that its borrowers may default on credit which the Group may grant to them. The Group has established policies to evaluate, monitor and control credit risks on a continuous basis. The Group's loans are subject to the stringent process of credit evaluation and its loans are secured by collaterals. The Group conducts credit reviews periodically to monitor the health of these accounts and to detect early signs of weaknesses and deviations. However, notwithstanding the ongoing measures set out above, there can be no assurance that the Group will be able to effectively control or evaluate its credit risks, or ensure that its loans are sufficiently secured or backed by collaterals. The inability of the Group to recover all or part of the value of such credit may adversely affect the performance of the Group's secured lending business and consequently, may affect the Group's working capital, results and financial condition.

The secured lending business is subject to foreign exchange risks

The Group currently conducts its secured lending business overseas. While the Group's functional and reporting currency is in Singapore dollars, its secured loans to borrowers are made available in foreign currency. To the extent that the Group's secured loans to borrowers are not made in Singapore dollars, and to the extent that there are fluctuations in the relevant foreign exchange rates between the date of provision of the secured loans and the date of repayment on the loans, any significant adverse fluctuations of the Singapore dollar against the foreign currency in which the Group's secured loans are denominated may have a material adverse impact on the Group's working capital, revenue and financial results.

The Group intends to closely monitor its foreign exchange exposure by periodically reviewing the exchange rates between the Singapore dollar and any foreign currency under which the Group's secured loans are denominated. As and when necessary, the Group may enter into contracts or arrangements to hedge its foreign exchange exposure. However, there is no assurance that the Group will be able to effectively guard its operations against such foreign exchange risks, and any adverse fluctuations of the Singapore dollar against the foreign currency of the secured loans will adversely affect the financial performance of the secured lending business and the Group.

ADDITIONAL RISKS RELATING TO THE OVERSEAS FINANCIAL SERVICE BUSINESS OF THE GROUP

The Group is subject to general risks associated with doing business overseas

There are general risks inherent in doing business overseas. These include but are not limited to unexpected changes in regulatory requirements, potential economic instability, difficulties in staffing and managing foreign operations, potential imposition of restrictions on foreign participation, fluctuations in currency exchange rates, potentially adverse tax consequences, potentially inadequate local infrastructure and utilities supply, legal uncertainties regarding liability and enforcement, potential increase in protectionist measures, and changes in local laws and controls on the repatriation of capital or profits. The occurrence of any of these events may have a material adverse effect on the business, financial condition and results of operations of the Group.

The Group is also affected by the political risks in the countries where it operates. Wars, unsettled political conditions, social unrest, riots, piracy, terrorist attacks and government actions may adversely affect the Group's operations, the demand for its services and/or its ability to carry on its business. If such risks develop into actual events, the operations and profitability of the Group may be adversely affected.

The Group has limited experience in Australia, Malaysia and Hong Kong

The Group has recently expanded its pawnbroking and retail and trading of jewellery and branded merchandise businesses into Australia and Malaysia in 2Q2019, and into Hong Kong in 4Q2019. Due to the Group's limited experience in these industries in Australia, Malaysia and Hong Kong, it may not be able to anticipate market changes or identify opportunities on a timely basis. Accordingly, its limited experience may not provide sufficient basis for investors to evaluate its business, financial performance and prospects in Australia, Malaysia and Hong Kong. If it is unable to anticipate market changes or identify opportunities on a timely basis in these countries, this may have a material adverse effect on its business, financial performance and prospects.

The Group may be exposed to risks associated with fluctuations in foreign exchange rates and changes in foreign exchange regulations

Because of the geographic diversity of its business, the Group receives or will receive income and incur expenses in a variety of currencies, including Singapore dollars, Australian dollars, Malaysian ringgit and Hong Kong dollars. The Group's financial statements are presented in Singapore dollars. Consequently, its costs, profit margins and asset values are affected by fluctuations in the exchange rates among the above-mentioned currencies. The Group cannot predict the effect of future exchange rate fluctuations on its assets, liabilities, income, cost of sales, expenses and margins. The weakening of non-Singapore dollar currencies in the countries in which the Group operates may adversely affect its financial condition and results of operations. The Group may also be subject to the imposition or tightening of exchange control or repatriation restrictions and may encounter difficulties or delays in relation to the receipt of profits due to such exchange controls existing in the jurisdictions in which it operates.

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. The Dealer(s) are not obliged to make a trading market for the Securities and any such market making, if commenced, may be discontinued at any time at the sole discretion of the Dealer(s). Even if a market for the Securities does develop, there can be no assurance as to the liquidity or sustainability of such market. 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 may particularly be 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 would generally have a more limited secondary market and more price volatility than conventional debt securities. If the Securities are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. If the Securities are trading at a discount, investors may not be able to receive a favourable price for their Securities, and in some circumstances investors may not be able to sell their Securities at their fair market value or at all.

Lack of 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.

Although application will be made for the listing and quotation of any Securities that may be issued under the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST, there is no assurance that the Relevant Issuer will be able to obtain or maintain such listing on the SGX-ST or that an active trading market will develop. In addition, the market for investment grade debt has been subject to disruptions that have caused volatility in prices of securities similar to the Securities to be issued under the Programme. Accordingly, there is no assurance as to the development or liquidity of any trading market, or that disruptions will not occur, for any particular Tranche of Securities.

The market value of Securities may fluctuate

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

The Securities are subject to interest rate risks

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

The Securities are subject to inflation risks

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

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 adversely affect the market price of any Series of Securities.

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:

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

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

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

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

(e) understand thoroughly the nature of all those risks before making a decision to invest in the Securities; and

(f) 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 investors generally do not purchase complex financial instruments as standalone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured and appropriate addition of risk to their overall portfolios. A potential investor should not invest in 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.

Additionally, the investment activities of certain investors are 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) the Securities are legal investments for it, (2) the 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 the Securities under any applicable risk-based capital or similar rules.

The Securities may be subject to optional redemption by the Relevant Issuer

An optional redemption feature is likely to limit the market value of Securities. During any period when the Relevant 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 Relevant 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 Securities may be issued at a substantial discount or premium

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

Application of certain Singapore insolvency and related laws may result in a material adverse effect on the Securityholders

There can be no assurance that the Issuers or the Guarantor will not become bankrupt, unable to pay its debts or insolvent or the subject of judicial management, schemes of arrangement, winding-up or liquidation orders or other insolvency-related proceedings or procedures. In the event of an insolvency or near insolvency of the Relevant Issuer or (where applicable) the Guarantor, the application of certain provisions of Singapore insolvency and related laws (where applicable) may have a material adverse effect on the Securityholders. Without being exhaustive, below are some matters that could have a material adverse effect on the Securityholders.

Where the Relevant Issuer or (where applicable) the Guarantor is insolvent or close to insolvent and the Relevant Issuer or (where applicable) the Guarantor undergoes certain insolvency procedures, there may be a moratorium against actions and proceedings which may apply in the case of judicial management, schemes of arrangement and/or winding-up in relation to the Relevant Issuer or (where applicable) the Guarantor. It may also be possible that if a company related to the Relevant Issuer or (where applicable) the Guarantor proposes a creditor scheme of arrangement and obtains an order for a moratorium, the Relevant Issuer or (where applicable) the Guarantor may also seek a moratorium even if the Relevant Issuer or (where applicable) the Guarantor is not in itself proposing a scheme of arrangement. These moratoriums can be lifted with court permission and in the case of judicial management, with the consent of the judicial manager or with court permission. Accordingly, if for instance there is any need for the Trustee to bring an action against the Relevant Issuer or (where applicable) the Guarantor, the need to obtain court permission or the judicial manager's consent may result in delays in being able to bring or continue legal proceedings that may be necessary in the process of recovery.

Further, Securityholders may be made subject to a binding scheme of arrangement where the majority in number representing 75% in value of creditors and the court approve such scheme. In respect of company-initiated creditor schemes of arrangement, there are cram-down provisions that may apply to a dissenting class of creditors. The court may notwithstanding a single class of dissenting creditors approve a scheme provided an overall majority in number representing 75% in value of the creditors meant to be bound by the scheme have agreed to it and provided that the scheme does not unfairly discriminate and is fair and equitable to each dissenting class and the court is of the view that it is appropriate to approve the scheme. In such scenarios, Securityholders may be bound by a scheme of arrangement to which they may have dissented.

The Insolvency, Restructuring and Dissolution Act 2018 (Act 40 of 2018) (the "**IRD Act**") was passed by the Parliament of Singapore on 1 October 2018, and came into force on 30 July 2020. The IRD Act includes a prohibition against terminating, amending or claiming an accelerated payment or forfeiture of the term under, any agreement (including a security agreement) with a company that commences certain insolvency or rescue proceedings (and before the conclusion of such proceedings), by reason only that the proceedings are commenced or that the company is insolvent. This prohibition is not expected to apply to any contract or agreement that is, or that is directly connected with, the Securities. However, it may apply to related contracts that are not found to be directly connected with the Securities.

Provisions in the Trust Deed and Conditions of the 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 of the Securityholders or Couponholders, agree to (i) any modification of any of the provisions of the Trust Deed which in the opinion of the Trustee is of a formal, minor or technical nature, is made to correct a manifest or proven error or to comply with mandatory provisions of Singapore law or is required by Euroclear, Clearstream, Luxembourg, CDP and/or any other clearing system in which the Securities may be held, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or the Conditions which is in the opinion of the Trustee not materially prejudicial to the interests of the Securityholders. Any such modification, authorisation or waiver shall be binding on the Securityholders and the Couponholders.

Securities denominated in foreign currencies are subject to currency risks

The majority of ACL's revenue is generally denominated in Singapore dollars and the majority of the ACL'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 Relevant 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 Relevant Issuer will be able to fully hedge the currency risks associated with such Securities denominated in foreign currencies.

The regulation and reform of "benchmark" rates of interest and indices may adversely affect the value of Securities linked to or referencing such "benchmarks"

Reference rates and indices which are deemed to be, or used as, "benchmarks" are the subject of recent national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such benchmarks to perform differently than in the past, or to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Securities linked to or referencing such a benchmark.

Regulation (EU) 2016/1011 (the "**Benchmarks Regulation**") applies, subject to certain transitional provisions, to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the European Union ("**EU**") (which, for these purposes, includes the United Kingdom). Among other things, it (i) requires benchmark administrators to be authorised or registered (or, if non-EU-based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities of benchmarks of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed).

The Benchmarks Regulation could have a material impact on any Securities linked to or referencing a benchmark, in particular, if the methodology or other terms of the benchmark are changed in order to comply with the requirements of the Benchmarks Regulation. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant benchmark.

More broadly, any of the international or national reforms, or the general increased regulatory scrutiny of benchmarks, could increase the costs and risks of administering or otherwise participating in the setting of a benchmark and complying with any such regulations or requirements.

Specifically, the sustainability of LIBOR has been questioned as a result of the absence of relevant active underlying markets and possible disincentives (including possibly as a result of benchmark reforms) for market participants to continue contributing to such benchmarks. The UK Financial Conduct Authority has indicated through a series of announcements that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. Separately, the Euro risk-free rate working group for the Euro area has published a set of guiding principles and high level recommendations for fallback provisions in, amongst other things, new Euro denominated cash products (including bonds) referencing EURIBOR. The guiding principles indicate, among other things, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the Euro area financial system.

In addition, as the Swap Offer Rate ("**SOR**") methodology relies on USD LIBOR in its computation, the likely discontinuation of LIBOR after the end of 2021 will impact the future sustainability of SOR. On 30 August 2019, MAS announced that it has established a steering committee to oversee an industry-wide interest rate benchmark transition from SOR to the Singapore Overnight Rate Average ("**SORA**"). In addition, the Association of Banks in Singapore ("**ABS**") and the Singapore Foreign Exchange Market Committee ("**SFEMC**") released a consultation report "Roadmap for Transition of Interest Rate Benchmarks: From SOR to SORA" identifying SORA as the alternative interest rate benchmark to SOR, envisaging a phased transition over two years. On 19 March 2020, the Steering Committee for SOR Transition to SORA ("**SC-STS**") released its response to feedback received on the consultation report in which the SC-STS noted that overall, there was broad support for the proposed transition roadmap and approach set out in the consultation report. In its response, the SC-STS also outlined its key priorities and updated transition roadmap to achieve a smooth transition from SOR to SORA as the new interest rate benchmark for the SGD cash and derivatives markets. On 29 July 2020, the ABS and

SFEMC issued another consultation report titled "SIBOR Reform and the Future Landscape for SGD Interest Rate Benchmarks" which recommends the discontinuation of SIBOR in three to four years, and a shift to the use of the SORA as the main interest rate benchmark for SGD financial markets. On 5 August 2020, MAS announced several key initiatives to support the adoption of SORA, which include issuing SORA based floating rate notes on a monthly basis starting from 21 August 2020, as well as publishing key statistics involving SORA on a daily basis. As part of the initiatives by MAS, SORA was prescribed as a financial benchmark under the SFA pursuant to the Securities and Futures (Prescribed Financial Benchmark) Regulations 2020, which came into operation on 5 August 2020. On 27 October 2020, SC-STS announced industry timelines to support a coordinated shift away from the use of SOR, and to concurrently accelerate the usage of SORA. SOR is set to be discontinued alongside LIBOR discontinuation after end-2021, and by end-April 2021, the issuance of SOR-linked securities that mature after end-2021 are expected to cease.

It is not possible to predict with certainty whether, and to what extent the "benchmarks" will continue to be supported going forward. This may cause the benchmarks to perform differently than they have done in the past, and may have other consequences which cannot be predicted.

Such factors may have (without limitation) the following effects on certain benchmarks: (i) discouraging market participants from continuing to administer or contribute to a benchmark; (ii) triggering changes in the rules or methodologies used in the benchmark and/or (iii) leading to the disappearance of the benchmark. Any of the above changes or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the value of and return on any Securities linked to, referencing, or otherwise dependent (in whole or in part) upon, a benchmark.

The potential elimination of a benchmark, or changes in the manner of administration of any benchmark, could require an adjustment to the interest calculation provisions of the Conditions, or result in adverse consequences to holders of any Securities linked to such benchmark. Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of alternative rates and as to potential changes to such benchmark may adversely affect such benchmark during the term of the relevant Securities, the return on the relevant Securities and the trading market for securities based on the same benchmark.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the Benchmarks Regulation reforms or any of the international or national reforms in making any investment decision with respect to any Securities linked to or referencing a benchmark.

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 in Singapore law or administrative practice after the date of issue of the Securities and any such change could materially adversely impact the value of any Securities affected by it.

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

Securities issued under the Programme may be represented by one or more Global Securities or Global Certificates. Such Global Securities or Global Certificates will be deposited with, or registered in the name of, or in the name of a nominee of, CDP, a common depositary for Euroclear and/or Clearstream, Luxembourg, or any other clearing system (each, a "**Clearing System**"). Except in the circumstances described in the relevant Global Security or Global Certificate, investors will not be entitled to receive Definitive Securities. The relevant Clearing System will maintain records of their direct 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 Relevant Issuer will discharge its payment obligations under the Securities by making payments to the relevant Clearing System, for distribution to their accountholders or, as the case may be, to the Issuing and Paying Agent for distribution to the holders as appearing in the records of the relevant Clearing System. A holder of a beneficial interest in a Global Security or Global Certificate must rely on the procedures of the relevant Clearing System to receive payments under the relevant Securities. The Relevant Issuer bears no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Securities or Global Certificates.

Holders of beneficial interests in the Global Securities and Global Certificates will not have a direct right to vote in respect of the relevant Securities. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant Clearing System to appoint appropriate proxies. Similarly, holders of beneficial interests in the Global Securities and Global Certificates will not have a direct right under the Global Securities and Global Certificates to take enforcement action against the Issuer in the event of a default or an enforcement event under the relevant Securities but will have to rely upon their rights under the Trust Deed.

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.

Securityholders are exposed to financial risk

Interest or, as the case may be, distribution payment (where applicable) and principal repayment for debts occur at specified periods regardless of the financial performance of the Issuers, the Guarantor and/or the Group. The Relevant Issuer may be unable to make interest or, as the case may be, distribution payments or principal repayments under a series of Securities should it suffer a serious decline in net operating cash flows.

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

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

Performance of obligations by the Issuers may be dependent on other parties

The ability of the Issuers 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 and Agents of their respective obligations. Whilst the non-performance of any relevant parties will not relieve the Relevant Issuer of its obligations to make payments in respect of the Securities, the Relevant Issuer may not, in such circumstances, be able to fulfill its obligations to the Securityholders and/or the Couponholders.

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

In certain circumstances (including pursuant to Condition 11 of the Notes and Condition 9 of the Perpetual Securities, as the case may be), the Trustee may 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 and/or security and/or pre-funding to it, in breach of the terms of the Trust Deed and in circumstances 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.

The ability of the Relevant Issuer and (where applicable) the Guarantor to comply with their respective payment obligations under the Securities may be dependent upon the earnings of, and distributions by, the members of the Group and future performance of the Group

The ability of the Relevant Issuer and (where applicable) the Guarantor to comply with their respective payment obligations under the Securities may depend on the earnings of the Group and the distribution of funds amongst members of the Group, primarily in the form of dividends. Whether or not the members of the Group can make distributions to ACL will depend on their distributable earnings, cash flow conditions, restrictions that may be contained in their debt instruments, applicable laws and other arrangements. These restrictions could reduce the amount of distributions that ACL receives from other members of the Group, which could in turn restrict ACL's ability to fund its business operations and affect the ability of the Relevant Issuer and (where applicable) the Guarantor to comply with their respective payment obligations under the Securities.

Further, the ability of the Relevant Issuer and (where applicable) the Guarantor to make scheduled principal, distribution or interest payments on their respective indebtedness, including those under the Securities, is dependent on the Group's future performance and its ability to generate cash. This is, to a certain extent, subject to general economic, financial, competitive, legislative, legal, regulatory and other factors which are beyond the control of the Relevant Issuer and the Guarantor, such as those discussed in the section entitled "**Investment Considerations**" of this Information Memorandum. If the Relevant Issuer's or (where applicable) the Guarantor's future cashflow from operations and other capital resources are insufficient to fulfill their respective debt obligations, including those under the Securities, or to fund their other liquidity needs, they may be forced to sell assets or attempt to restructure or refinance their existing indebtedness, and there is no assurance that such measures would be accomplished on a timely basis or on satisfactory terms or at all.

Enforcement of remedies

Enforcement of available remedies under the Trust Deed, the Securities, the Coupons and the Talons, could result in delays in recovery of amounts owed to the Securityholders by the Relevant Issuer and (where applicable) the Guarantor. There is no assurance that the Trustee would recover all amounts secured upon such enforcement, and funds received may not be sufficient to make all required payments to Securityholders.

The Securities and the Guarantee are not secured

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

Accordingly, on a winding-up or dissolution of the Relevant Issuer or the Guarantor, the Securityholders will not have recourse to any specific assets of the Relevant Issuer, the Guarantor and its subsidiaries (if any) 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 Relevant Issuer and/or the Guarantor after meeting all claims ranking ahead of the Securities, to discharge all outstanding payment and other obligations under the Securities and/or Coupons owed to the Securityholders.

RISKS RELATING TO THE NOTES

Singapore tax risk

The Notes to be issued from time to time under the Programme, during the period from the date of this Information Memorandum to 31 December 2023 are 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 be amended or revoked at any time.

The Relevant Issuer may not be able to redeem the Notes upon the due date for redemption thereof

The Relevant Issuer may, and at maturity will, be required to redeem the Notes. If such an event were to occur, the Relevant Issuer may not have sufficient cash in hand and may not be able to arrange financing to redeem the Notes in time, or on acceptable terms, or at all. The ability to redeem such Notes in such event may also be limited by the terms of other debt instruments. The Relevant Issuer's failure to repay, repurchase or redeem tendered Notes could constitute an event of default under such Notes, which may also constitute a default under the terms of the Relevant Issuer's other indebtedness (if any).

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 more volatile than the market value of securities that do not include such features.

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 Relevant 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 so specified in the relevant Pricing Supplement, Perpetual Securityholders may not receive distribution payments if the Relevant Issuer elects to not pay all or a part of a distribution under the terms and conditions of the Perpetual Securities

If Optional Payment is specified in the relevant Pricing Supplement, the Relevant 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 Relevant 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 Relevant Issuer is not subject to any limit as to the number of times or the amount with respect to which the Relevant Issuer can elect not to pay distributions under the Perpetual Securities. While the Relevant 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 Relevant 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 Relevant 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 Relevant 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 Relevant Issuer's and/or the Group's financial condition.

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

The Perpetual Securities are perpetual securities and have no fixed final redemption date. If specified in the relevant Pricing Supplement, the Perpetual Securities may be redeemed at the option of the Relevant 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 in the relevant Pricing Supplement, the Relevant Issuer may, at its option, redeem the Perpetual Securities in whole, but not in part, on any Distribution Payment Date, or any time after such Distribution Payment Date, upon the occurrence of certain other events. Please refer to "*Terms and Conditions of the Perpetual Securities – Redemption and Purchase*".

The date on which the Relevant 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 and the Guarantee

Any scheduled distribution will not be due if the Relevant 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 proceedings for Winding-up (as defined in Condition 9(b) of the Perpetual Securities) is limited to circumstances where payment has become due and the Relevant Issuer fails to make such payment when due or the Guarantor fails to pay any amount under the Guarantee when due. The only remedy against the Relevant Issuer and/or the Guarantor available to the Trustee or (where the Trustee has failed to proceed against the Relevant Issuer or (where applicable) the Guarantor as provided in the Conditions of the Perpetual Securities) any Perpetual Securityholder for recovery of amounts in respect of the Perpetual Securities and/or the Guarantee following the occurrence of a payment default after any sum becomes due in respect of the Perpetual Securities and/or the Guarantee will be instituting proceedings for the Winding-up, proving in such Winding-up and/or claiming in the liquidation of the Relevant Issuer and/or the Guarantor in respect of any payment obligations of the Relevant Issuer or, as the case may be, the Guarantor arising from the Perpetual Securities and/or the Guarantee.

The Relevant Issuer may raise or redeem other capital which affects the price of the Perpetual Securities

The Relevant 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 Relevant 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 Relevant 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 Relevant 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 and the Subordinated Guarantee are subordinated obligations

The obligations of the Relevant Issuer under the Subordinated Perpetual Securities, and the Guarantor under the Subordinated Guarantee will constitute unsecured and subordinated obligations of the Relevant Issuer and the Guarantor respectively. In the event of the Winding-up of the Relevant Issuer or the Guarantor, the rights of the holders of Subordinated Perpetual Securities to receive payments in respect of the Subordinated Perpetual Securities or the Subordinated Guarantee 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 of the Relevant Issuer or the Guarantor, 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, there is no restriction on the amount of unsubordinated securities or other liabilities which the Relevant 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 Relevant Issuer or the Guarantor and/or may increase the likelihood of a non-payment of distribution under the Subordinated Perpetual Securities and/or the Subordinated Guarantee.

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, or whether distribution payments made under the Relevant Tranche of the Perpetual Securities will be regarded by the IRAS as interest payable on indebtedness for the purposes of the ITA or whether the tax exemptions or 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, or the distribution payments made under the Relevant Tranche of the Perpetual Securities are not regarded by the IRAS as interest payable on indebtedness for the purposes of the ITA or holders thereof are not eligible for the tax exemptions or tax concessions under the qualifying debt securities scheme, the tax treatment to holders may differ. Investors and holders of the Relevant Tranche of the Perpetual Securities should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of the Relevant Tranche of the Perpetual Securities.

PURPOSE OF THE PROGRAMME AND USE OF PROCEEDS

The net proceeds arising from the issue of Securities under the Programme (after deducting issue expenses) will be used for the financing of general corporate funding requirements or investments of the Group (including refinancing of existing borrowings), working capital and capital expenditure requirements of the Group.

CLEARING AND SETTLEMENT

Clearing 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.

Settlement of over-the-counter trades in the Securities through the Depository System may be effected through securities sub-accounts held with corporate depositors ("**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 a securities sub-account with a Depository Agent for trade settlement.

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

Although CDP has established procedures to facilitate transfers 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 Issuers, the Guarantor, the Issuing and Paying Agent or any other agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

Clearance and Settlement under Euroclear and/or Clearstream, Luxembourg

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

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

Clearing and Settlement under Other Clearing System(s)

For Securities to be cleared through a clearing system other than Euroclear, Clearstream, Luxembourg and/or CDP, the clearance and settlement of such Securities will be effected in accordance with the relevant clearing system's documentary requirements and procedures.

SINGAPORE TAXATION

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by the IRAS and the 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 Issuers, the Guarantor, 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, any distribution payment made under any tranche of the Perpetual Securities is not regarded as interest payable on indebtedness or holders thereof are not eligible for the tax concessions under the qualifying debt securities scheme, the tax treatment to holders may differ. Investors and holders of any tranche of the Perpetual Securities should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding and disposal of any tranche of the Perpetual Securities.

1. Interest and Other Payments

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

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

(b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15.0 per cent. final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17.0 per cent. The applicable rate for non-resident individuals is currently 22.0 per cent.

However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15.0 per cent. The rate of 15.0 per cent. may be reduced by applicable tax treaties.

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

(a) interest from debt securities derived on or after 1 January 2004;

(b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and

(c) prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007,

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

In addition, as the Programme as a whole was arranged by DBS Bank Ltd., which was a Financial Sector Incentive (Bond Market) Company (as defined in the ITA) prior to 1 January 2014 and a Financial Sector Incentive (Capital Market) Company or Financial Sector Incentive (Standard Tier) Company (each as defined in the ITA) thereafter, any tranche of the Securities (the "**Relevant Securities**") issued as debt securities under the Programme during the period from the date of this Information Memorandum to 31 December 2023 would be qualifying debt securities ("**QDS**") for the purposes of the ITA, to which the following treatment shall apply:

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

(ii) subject to certain conditions having been fulfilled (including the furnishing by the Relevant Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities for the Relevant Securities in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Securities as the MAS may require), Qualifying Income from the Relevant Securities paid by the Relevant Issuer and derived by any company or body of persons (as defined in the ITA) in Singapore is subject to income tax at a concessionary rate of 10.0 per cent. (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and

(iii) subject to:

(aa) the Relevant Issuer including in all offering documents relating to the Relevant Securities a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Relevant Securities is not exempt from tax shall include such income in a return of income made under the ITA; and

(bb) the furnishing by the Relevant Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities for the Relevant Securities in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Securities as the MAS may require,

payments of Qualifying Income derived from the Relevant Securities are not subject to withholding of tax by the Relevant Issuer.

Notwithstanding the foregoing:

(A) if during the primary launch of any tranche of Relevant Securities, the Relevant Securities of such tranche are issued to fewer than four persons and 50.0 per cent. or more of the issue of such Relevant Securities is beneficially held or funded, directly or indirectly, by related parties of the Relevant Issuer, such Relevant Securities would not qualify as QDS; and

(B) even though a particular tranche of Relevant Securities are QDS, if, at any time during the tenure of such tranche of Relevant Securities, 50.0 per cent. or more of such Relevant Securities which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Relevant Issuer, Qualifying Income derived from such Relevant Securities held by:

(I) any related party of the Relevant Issuer; or

(II) any other person where the funds used by such person to acquire such Relevant Securities are obtained, directly or indirectly, from any related party of the Relevant Issuer,

shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term "**related party**", in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

The terms "**prepayment fee**", "**redemption premium**" and "**break cost**" are defined in the ITA as follows:

- "prepayment fee", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities;
- "redemption premium", in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity; and
- "break cost", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption.

References to "prepayment fee", "redemption premium" and "break cost" in this Singapore tax disclosure have the same meaning as defined in the ITA.

Where interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) is derived from the Relevant Securities by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS under the ITA (as mentioned above) shall not apply if such person acquires the Relevant Securities using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) derived from the Relevant Securities is not exempt from tax is required to include such income in a return of income made under the ITA.

2. Capital Gains

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

Holders of the Securities who apply or who are required to apply the Financial Reporting Standard ("**FRS**") 39, FRS 109 or Singapore Financial Reporting Standard (International) 9 ("**SFRS(I) 9**") (as the case may be) may, for Singapore income tax purposes, be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Securities, irrespective of disposal, in accordance with FRS 39, FRS 109 or SFRS(I) 9 (as the case may be). Please see the section below on "Adoption of FRS 39, FRS 109 and SFRS(I) 9 for Singapore Income Tax Purposes".

3. Adoption of FRS 39, FRS 109 and SFRS(I) 9 for Singapore Income Tax Purposes

Section 34A of the ITA provides for the tax treatment for financial instruments in accordance with FRS 39 (subject to certain exceptions and "opt-out" provisions) to taxpayers who are required to comply with FRS 39 for financial reporting purposes. The IRAS has also issued an e-Tax Guide entitled "Income Tax Implications Arising from the Adoption of FRS 39 - Financial Instruments: Recognition & Measurement".

FRS 109 or SFRS(I) 9 (as the case may be) is mandatorily effective for annual periods beginning on or after 1 January 2018, replacing FRS 39. Section 34AA of the ITA requires taxpayers who comply or who are required to comply with FRS 109 or SFRS(I) 9 for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109 or SFRS(I) 9 (as the case may be), subject to certain exceptions. The IRAS has also issued an e-Tax Guide entitled "Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 – Financial Instruments".

Holders of the Securities who may be subject to the tax treatment under Sections 34A or 34AA 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 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 Relevant Issuer and the relevant Dealer(s). The obligations of the Dealers under the Programme Agreement will be subject to certain conditions set out in the Programme Agreement. Each Dealer (acting as principal) will subscribe for or procure subscribers for Securities from the Relevant Issuer pursuant to the Programme Agreement.

The Arranger, the Dealers or any of their respective affiliates may have performed certain banking and advisory services for each of the Issuers, the Guarantor and/or their affiliates from time to time for which they have received customary fees and expenses and may, from time to time, engage in transactions with and perform services for each of the Issuers, the Guarantor and/or their affiliates in the ordinary course of such Issuer's, Guarantor's or affiliate's business. Each of the Issuers or the Guarantor may from time to time agree with the relevant Dealer(s) that such Issuer or the Guarantor may pay certain third party commissions (including, without limitation, rebates to private banks as may be specified in the applicable Pricing Supplement).

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

In connection with the issue of any Series or Tranche of Securities, such Securities, when issued, may not have a market. The Dealer or Dealers (if any) may advise the Relevant Issuer that they intend to make a market in such Securities as permitted by applicable law. They are not obligated, however, to make a market in the Securities and any market-making may be discontinued at any time at their sole discretion. Accordingly, no assurance can be given as to the development or liquidity of any market for such Securities.

The Arranger, the Dealers or any of their respective affiliates may purchase Securities for its own account or enter into secondary market transactions or derivative transactions relating to the Securities, including, without limitation, purchase, sale (or facilitation thereof), stock borrowing or credit or equity-linked derivatives such as asset swaps, repackaging and credit default swaps, at the same time as the offering of the Securities. Such transactions may be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Securities to which this Information Memorandum relates (notwithstanding that such selected counterparties may also be a purchaser of the Securities). As a result of such transactions, the Arranger, the Dealers or any of their respective affiliates may hold long or short positions relating to the Securities.

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

Accordingly, references herein to the Securities being "offered" should be read as including any offering of the Securities to the Arranger, the Dealers and/or their respective affiliates for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any legal or regulatory obligation to do so.

While the Arranger, the Dealers and/or any of their respective affiliates have policies and procedures to deal with conflicts of interests, any such transactions may cause the Arranger, the Dealers or any of their respective affiliates or its clients or counterparties to have economic interests and incentives which may conflict with those of an investor in the Securities. The Arranger, the Dealers or any of their respective affiliates may receive returns on such transactions and have no obligations to take, refrain from taking or cease taking any action with respect to any such transactions based on the potential effect on a prospective investor in the Securities.

United States

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

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

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

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

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

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

Prohibition of sales to EEA and UK Retail Investors

Unless the Pricing Supplement in respect of any Securities specifies the "Prohibition of Sales to EEA and UK Retail Investors" as "Not Applicable", each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available the Securities which are the subject of the offering contemplated by this Information Memorandum as completed by the Pricing Supplement in relation thereto to any retail investor in the European Economic Area or in the United Kingdom. For the purposes of this provision:

(i) the expression "**retail investor**" means a person who is one (or more) of the following:

(a) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended or superseded, "**MiFID II**"); or

(b) a customer within the meaning of Directive (EU) 2016/97 (as amended or superseded, the "**Insurance Distribution Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(c) not a qualified investor as defined in the Prospectus Regulation (as defined below); and

(ii) the expression "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe for the Securities.

If the Pricing Supplement in respect of any Securities specifies "Prohibition of Sales to EEA and UK Retail Investors" as "Not Applicable", in relation to each Member State of the European Economic Area and the United Kingdom (each, a "**Relevant State**"), each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Securities which are the subject of the offering contemplated by this Information Memorandum as completed by the Pricing Supplement in relation thereto to the public in that Relevant State, except that it may make an offer of such Securities to the public in that Relevant State:

(i) if the Pricing Supplement in relation to the Securities specifies that an offer of those Securities may be made other than pursuant to Article 1(4) of the Prospectus Regulation in that Relevant State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Securities which has been approved by the competent authority in that Relevant State or, where appropriate, approved in another Relevant State and notified to the competent authority in that Relevant State, provided that any such prospectus has subsequently been completed by the Pricing Supplement contemplating such Non-exempt Offer, in accordance with the Prospectus Regulation, in the period beginning and ending on the dates specified in such prospectus or Pricing Supplement, as applicable and the Relevant Issuer has consented in writing to its use for the purpose of that Non-exempt Offer; '

(ii) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(iii) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Regulation), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Relevant Issuer for any such offer; or

(iv) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Securities referred to in (ii) to (iv) above shall require the Relevant Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Regulation, or supplement a prospectus pursuant to Article 23 of the Prospectus Regulation.

For the purposes of this provision, the expression an "**offer of Securities to the public**" in relation to any Securities in any Relevant State means the communication in any form and by any means of sufficient information on the terms of the offer and the Securities to be offered so as to enable an investor to decide to purchase or subscribe for the Securities, and the expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129 (as amended or superseded).

United Kingdom

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

(i) in relation to any Securities which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Securities other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Securities would otherwise constitute a contravention of section 19 of the Financial Services and Markets Act 2000 (the "**FSMA**") by the Relevant Issuer;

(ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Securities in circumstances in which section 21(1) of the FSMA does not apply to the Relevant Issuer; and

(iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Securities in, from or otherwise involving the United Kingdom.

Hong Kong

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

(i) it has not offered or sold, and will not offer or sell, in Hong Kong, by means of any document, any Securities (except for Securities which are a "structured product" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**")), other than (a) to "professional investors" as defined in the SFO and any rules made under the SFO; 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 (the "**C(WUMP)O**") or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and

(ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Securities, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

Singapore

Each Dealer has acknowledged that this Information Memorandum has not been registered as a prospectus with the MAS. Accordingly, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, 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 any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) 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 and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018 of Singapore, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Any reference to the “**SFA**” is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term or provision as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

General

The selling restrictions herein contained may be modified, varied or amended by agreement of the Issuers, the Guarantor and the Dealers following a change in any relevant law, regulation or directive. Any such modification or supplement to the selling restrictions will be set out in the Pricing Supplement to be issued in respect of any issue of Securities to which it relates or in a supplement to this Information Memorandum.

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

Each Dealer has agreed that it will comply with all applicable securities laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers Securities or any interest therein or rights in respect thereof or has in its possession or distributes this Information Memorandum, any Pricing Supplement or any other document.

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

GENERAL AND OTHER INFORMATION

INFORMATION ON DIRECTORS

1. The name and position of each of the directors of ACL are set out below:

Name	Position
Koh Wee Seng	Chief Executive Officer
Koh Lee Hwee	Executive Director
Ko Lee Meng	Non-Executive and Non-Independent Director
Wong Soon Yum	Lead Independent Director
Kau Jee Chu	Independent Non-Executive Director
Ng Bie Tjin @ Djuniarti Intan	Independent Non-Executive Director

2. The name and position of each of the directors of ATPL are set out below:

Name	Position
Koh Wee Seng	Director
Ko Lee Meng	Director
Koh Lee Hwee	Director

3. No director of any of the Issuers is or was involved in any of the following events:

   (a) a petition under any bankruptcy laws filed in any jurisdiction against such person or any partnership in which he was a partner or any corporation of which he was a director or an executive officer;

   (b) a conviction of any offence, other than a traffic offence, or judgment, including findings in relation to fraud, misrepresentation or dishonesty, given against him in any civil proceedings in Singapore or elsewhere, or being named subject to any pending proceedings which may lead to such a conviction or judgment, or so far as such person is aware, any criminal investigation pending against him; or

   (c) the subject of any order, judgment or ruling of any court of competent jurisdiction, tribunal or government body, permanently or temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

4. Save as disclosed below, the directors of the Issuers are not related by blood or marriage to one another nor are they related to any substantial shareholder of ACL:

   Mr Koh Wee Seng, Ms Ko Lee Meng and Ms Koh Lee Hwee are siblings.

5. No option to subscribe for shares in, or debentures of, ACL has been granted to, or was exercised by, any Director or employees of the Group during the last financial year ended 31 December 2019.

6. The interests of the directors of ACL and the substantial shareholders of ACL in the Shares as at the Latest Practicable Date are as follows:

	Direct Interest		Deemed Interest		Total Interest	
	Number of Shares	**%**	**Number of Shares**	**%**	**Number of Shares**	**%**
Directors						
Koh Wee Seng	373,463,357	19.26	1,142,907,178	58.93	1,516,370,535	78.19
Ko Lee Meng	33,639,865	1.73	1,138,979,974	58.73	1,172,619,839	60.46
Koh Lee Hwee	30,890,888	1.59	1,156,999,571	59.66	1,187,890,459	61.25
Holders of 5% or more (other than directors)						
MLHS Holdings Pte Ltd	1,137,825,087	58.67	–	–	1,137,825,087	58.67

SHARE CAPITAL

7. As at the date of this Information Memorandum, there is only one class of ordinary shares in ACL. The rights and privileges attached to the Shares are stated in the Constitution of ACL.

8. As at the date of this Information Memorandum, there is only one class of ordinary shares in ATPL. The rights and privileges attached to the Shares are stated in the Articles of Association of ATPL.

9. The issued share capital of ACL as at the Latest Practicable Date is as follows:

Share Designation	Issued Share Capital	
	Number of Shares	**Amount**
Ordinary Shares	1,945,896,319	S$226,929,888

10. The issued share capital of ATPL as at the Latest Practicable Date is as follows:

Share Designation	Issued Share Capital	
	Number of Shares	**Amount**
Ordinary Shares	2,000,000	S$2,000,000

BORROWINGS

11. Save as disclosed in Appendix III, the Group had as at 31 December 2019 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

12. The directors of the Issuers are of the opinion that, after taking into account the present banking facilities and the net proceeds of the issue of the Securities, the Issuers will have adequate working capital for its present requirements.

CHANGES IN ACCOUNTING POLICIES

13. There has been no significant change in the accounting policies of ACL since its audited financial accounts for the financial year ended 31 December 2019.

LITIGATION

14. There are no legal or arbitration proceedings pending or, to the best of the knowledge of the Issuers after making all reasonable enquiries, threatened against the Issuers, the Guarantor or any of their respective subsidiaries (if any) 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 Issuers, the Guarantor or the Group.

MATERIAL ADVERSE CHANGE

15. There has been no material adverse change in the financial condition or business of ATPL, ACL or the Group since 31 December 2019.

CONSENT

16. Ernst & Young LLP has given and has not withdrawn its written consent to the issue of this Information Memorandum with the references herein to its name and, where applicable, reports in the form and context in which they appear in this Information Memorandum.

DOCUMENTS AVAILABLE FOR INSPECTION

17. Copies of the following documents may be inspected at the registered office of ATPL at Aspial One, 55 Ubi Avenue 3, #01-01, Singapore 408864 during normal business hours for a period of six months from the date of this Information Memorandum:

    (a) the Constitution of ACL;

    (b) the Memorandum and Articles of Association of ATPL;

    (c) the Trust Deed;

    (d) the audited consolidated financial statements of the Group for the financial years ended 31 December 2018 and 31 December 2019; and

    (e) the unaudited consolidated financial statements of the Group for the half year ended 30 June 2020.

FUNCTIONS, RIGHTS AND OBLIGATIONS OF THE TRUSTEE

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

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ASPIAL CORPORATION LIMITED AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

The information contained in this Appendix II has been reproduced from the annual report of Aspial Corporation Limited for the financial year ended 31 December 2018 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 ASPIAL CORPORATION LIMITED FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Aspial Corporation Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**"), which comprise the statements of financial position of the Group and Company as at 31 December 2018, statements of changes in equity of the Group and Company and the consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "**Act**") and Singapore Financial Reporting Standards (International) ("**SFRS(I)**") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2018 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

BASIS FOR OPINION

We conducted our audit in accordance with Singapore Standards on Auditing ("**SSAs**"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("**ACRA**") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("**ACRA Code**") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Assessment of carrying values of development properties and properties held for sale

As at 31 December 2018, the Group's development properties and properties held for sale amounted to $590,335,000 and $76,135,000 respectively, which in aggregate represented approximately 40% of the Group's total assets. The Group's development properties are located outside of Singapore, whilst its properties held for sale are located in and outside of Singapore.

KEY AUDIT MATTERS (CONTINUED)

Assessment of carrying values of development properties and properties held for sale (Continued)

A proportion of the Group's development properties relate to projects that are in planning phases and have not been launched or completed as at 31 December 2018. In ascertaining net realisable value ("**NRV**"), significant judgment is involved as management either needs to estimate the expected selling price (taking into account estimated costs to complete construction) based on the future property market and economic conditions in the respective markets, or use external appraisers to support its determination of market prices.

For properties held for sale, in ascertaining NRV, significant judgment is involved as management either needs to estimate the expected selling price based on the current property market and economic conditions in the respective markets, or use external appraisers to support its determination of market prices.

Given the magnitude of these assets and significant judgment involved in estimating the total budgeted cost of construction and development for development properties located in Singapore, and significant estimation uncertainty involved in determining the NRV of development properties and properties held for sale, we have identified the assessment of carrying values of development properties and properties held for sale as a key audit matter.

To address the risk of material misstatement relating to carrying values of development properties and properties held for sale, our audit procedures included, amongst others, inquiry of management on the existence of any indicators that the NRV is lower than their respective costs. We assessed the reasonableness of the estimated selling prices, taking into account market prices for similar properties in the respective markets, where applicable. Where management used external appraisers to support its determination of estimated selling prices, we evaluated the objectivity, competence and capabilities of the appraisers. We also involved our internal real estate specialists in assessing the appropriateness of the valuation method and certain key assumptions used in the valuations.

In addition to the above procedures, in assessing the appropriateness of management's NRV assessment of the development properties, we performed procedures to evaluate the reasonableness of the estimated costs of completing the development properties. We obtained an understanding of the Group's internal controls with respect to project budgeting and monitoring process and inquired with management on the development status of on-going and significant projects. We also examined documentation of the progress of material projects such as costs incurred to-date, estimated costs to complete and timing of completion.

Further, we assessed the adequacy of disclosures related to development properties in Note 2.18 Development properties, Note 2.19 Properties held for sale, Note 3.2(e) Estimation of net realisable value for development properties, Note 3.2(f) Estimation of net realisable value for properties held for sale and Note 19 Development properties/properties held for sale, to the financial statements.

KEY AUDIT MATTERS (CONTINUED)

Allowance for expected credit losses on trade receivables of the Group's financial service business

Included in trade receivables of the Group's financial service business are pawnshop loans and interest receivables on pawnshop loans, which are significant to the Group. The collectability of trade receivables is a key element of the Group's working capital management.

The Group adopted SFRS(I) 9 *Financial Instruments* on 1 January 2018 and used a provision matrix to estimate the allowance for expected credit losses ("**ECL**") on pawnshop loans and interest receivables on pawnshop loans. The key inputs of the Group's ECL model are the probability of default and loss exposure on default. The Group has estimated the probability of default being the forfeiture of the customers' pledges based on historical non-redemption data of individual pawnshop outlets. The Group has estimated the loss exposure on default after considering the expected realisable value of the customers' pledges.

Significant judgment and estimation is involved in using the historical non-redemption data to derive the probability of default as the pawnshop loans age as well as considering any forward-looking economic information. Accordingly, we have identified that the Group's ECL assessment on pawnshop loans and interest receivables on pawnshop loans from the Group's financial service business as a key audit matter.

Our audit procedures included, among others, obtaining an understanding of the Group's implementation of SFRS(I) 9 and testing the reasonableness of the key inputs and assumptions used by the Group in the ECL model which is largely dependent on the Group's historical loss experience and loan-to-valuation data. We reviewed and tested the overall process and key controls relating to the collection of non-redemption data used in the ECL model including checking the arithmetic accuracy of the probability of default. We also considered forward-looking macroeconomic factors that may affect the recoverability of the pawnshop loans and related interest receivables. Furthermore, we assessed the adequacy of the disclosures related to trade receivables in Note 20 to the financial statements.

Allowance for expected credit losses on quoted debt securities with fixed maturity

Quoted debt securities with fixed maturity dates are carried at fair value through other comprehensive income and amounted to $49,081,000 as at 31 December 2018. The impairment assessment of these debt instruments and the determination of ECL requires significant management judgment and involved estimation uncertainty as the instruments are issued by corporations operating in various industries and countries, and management's impairment assessment requires consideration of the specific local market risks which the corporations are subject to. As such, we determined this to be a key audit matter.

Our audit procedures included, amongst others, evaluating the Group's implementation of SFRS(I) 9 *Financial Instruments* and whether the ECL model applied by the Group is consistent with the requirements of SFRS(I) 9. We obtained an understanding of the Group's processes and controls relating to the impairment review of the quoted debt securities. We also examined the appropriateness of the key inputs and assumptions used by management in the ECL model, where management has assessed for any significant increase in credit risk criteria since initial recognition by considering actual or expected significant changes in the financial instruments' external credit rating, actual or expected significant changes in the financial performance of the issuer or existing or forecasted adverse changes in the issuer's business, financial or economic conditions that are expected to cause a significant change in the issuer's ability to meet its debt obligations. We held discussions with management and corroborated the assumptions used in the ECL model using publicly available information, where available, in relation to the estimation of loss exposure at default and forward-looking adjustments determined by the Group. Furthermore, we assessed the adequacy of the disclosures related to quoted debt securities with fixed maturity in Note 17 to the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ASPIAL CORPORATION LIMITED FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

KEY AUDIT MATTERS (CONTINUED)

Existence of pledges, cash and inventories

We focused on pledges, cash and inventories as their total carrying amounts are material to the financial statements, and there is a higher inherent risk of theft and pilferage.

Our audit procedures included, among others, obtaining an understanding of the internal controls with respect to the physical safeguards over pledges, cash and inventories. On a sample basis, we attended and observed surprise outlet audits (which include the verification of pledges, cash and inventories), daily cash counts and inventory cycle counts at selected outlets. We also attended the year-end inventory count and cash count conducted at the head office. To check the existence of bank balances, we obtained bank confirmations and reviewed management's monitoring of the cash balances.

As part of our audit of the jewellery business, we obtained an understanding of the internal controls with respect to the physical safeguards over inventories. On a sample basis, we attended and observed surprise outlet audits (which include inventories count) and inventory cycle counts at selected outlets.

Furthermore, we assessed the adequacy of the disclosures related to total cash on hand, pledges held (trade receivables of the Group's financial services business) and inventories in Note 23 Cash and bank balances, Note 20 Trade and other receivables and Note 18 Inventories respectively to the financial statements.

OTHER INFORMATION

Management is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND DIRECTORS 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 Act and SFRS(I)s, 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.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ASPIAL CORPORATION LIMITED FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

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.

The engagement partner on the audit resulting in this independent auditor's report is Max Loh Khum Whai.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

29 March 2019

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 $'000	2017 $'000
Revenue	4	898,451	489,531
Materials and subcontract costs		(644,048)	(327,932)
Employee benefits	5	(58,398)	(50,033)
Depreciation and amortisation		(6,547)	(5,613)
Finance costs	6	(31,334)	(29,801)
Other operating expenses		(129,625)	(80,369)
Interest income		13,711	10,257
Rental income		2,703	2,785
Other income	7	11,432	6,400
Share of results of associates		637	(498)
Share of results of a joint venture		(427)	2,901
Profit before tax	8	56,555	17,628
Income tax expense	27(a)	(19,449)	(8,974)
Profit for the year		37,106	8,654
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Net fair value changes on equity instruments at fair value through other comprehensive income		(6,174)	–
Items that may be reclassified subsequently to profit or loss			
Net fair value changes of available-for-sale financial assets		–	1,055
Net fair value changes on debt instruments at fair value through other comprehensive income		(2,298)	–
Foreign currency translation		(16,934)	428
Share of other comprehensive income of a joint venture		(1,430)	138
Share of other comprehensive income of an associate		(23)	–
Other comprehensive income for the year, net of tax		(26,859)	1,621
Total comprehensive income for the year		10,247	10,275
Profit for the year attributable to:			
Owners of the Company		28,346	4,836
Non-controlling interests		8,760	3,818
		37,106	8,654
Total comprehensive income attributable to:			
Owners of the Company		6,397	6,472
Non-controlling interests		3,850	3,803
		10,247	10,275
Earnings per share (cent)			
Basic	9	1.46	0.25
Diluted	9	1.46	0.25

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	Group 31 December 2018 $'000	Group 31 December 2017 $'000	Group 1 January 2017 $'000	Company 31 December 2018 $'000	Company 31 December 2017 $'000	Company 1 January 2017 $'000
Non-current assets							
Property, plant and equipment	10	91,155	75,511	42,304	191	398	880
Investment properties	11	72,523	60,566	45,700	–	–	–
Intangible assets	12	10,244	7,456	6,964	1,054	299	35
Investment in subsidiaries	13	–	–	–	227,204	210,738	180,013
Investment in associates	14	19,324	22,086	18,033	–	–	–
Investment in joint ventures	15	13,346	15,106	12,092	5,000	5,000	5,025
Investment securities	17	99,303	163,984	108,361	500	–	–
Trade and other receivables	20	16,686	49,018	5,328	–	–	6
Prepayments		1	8,538	–	–	–	–
Deferred tax assets	27(c)	3,530	8,430	9,587	87	–	–
		326,112	410,695	248,369	234,036	216,435	185,959
Current assets							
Contract assets	4(b)	44,918	112,274	131,128	–	–	–
Inventories	18	147,413	133,781	141,517	–	–	–
Development properties	19(a)	590,335	845,411	682,946	–	–	–
Properties held for sale	19(b)	76,135	22,313	16,944	–	–	–
Trade and other receivables	20	326,229	289,941	277,123	2,202	62	322
Prepayments		6,798	8,959	9,538	231	600	1,211
Due from subsidiaries (non-trade)	21	–	–	–	211,712	287,389	370,488
Due from associates (non-trade)	21	276	1,305	6,350	–	–	–
Due from joint ventures (non-trade)	21	86,099	84,517	82,897	86,093	84,570	82,897
Investment securities	17	3,679	18,341	48,989	–	–	–
Derivatives	22	2,537	–	–	–	–	–
Cash and bank balances	23	59,020	54,888	70,284	164	448	751
		1,343,439	1,571,730	1,467,716	300,402	373,069	455,669
Total assets		1,669,551	1,982,425	1,716,085	534,438	589,504	641,628
Current liabilities							
Trade and other payables	24	73,887	66,644	59,213	8,158	2,282	3,934
Due to subsidiaries (non-trade)	21	–	–	–	185,665	109,019	97,338
Due to an associate (non-trade)	21	2,028	2,360	5,260	–	–	–
Due to a joint venture (non-trade)	21	25	–	–	–	–	–
Provision for taxation		14,250	3,790	17,539	–	154	77
Interest-bearing loans and borrowings	25	461,655	679,159	447,748	–	–	–
Term notes and bonds	26	82,750	98,000	55,750	83,000	100,000	55,750
		634,595	849,953	585,510	276,823	211,455	157,099
Net current assets		708,844	721,777	882,206	23,579	161,614	298,570

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2018

	Note	Group 31 December 2018 $'000	Group 31 December 2017 $'000	Group 1 January 2017 $'000	Company 31 December 2018 $'000	Company 31 December 2017 $'000	Company 1 January 2017 $'000
Non-current liabilities							
Other payables	24	3,121	2,708	1,696	–	–	–
Interest-bearing loans and borrowings	25	104,346	165,899	175,612	–	–	–
Term notes and bonds	26	505,122	541,500	574,000	–	123,500	230,000
Deferred tax liabilities	27(c)	15,804	13,706	8,088	–	80	109
		628,393	723,813	759,396	–	123,580	230,109
Total liabilities		1,262,988	1,573,766	1,344,906	276,823	335,035	387,208
Net assets		406,563	408,659	371,179	257,615	254,469	254,420
Equity attributable to owners of the Company							
Share capital	28(a)	226,930	226,930	226,152	226,930	226,930	226,152
Treasury shares	28(b)	(2,589)	(2,589)	(2,589)	(2,589)	(2,589)	(2,589)
Other reserves	28(c)	(27,776)	(11,876)	(18,433)	1,413	1,413	1,413
Revenue reserves		109,335	106,744	101,737	31,861	28,715	29,444
		305,900	319,209	306,867	257,615	254,469	254,420
Non-controlling interests		100,663	89,450	64,312	–	–	–
Total equity		406,563	408,659	371,179	257,615	254,469	254,420
Total equity and liabilities		1,669,551	1,982,425	1,716,085	534,438	589,504	641,628

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		Attributable to owners of the Company					Non-controlling interests	Total equity
	Note	**Share capital $'000**	**Treasury shares $'000**	**Other reserves $'000**	**Revenue reserves $'000**	**Equity attributable to owners of the Company $'000**	**$'000**	**$'000**
Group								
At 1 January 2017								
– As previously reported		226,152	(2,589)	(5,329)	93,755	311,989	64,881	376,870
– Effects of adopting SFRS (I) 1		–	–	(13,104)	13,104	–	–	–
– Effect of adopting SFRS (I) 15		–	–	–	(5,122)	(5,122)	(569)	(5,691)
– As restated		226,152	(2,589)	(18,433)	101,737	306,867	64,312	371,179
Profit for the year		–	–	–	4,836	4,836	3,818	8,654
Other comprehensive income								
Net gain on fair value changes of available-for-sale financial assets		–	–	948	–	948	107	1,055
Foreign currency translation		–	–	550	–	550	(122)	428
Share of other comprehensive income of a joint venture		–	–	138	–	138	–	138
Other comprehensive income for the year, net of tax		–	–	1,636	–	1,636	(15)	1,621
Total comprehensive income for the year		–	–	1,636	4,836	6,472	3,803	10,275
Contributions by and distributions to owners								
Dividend on ordinary shares								
– Cash and scrip dividends	29	–	–	–	(4,834)	(4,834)	–	(4,834)
Dividend paid to non-controlling interests of subsidiaries								
– Cash and scrip dividends		–	–	–	–	–	(1,244)	(1,244)
Ordinary shares issued under scrip dividends	28(a)	778	–	–	–	778	–	778
Premium on dilution of interests in subsidiary		–	–	9,262	–	9,262	18,294	27,556
Capital contribution from non-controlling interests		–	–	(60)	–	(60)	12,770	12,710
Capital return to non-controlling shareholders upon liquidation of subsidiaries		–	–	–	–	–	(1,889)	(1,889)
Total contributions by and distributions to owners		778	–	9,202	(4,834)	5,146	27,931	33,077

STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		Attributable to owners of the Company					Non-controlling interests	Total equity
	Note	**Share capital $'000**	**Treasury shares $'000**	**Other reserves $'000**	**Revenue reserves $'000**	**Equity attributable to owners of the Company $'000**	**$'000**	**$'000**
Group								
Changes in ownership interests in subsidiaries								
Acquisition of non-controlling interests in a subsidiary	13	–	–	(5,163)	–	(5,163)	(542)	(5,705)
Change in ownership interests in subsidiaries without a change in control		–	–	882	5,005	5,887	(6,054)	(167)
Total changes in ownership interests in subsidiaries		–	–	(4,281)	5,005	724	(6,596)	(5,872)
Total transactions with owners in their capacity as owners		778	–	4,921	171	5,870	21,335	27,205
At 31 December 2017		226,930	(2,589)	(11,876)	106,744	319,209	89,450	408,659

STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

		Attributable to owners of the Company					Non-controlling interests	Total equity
	Note	Share capital $'000	Treasury shares $'000	Other reserves $'000	Revenue reserves $'000	Equity attributable to owners of the Company $'000	$'000	$'000
Group								
At 1 January 2018								
– As previously reported		226,930	(2,589)	16,438	96,231	337,010	89,738	426,748
– Effects of adopting SFRS (I) 1		–	–	(28,314)	13,104	(15,210)	–	(15,210)
– Effects of adopting SFRS (I) 15		–	–	–	(2,591)	(2,591)	(288)	(2,879)
– As restated		226,930	(2,589)	(11,876)	106,744	319,209	89,450	408,659
– Effects of adopting SFRS (I) 9		–	–	7,835	(9,367)	(1,532)	–	(1,532)
		226,930	(2,589)	(4,041)	97,377	317,677	89,450	407,127
Profit for the year		–	–	–	28,346	28,346	8,760	37,106
Other comprehensive income								
Net fair value changes on debt instruments at FVOCI		–	–	(2,038)	–	(2,038)	(260)	(2,298)
Net fair value changes on equity instruments at FVOCI		–	–	(5,351)	–	(5,351)	(823)	(6,174)
Foreign currency translation		–	–	(13,107)	–	(13,107)	(3,827)	(16,934)
Share of other comprehensive income of an associate and a joint venture		–	–	(1,453)	–	(1,453)	–	(1,453)
Other comprehensive income for the year, net of tax		–	–	(21,949)	–	(21,949)	(4,910)	(26,859)
Total comprehensive income for the year		–	–	(21,949)	28,346	6,397	3,850	10,247
Contributions by and distributions to owners								
Dividend on ordinary shares								
– Cash dividends	29	–	–	–	(14,523)	(14,523)	–	(14,523)
Dividend paid to non-controlling interests of subsidiaries								
– Cash dividends		–	–	–	–	–	(5,880)	(5,880)
Premium on dilution of interests in subsidiary		–	–	198	–	198	(198)	–
Capital contribution from non-controlling interests		–	–	(73)	–	(73)	10,524	10,451
Total contributions by and distributions to owners		–	–	125	(14,523)	(14,398)	4,446	(9,952)

	Note	Attributable to owners of the Company					Non-controlling interests	Total equity
		Share capital $'000	Treasury shares $'000	Other reserves $'000	Revenue reserves $'000	Equity attributable to owners of the Company $'000	$'000	$'000
Group								
Changes in ownership interests in subsidiaries								
Acquisition of non-controlling interests in a subsidiary	13	–	–	(3,727)	–	(3,727)	2,720	(1,007)
Change in ownership interests in subsidiaries without a change in control		–	–	(27)	(22)	(49)	197	148
Total changes in ownership interests in subsidiaries		–	–	(3,754)	(22)	(3,776)	2,917	(859)
Total transactions with owners in their capacity as owners		–	–	(3,629)	(14,545)	(18,174)	7,363	(10,811)
Others								
Transfer at fair value reserves of equity instruments at FVOCI upon disposal		–	–	1,843	(1,843)	–	–	–
Total Others		–	–	1,843	(1,843)	–	–	–
At 31 December 2018		226,930	(2,589)	(27,776)	109,335	305,900	100,663	406,563

STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	Share capital $'000	Treasury shares $'000	Other reserves $'000	Revenue reserves $'000	Total equity $'000
Company						
At 1 January 2017		226,152	(2,589)	1,413	29,444	254,420
Profit for the year, representing total comprehensive income for the year		–	–	–	4,105	4,105
Contributions by and distributions to owners						
Dividends on ordinary shares						
– Cash and scrip dividends	29	–	–	–	(4,834)	(4,834)
Ordinary shares issued under scrip dividends	28(a)	778	–	–	–	778
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners		778	–	–	(4,834)	(4,056)
At 31 December 2017 and 1 January 2018		226,930	(2,589)	1,413	28,715	254,469
Profit for the year, representing total comprehensive income for the year		–	–	–	17,669	17,669
Contributions by and distributions to owners						
Dividends on ordinary shares						
– Cash dividends	29	–	–	–	(14,523)	(14,523)
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners		–	–	–	(14,523)	(14,523)
At 31 December 2018		226,930	(2,589)	1,413	31,861	257,615

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 $'000	2017 $'000
Operating activities			
Profit before tax		56,555	17,628
Adjustments for:			
Property, plant and equipment written-off		818	877
Impairment loss on investment in a joint venture		–	25
Impairment loss on investment in an associate		31	–
Impairment loss on intangible assets		1,773	–
Allowance for write-down of development properties and properties held for sale	19	–	1,326
(Gain)/loss on disposal of property, plant and equipment		(10)	7
Fair value gain on derivatives		(2,537)	–
Fair value loss on investment securities		2,895	–
Net fair value loss on investment properties	11	1,303	486
Interest receivable written-off		81	75
(Reversal of impairment)/impairment loss on investment securities	34(d)	(2,774)	1,733
Depreciation of property, plant and equipment	10	5,458	4,656
Employee Share Award Scheme expenses		191	–
(Write back)/write down of inventories	18	(29)	149
Allowance for doubtful receivables	20	564	7
Allowance for amounts due from associates and a joint venture		–	604
Interest expense	6	28,718	27,259
Interest income		(13,711)	(10,257)
Amortisation of prepaid rent		3	42
Amortisation of intangible assets	12	1,086	915
Amortisation of prepaid commitment fees	6	2,671	2,554
Amortisation of premium on term notes	6	(55)	(12)
Net loss/(gain) on disposal of investment securities		1,665	(1,534)
(Gain)/loss on purchase and cancellation of term notes and bonds		(67)	34
Dividend income from investment securities		(322)	(79)
Gain on bargain purchase on acquisition of subsidiary		(1,144)	–
Net gain on remeasuring previously held equity interest in associates to fair value on business combination		(957)	–
Share of results of associates		(637)	498
Share of results of a joint venture		427	(2,901)
Unrealised foreign exchange differences		13,693	(1,837)
Listing expenses of a subsidiary		–	1,707
Operating cash flows before changes in working capital		95,689	43,962
Changes in working capital			
Decrease in inventories		3,586	7,991
Decrease/(increase) in development properties		188,447	(131,775)
Increase in investment properties		(13,280)	(15,353)
Increase in properties held for sale		–	(5,375)
Decrease/(increase) in contract assets, trade and other receivables		68,253	(33,558)
Decrease in prepayments		490	11
(Decrease)/increase in trade and other payables		(4,928)	8,249
Total changes in working capital		242,568	(169,810)
Cash flows generated from/(used in) operations		338,257	(125,848)
Interest paid		(63,928)	(54,063)
Income taxes paid		(3,158)	(18,619)
Net cash flows generated from/(used in) operating activities		271,171	(198,530)

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018

	Note	2018 $'000	2017 $'000
Investing activities			
Net cash inflow/(outflow) on acquisition of a subsidiary	13	3,026	(773)
Purchase of property, plant and equipment	10	(19,112)	(39,980)
Acquisition of intangible assets		(1,506)	–
Proceeds from sale of property, plant and equipment		332	7
Investment in associate		–	(7,750)
Prepayments		–	(8,538)
Interest received		7,534	7,507
Purchase of investment securities		(94,800)	(268,695)
Dividend income from investment securities		322	79
Dividend income from an associate		–	3,200
Proceeds from disposal of investment securities		162,836	244,493
Acquisition of non-controlling interests in subsidiaries		–	(5,705)
Due to associates (non-trade), net		1,943	1,565
Due from a joint venture (non-trade), net		(1,583)	(1,643)
Net cash flows generated from/(used in) investing activities		58,992	(76,233)
Financing activities			
Dividends paid to shareholders of the Company		(9,682)	(4,056)
Dividends paid to non-controlling interests of subsidiaries		(4,462)	(1,244)
Capital return to non-controlling shareholder upon liquidation of subsidiaries		–	(1,889)
Proceeds from issuance of ordinary shares by subsidiaries to non-controlling interests		6,335	12,303
Proceeds from issuance of term notes and bonds		44,750	70,140
Repayment of term notes		(96,311)	(60,284)
Purchase of treasury shares of a subsidiary		(42)	(165)
Proceeds from term loans		162,360	302,694
Repayment of term loans		(379,569)	(114,455)
(Repayment of)/proceeds from short-term bank borrowings, net		(47,434)	32,421
Proceeds from initial public offering of a subsidiary	13	–	27,556
Term notes and bonds commitment fee paid		(976)	(869)
Listing expenses paid by a subsidiary		–	(2,851)
Proceeds from finance lease obligations		–	69
Repayment of finance lease obligations		(136)	(66)
Net cash flows (used in)/generated from financing activities		(325,167)	259,304
Net increase/(decrease) in cash and cash equivalents		4,996	(15,459)
Effect of exchange rate changes on cash and cash equivalents		(864)	63
Cash and cash equivalents at beginning of year		54,888	70,284
Cash and cash equivalents at end of year	23	59,020	54,888

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

1. CORPORATE INFORMATION

Aspial Corporation Limited (the "**Company**") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The immediate and ultimate holding company is MLHS Holdings Pte. Ltd., which is also incorporated in Singapore.

The address of the Company's registered office is 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623. The address of its principal place of business is located at 55 Ubi Avenue 1, #07-11, Ubi 55, Singapore 408935.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 13 to the financial statements.

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 (International) ("**SFRS(I)**").

For all periods up to and including the year ended 31 December 2017, the Group prepared its financial statements in accordance with Financial Reporting Standards in Singapore ("**FRS**"). These financial statements for the year ended 31 December 2018 are the first the Group has prepared in accordance with SFRS(I). Refer to Note 2.2 for information on how the Group adopted SFRS(I).

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 First-time adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)")

These financial statements for the year ended 31 December 2018 are the first the Group and the Company have prepared in accordance with SFRS(I). Accordingly, the Group and the Company have prepared financial statements that comply with SFRS(I) applicable as at 31 December 2018, together with the comparative period data for the year ended 31 December 2017, as described in the summary of significant accounting policies. On preparing the financial statements, the Group's and the Company's opening statements of financial position were prepared as at 1 January 2017, the Group and the Company's date of transition to SFRS(I).

The principal adjustments made by the Group on adoption of SFRS(I) and the adoption of the new standards that are effective on 1 January 2018 are disclosed below.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 First-time adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)") (Continued)

Exemptions applied on adoption of SFRS(I)

SFRS(I) allows first-time adopters exemptions from the retrospective application of certain requirements under SFRS(I). The Group has applied the following exemptions:

- SFRS(I) 3 *Business Combinations* has not been applied to either acquisitions of subsidiaries that are considered businesses under SFRS(I), or acquisitions of interests in associates and joint ventures that occurred before 1 January 2017. The carrying amounts of assets and liabilities at the date of transition to SFRS(I) is the same as previously reported under FRS.

- The comparative information do not comply with SFRS(I) 9 *Financial Instruments* or SFRS(I) 7 *Financial Instruments: Disclosures* to the extent the disclosures relate to items within the scope of SFRS(I) 9.

On transition to SFRS (I), the Group had elected to treat the carrying amount of its land and buildings held by its joint venture, revalued under the previous accounting policy as their deemed cost as at 1 January 2017 and depreciated based on their remaining useful lives. As a result, revaluation gains of $13,104,000 recorded in other reserves were reclassified to revenue reserves as at 1 January 2017. The results of the joint venture which are disclosed in Note 15 are accounted for under the equity method as described in Note 2.8.

The Group's statement of financial position as at 31 December 2017 was restated resulting in a decrease of $15,210,000 to investment in joint ventures, a decrease in other reserves by $28,314,000 and an increase in revenue reserves of $13,104,000. The statement of comprehensive income for the year ended 31 December 2017 was also restated, resulting in a decrease in share of results of a joint venture by $15,210,000.

New accounting standards effective on 1 January 2018

The accounting policies adopted are consistent with those previously applied under FRS except that in the current financial year, the Group has adopted all the SFRS(I) which are effective for annual financial periods beginning on or after 1 January 2018. Except for the impact arising from the exemptions applied as described above and the adoption of SFRS(I) 9 and SFRS(I) 15 described below, the adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

SFRS(I) 9 *Financial Instruments*

On 1 January 2018, the Group adopted SFRS(I) 9 *Financial instruments*, which is effective for annual periods beginning on or after 1 January 2018.

The changes arising from the adoption of SFRS(I) 9 have been applied retrospectively. The Group has elected to apply the exemption in SFRS(I) 1 and has not restated comparative information in the year of initial application. The comparative information was prepared in accordance with the requirements of FRS 39.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 First-time adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)") (Continued)

SFRS(I) 9 *Financial Instruments* (Continued)

Classification and measurement

The Group's trade receivables include receivables arising from the Group's financial service business. The Group's intention is to hold these receivables to collect the contractual cash flows. Consequently, upon adoption of SFRS(I) 9, these have been classified and measured at amortised cost.

SFRS(I) 9 requires debt instruments to be measured either at amortised cost, fair value through other comprehensive income ("**FVOCI**") or fair value through profit or loss ("**FVPL**"). Classification of debt instruments depends on the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest ("**SPPI**"). An entity's business model is how an entity manages its financial assets in order to generate cash flows and create value for the entity either from collecting contractual cash flows, selling financial assets or both. If a debt instrument is held to collect contractual cash flows, it is measured at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held both to collect the assets' contractual cash flows and to sell the assets are measured at FVOCI. Financial assets are measured at FVPL if they do not meet the criteria of FVOCI or amortised cost.

The assessment of the business model and whether the financial assets meet the SPPI requirements was made as of 1 January 2018, and if applicable, then applied retrospectively to those financial assets that were not derecognised before 1 January 2018.

The Group has a mixed business model. Debt instruments that were measured at amortised cost previously are held to collect contractual cash flows, and accordingly measured at amortised cost under SFRS(I) 9. For debt instruments that were measured at FVOCI previously, the Group's business model is to hold the debt instrument to collect contractual cash flows and sell, and accordingly measured at FVOCI when it applies SFRS(I) 9. There is no significant impact arising from the measurement of these instruments under SFRS(I) 9.

Debt instruments that were classified as loans and receivables that were previously measured at amortised cost that did not meet the SPPI requirements have been remeasured to FVPL under SFRS(I) 9.

Debt instruments that were classified as available-for-sale financial assets that were previously measured at FVOCI that did not meet the SPPI requirements have been remeasured to FVPL under SFRS(I) 9. Accordingly, the available-for sale financial asset of $10,364,000 as disclosed in the previous financial statements for the financial year ended 31 December 2017 under FRS 39 measured at FVOCI will now be remeasured to FVPL under SFRS(I) 9 as at 1 January 2018 for the same amount of $10,364,000. As at 31 December 2018, the debt instrument is now measured at FVPL with a carrying amount of $9,625,000.

SFRS(I) 9 requires all equity instruments to be carried at FVPL, however an entity may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at FVPL to present subsequent changes in fair value under other comprehensive income.

One of the Group's quoted debt securities that was previously measured at FVOCI was reclassified to equity instruments and have been remeasured to FVPL under SFRS(I) 9 as the Group did not make an irrevocable election at initial recognition for this instrument. Accordingly, the quoted debt security of $6,349,000 as disclosed in the previous financial statements for the financial year ended 31 December 2017 under FRS 39 will now be remeasured to FVPL under SFRS(I) 9 as at 1 January 2018 for the same amount of $6,349,000.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 First-time adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)") (Continued)

SFRS(I) 9 *Financial Instruments* (Continued)

Classification and measurement (Continued)

Except for the above, the Group elected to measure its currently held equity instruments at FVOCI. Upon disposal of these equity instruments, cumulative fair value changes previously recognised in FVOCI will be transferred to revenue reserves.

Unquoted equity securities that were previously measured at cost have been remeasured to FVOCI under SFRS(I) 9. Accordingly, these unquoted equity securities with a carrying value of $4,508,000 as disclosed in the previous financial statements for the financial year ended 31 December 2017 under FRS 39 measured at cost will now be remeasured to FVOCI under SFRS(I) 9 as at 1 January 2018 for the same amount of $4,508,000.

The Group's joint venture has elected to measure its previously held available-for-sale unquoted equity securities at cost to FVOCI under SFRS (I) 9. The difference between the carrying amount and the fair value upon adoption has been recognised in the opening revenue reserves. As a result of the remeasurement to FVOCI under SFRS(I) 9, the Group recorded an increase in revenue reserves of $73,000 and a corresponding increase in its investment in joint ventures.

Impairment

SFRS(I) 9 requires the Group to record expected credit losses on all of its financial assets measured at amortised cost or FVOCI and financial guarantees. The Group previously recorded impairment based on the incurred loss model when there is objective evidence that a financial asset is impaired.

Trade receivables from the Group's financial service business

Upon application of the expected credit loss model, the Group expects that due to the collateralised nature of the trade receivables and the low loan-to-valuation nature of its secured lending receivables, there is no significant impact upon adoption of SFRS(I) 9. Although the collateral does not influence whether the financial instrument has a low credit risk, the expected cash flows in the assessment of net lifetime expected credit losses will include cash flows from the sale of collateral held.

Quoted debt instruments

For those quoted debt instruments that are assessed to be of low credit risk and externally rated, the Group applied the low credit operational simplification and determined that no significant increase in credit risk has occurred. There is no significant impact arising from estimation of loss allowance based on 12-month probability of default and loss given default, which would result in impairment losses to be recognised in profit or loss.

For those quoted debt instruments that are assessed to be of high credit risk and externally rated, the Group applied the ECL approach based on a lifetime probability of default and loss given default. The Group recorded an impairment loss of $7,838,000 on these debt instruments held at FVOCI. In addition, the Group recorded a fair value loss of $1,602,000 on one of its equity instruments held at FVPL.

The impairment recognised from adoption of SFRS (I) 9 above resulted in a corresponding decrease in revenue reserves of $9,440,000, increase in deferred tax liabilities of $1,605,000 and an increase in other comprehensive income of $7,835,000 as at 1 January 2018.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 First-time adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)") (Continued)

SFRS(I) 9 *Financial Instruments* (Continued)

Tax adjustments and other adjustments

The Group does not expect any material tax adjustments and other adjustments other than mentioned below:

	Group 2017 $'000
Revenue – interest income from pawnbroking	39,225
Interest income not recognised due to forfeiture of pledges	(4,480)
As previously reported (Note 4)	34,745
Adoption of new standards	4,480
2017 revenue – interest income as reported (Note 4)	39,225

As shown in the table above, the adoption of SFRS(I) 9 on recognition of interest income from pawnbroking services did not impact the profit before tax for 31 December 2017 as the Group had not recognised interest income since it was not probable that economic benefits will flow to the Group due to forfeiture of pledges by the pawnshop customers. The interest income from pawnbroking services have been restated to recognise interest income and a corresponding write off of interest receivables under other operating expenses.

The Group has assessed which business model applies to the financial assets held by the Group at 1 January 2018 and has classified its financial instruments into the appropriate categories in accordance with SFRS(I) 9. The effects, before tax impact are as follows:

Financial assets:	**Group**					
Measurement category	FRS 39 carrying amount on 31 December 2017 **$'000**	Reclassifications **$'000**	Remeasurements **$'000**	SFRS(I) 9 carrying amount on 1 January 2018 **$'000**	Revenue reserves effect on 1 January 2018 **$'000**	Fair value reserves effect on 1 January 2018 **$'000**
Reclassified from AFS included in non-current trade and other receivables	–	10,364	–	10,364	–	–
Reclassified from AFS quoted equity securities	–	6,349	–	6,349	(1,602)	1,602
FVPL balances, reclassifications and remeasurements at 1 January 2018	–	16,713	–	16,713	(1,602)	1,602
FVOCI, AFS quoted debt and equity securities	177,817	(6,349)	–	171,468	(7,838)	7,838
FVOCI, AFS included in non-current trade and other receivables	10,364	(10,364)	–	–	–	–
Reclassified from AFS unquoted equity securities carried at cost	–	4,508	–	4,508	–	–
FVOCI balances, reclassifications, remeasurements at 1 January 2018	188,181	(12,205)	–	175,976	(7,838)	7,838

The initial application of SFRS(I) 9 does not have any reclassification effect to the Company's financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 First-time adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)") (Continued)

SFRS(I) 9 *Financial Instruments* (Continued)

Impairment

The reconciliation for loss allowances for the Group are as follows:

	Group	
	Trade receivables $'000	**Debt instruments carried at FVOCI $'000**
Opening loss allowance as at 1 January 2018	790	3,082
Amount restated through opening revenue reserves	–	7,838
Adjusted loss allowance	790	10,920

The initial application of SFRS(I) 9 does not have any impact on the loss allowances in the Company's financial statements.

SFRS(I) 15 *Revenue from Contracts with Customers*

The Group adopted SFRS(I) 15 which is effective for annual periods beginning on or after 1 January 2018.

The Group applied SFRS(I) 15 retrospectively and has elected to apply the exemption in SFRS(I) 1 to apply the following practical expedients in accordance with the transition provisions in SFRS(I) 15:

- For the comparative year ended 31 December 2017, the Group has not disclosed the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the corresponding revenue is expected to be recognised.

The Group is in the business of property development and construction, jewellery trading and retailing, and pawnbroking and moneylending. The impact of adopting SFRS(I) 15 is detailed as follows:

(a) Sale of development properties

(i) Timing of revenue recognition

The Group is engaged in development and sale of commercial and residential properties, both overseas and locally. For its overseas properties, the Group collected upfront payments which comprised purchase deposit monies held in trust accounts maintained by solicitors, and relate to property sales where recognition of revenue will be satisfied at a point in time when the completed unit is handed over to the buyer. As the Group does not have the rights to these monies collected until the completion of the development project, these do not represent a contract liability for the Group and there is no material impact upon adoption.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 First-time adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)") (Continued)

SFRS(I) 15 *Revenue from Contracts with Customers* (Continued)

(a) Sale of development properties (Continued)

(i) Timing of revenue recognition (Continued)

For the sale of its local commercial and residential units, the Group previously recognised revenue from the sale of development properties under construction using the percentage of completion method for contracts where the legal terms were such that the construction represented the continuous transfer of work in progress to the purchaser. Under SFRS(I) 15, performance obligations for the sale of these commercial and residential development properties are satisfied over time where the Group is restricted contractually from directing the properties for another use as they are being developed and has an enforceable right to payment for performance completed to date. For these development properties, revenue continues to be recognised over time based on project progression and billings to customers based on completion of certain milestones as indicated in contracts with customers. The excess of the revenue recognised over contractual billings has to be classified as a contract asset and excess of contractual billings over revenue recognised has to be classified as a contract liability.

As a result of the foregoing, the Group's statement of financial position as at 1 January 2017 was restated resulting in an increase in contract assets by $131,128,000, a decrease in development properties by $109,374,000 and a decrease in trade and other receivables by $21,754,000.

The Group's statement of financial position as at 31 December 2017 was restated resulting in an increase in contract assets by $112,274,000, a decrease in development properties by $92,905,000 and a decrease in trade and other receivables by $19,369,000.

(ii) Capitalisation of borrowing costs for entities which recognise revenue over time for the sale of development properties.

The Group previously capitalised borrowing costs in relation to its local development properties. In March 2019, the IFRS interpretations committee issued its agenda decision that borrowing costs, relating to contracts with customers for which an entity transfers control of units over time, should not be capitalised. Consequently, the Group recognised a decrease in development properties of $5,691,000, a corresponding decrease in revenue reserves of $5,122,000 and a decrease in non-controlling interests by $569,000 at 1 January 2017.

The Group's statement of financial position as at 31 December 2017 was restated resulting in an decrease in development properties by $2,879,000, a corresponding decrease in revenue reserves of $2,591,000 and a decrease in non-controlling interests by $288,000 at 31 December 2017. The statement of comprehensive income for the year ended 31 December 2017 was also restated, resulting in a decrease in material and subcontract costs by $5,683,000 and an increase in finance costs by $2,871,000.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 First-time adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)") (Continued)

SFRS(I) 15 *Revenue from Contracts with Customers* (Continued)

(a) Sale of development properties (Continued)

(iii) Capitalised contract costs

The Group pays commissions to property agents on the sale of its local commercial and residential units and previously recognised such commissions as expense when incurred. The Group applied the practical expedients in SFRS(I) 15 for costs to obtain a contract to expense those costs that would have been amortised over one year or less. Where the amortisation period will be longer than one year, the Group will capitalise the incremental costs of obtaining a contract that meet the criteria in SFRS(I) 15. Under SFRS(I) 15, the Group capitalises such commissions as incremental costs to obtain a contract with a customer if these costs are recoverable. These costs are amortised to profit or loss as the Group recognises the related revenue. Arising from this change, the Group recognised an amount of $9,394,000 and $4,509,000 in capitalised contract costs as at 1 January 2017 and 31 December 2017 respectively. Capitalised contract costs are disclosed in Note 4(c) and are included in the carrying amounts of development properties.

The following is the reconciliation of the impact arising from first-time adoption of SFRS(I) including application of the new accounting standards on 1 January 2017 to the statement of financial position of the Group.

	Group			
	1 January 2017 (FRS) $'000	SFRS(I) 1 Adjustments $'000	SFRS(I) 15 Adjustments $'000	1 January 2017 SFRS (I) $'000
Assets				
Non-current assets				
Total non-current assets	248,369	–	–	248,369
Current assets				
Other current assets	376,519	–	–	376,519
Trade and other receivables	298,877	–	(21,754)	277,123
Development properties	798,011	–	(115,065)	682,946
Contract assets	–	–	131,128	131,128
	1,473,407	–	(5,691)	1,467,716
Total assets	1,721,776	–	(5,191)	1,716,085
Equity and liabilities				
Total liabilities	1,344,906	–	–	1,344,906
Equity attributable to owners of the Company				
Share capital	226,152	–	–	226,152
Treasury shares	(2,589)	–	–	(2,589)
Other reserves	(5,329)	(13,104)	–	(18,433)
Revenue reserves	93,755	13,104	(5,122)	101,737
	311,989	–	(5,122)	306,867
Non-controlling interests	64,881	–	(569)	64,312
Total equity	376,870	–	(5,691)	371,179
Total equity and liabilities	1,721,776	–	(5,691)	1,716,085

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 First-time adoption of Singapore Financial Reporting Standards (International) ("SFRS(I)") (Continued)

SFRS(I) 15 *Revenue from Contracts with Customers* (Continued)

The following is the reconciliation of the impact arising from first-time adoption of SFRS(I) including application of the new accounting standards on 31 December 2017 and 1 January 2018 to the statement of financial position of the Group.

	Group					
	31 December 2017 (FRS) $'000	**SFRS(I) 1 Adjustments $'000**	**SFRS(I) 15 Adjustments $'000**	**31 December 2017 SFRS(I) $'000**	**SFRS(I) 9 Adjustments $'000**	**1 January 2018 SFRS(I) $'000**
Assets						
Non-current assets						
Other non-current assets	387,159	–	–	387,159	–	387,159
Investment in joint ventures	30,316	(15,210)	–	15,106	73	15,179
Deferred tax assets	8,430	–	–	8,430	(1,605)	6,825
	425,905	(15,210)	–	410,695	(1,532)	409,163
Current assets						
Other current assets	324,104	–	–	324,104	–	324,104
Trade and other receivables	309,310	–	(19,369)	289,941	–	289,941
Development properties	941,195	–	(95,784)	845,411	–	845,411
Contract assets	–	–	112,274	112,274	–	112,274
	1,574,609	–	(2,879)	1,571,730	–	1,571,730
Total assets	2,000,514	(15,210)	(2,879)	1,982,425	(1,532)	1,980,893
Equity and liabilities						
Total liabilities	1,573,766	–	–	1,573,766	–	1,573,766
Equity attributable to owners of the Company						
Share capital	226,930	–	–	226,930	–	226,930
Treasury shares	(2,589)	–	–	(2,589)	–	(2,589)
Other reserves	16,438	(28,314)	–	(11,876)	7,835	(4,041)
Revenue reserves	96,231	13,104	(2,591)	106,744	(9,367)	97,377
	337,010	(15,210)	(2,591)	319,209	(1,532)	317,677
Non-controlling interests	89,738	–	(288)	89,450	–	89,450
Total equity	426,748	(15,210)	(2,879)	408,659	(1,532)	407,127
Total equity and liabilities	2,000,514	(15,210)	(2,879)	1,982,425	(1,532)	1,980,893

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 First-time adoption of Singapore Financial Reporting Standards (International) (SFRS(I)) (Continued)

SFRS(I) 15 *Revenue from Contracts with Customers* (Continued)

The following is the reconciliation of the impact arising from first-time adoption of SFRS(I) and application of the new accounting standards to the statement of comprehensive income of the Group for the year ended 31 December 2017.

	2017 (FRS) $'000	SFRS(I) 15 adjustments $'000	SFRS(I) 9 adjustments $'000	2017 (SFRS(I)) $'000
Revenue	485,051	–	4,480	489,531
Other items of income	22,343	–	–	22,343
Other items of expense				
Others	(56,144)	–	–	(56,144)
Materials and subcontract costs	(333,615)	5,683	–	(327,932)
Finance costs	(26,930)	(2,871)	–	(29,801)
Other operating expenses	(75,889)	–	(4,480)	(80,369)
Profit before tax	14,816	2,812	–	17,628
Income tax expense	(8,974)	–	–	(8,974)
Profit for the year	5,842	2,812	–	8,654
Other comprehensive income:				
Item that will not be reclassified to profit or loss				
Share of other comprehensive income of a joint venture	15,210	(15,210)	–	–
Items that may be reclassified subsequently to profit or loss				
Net fair value changes of available-for-sale financial assets	1,055	–	–	1,055
Foreign currency translation	428	–	–	428
Share of other comprehensive income of a joint venture	138	–	–	138
Other comprehensive income for the year, net of tax	16,831	(15,210)	–	1,621
Total comprehensive income for the year	22,673	(12,398)	–	10,275
Profit for the year attributable to:				
Owners of the Company	2,305	2,531	–	4,836
Non-controlling interests	3,537	281	–	3,818
	5,842	2,812	–	8,654
Total comprehensive income attributable to:				
Owners of the Company	19,151	(12,679)	–	6,472
Non-controlling interests	3,522	281	–	3,803
	22,673	(12,398)	–	10,275
Earnings per share attributable to owners of the Company (cents per share)				
Basic	0.12	0.13	–	0.25
Diluted	0.12	0.13	–	0.25

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

Description	Effective for annual periods beginning on or after
SFRS(I) 16 *Leases*	1 January 2019
SFRS(I) INT 23 *Uncertainty over Income Tax Treatments*	1 January 2019
Amendments to SFRS(I) 1-28 *Long-term Interests in Associates and Joint Ventures*	1 January 2019
Annual Improvements to SFRS(I)s 2015-2017 Cycle	1 January 2019
Amendments to SFRS(I) 10 and SFRS(I) 1-28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

Except for SFRS(I) 16, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the year of initial application. The nature of the impending changes in accounting policy on adoption of SFRS(I) 16 are described below.

SFRS(I) 16 *Leases*

SFRS(I) 16 requires lessees to recognise most leases on balance sheets. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. SFRS(I) 16 is effective for annual periods beginning on or after 1 January 2019. At commencement date of a lease, a lessee will recognise a liability to make a lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

On the adoption of SFRS(I) 16, the Group expects to choose, on a lease-by-lease basis, to measure the right-of-use asset at either:

(i) its carrying amount as if SFRS(I) 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as of 1 January 2019; or

(ii) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 January 2019.

In addition, the Group plans to elect the following practical expedients:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply SFRS(I) 16 to all contracts that were previously identified as leases;

- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease term ends within 12 months as of 1 January 2019;

- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics.

The Group has performed a preliminary impact assessment based on currently available information, and the assessment may be subject to changes arising from ongoing analysis until the Group adopts SFRS(I) 16 in 2019.

On the adoption of SFRS(I) 16, the Group expects to recognise right-of-use assets and lease liabilities for its leases previously classified as operating leases.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

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

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

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

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

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

– derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;

– derecognises the carrying amount of any non-controlling interest;

– derecognises the cumulative translation differences recorded in equity;

– recognises the fair value of the consideration received;

– recognises the fair value of any investment retained;

– recognises any surplus or deficit in profit or loss;

– reclassifies the Group’s share of components previously recognised in other comprehensive income to profit or loss or revenue reserves, as appropriate.

(b) Business combinations and goodwill

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Basis of consolidation and business combinations (Continued)

(b) Business combinations and goodwill (Continued)

Non-controlling interest in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of net assets of the acquiree recognised on the acquisition date at fair value, or the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

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. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

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

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.

2.5 Transactions with non-controlling interests

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

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

2.6 Subsidiaries

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Joint arrangements

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

(a) *Joint operations*

The Group recognises in relation to its interest in a joint operation,

(a) its assets, including its share of any assets held jointly;

(b) its liabilities, including its share of any liabilities incurred jointly;

(c) its revenue from the sale of its share of the output arising from the joint operation;

(d) its share of the revenue from the sale of the output by the joint operation; and

(e) its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the accounting policies applicable to the particular assets, liabilities, revenues and expenses.

(b) *Joint ventures*

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method. The accounting policy for investment in joint ventures is set out in Note 2.8.

2.8 Associates and joint ventures

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Associates and joint ventures (Continued)

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

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

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

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

2.9 Foreign currency

The 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 profit or loss.

(b) *Consolidated financial statements*

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Property, plant and equipment

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

Freehold land has an unlimited useful life and therefore is not depreciated. Work-in-progress is not depreciated until it is ready for its intended use.

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

Freehold properties	–	50 years
Leasehold properties	–	63 to 69 years
Renovations, electrical fittings, furniture and fittings	–	3 to 15 years
Air-conditioners, security equipment and office equipment	–	3 to 11 years
Machinery, tools and equipment	–	3 to 8 years
Computers	–	3 to 5 years
Motor vehicles	–	3 to 7 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 useful lives 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 de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

2.11 Investment properties

Investment properties are properties that are either owned by the Group or leased under a finance lease that are held to earn rental or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of an investment property is met.

Investment properties are initially measured at cost, including transaction costs.

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 profit or loss 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 profit or loss in the year of retirement or disposal.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

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

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

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

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

(i) *Brands*

The brands were acquired in business combinations. The useful lives of the brands are estimated to be 15 years and are amortised on a straight-line basis.

(ii) *Trademark*

Trademark acquired separately is measured on initial recognition at cost. Following initial recognition, it is carried at cost less accumulated amortisation and any accumulated impairment losses.

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

For trademarks with finite useful lives, the trademark are amortised on a straight-line basis over its finite useful life of 15 years.

For trademarks with indefinite useful lives, the trademarks are estimated to have indefinite useful lives based on the current market share of these trademarks. Hence, management believes that there is no foreseeable limit to the period over which the trademarks are expected to generate net cash inflows for the Group.

2.13 Impairment of non-financial assets

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Impairment of non-financial assets (Continued)

Impairment losses are recognised in profit or loss.

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

2.14 Financial instruments

(a) *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.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of a third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

(i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial instruments (Continued)

(a) *Financial assets* (Continued)

Subsequent measurement (Continued)

Investments in debt instruments (Continued)

(ii) Fair value through other comprehensive income

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

(iii) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt instruments that is subsequently measured at FVPL and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in other comprehensive income, changes in fair value are recognised in profit or loss.

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in fair value of derivatives are recognised in profit or loss.

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial instruments (Continued)

(b) *Financial liabilities*

Initial recognition and measurement

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

All financial liabilities are recognised initially at fair value plus directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

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

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks, cash on hand and cash amounts held under the "Project Account (Amendment) Rules – 1997" withdrawals of which are restricted to payments for expenditure incurred on projects. These also include bank overdrafts that form an integral part of the Group's cash management.

2.16 Impairment of financial assets

The Group estimates the ECLs for all debt instruments not held at FVPL and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Group's estimation varies with respect to its various types of financial assets as follows:

Trade receivables from the Group's financial service business

(i) Pawnshop loans and interest receivables on pawnshop loans

The Group uses the general approach and estimates for lifetime ECLs on the financial assets. ECLs are based on the difference between the contractual cash flows due in accordance with the contractual terms of the pawn tickets and all the cash flows that the Group expects to receive from the sale of collateral held or other credit enhancements that are integral to the contractual terms of the pawn tickets.

The Group considers the financial assets to be in default upon forfeiture of the collateral to the Group. When such default occurs, the Group has no reasonable expectations of recovering the interest receivable portion of the financial assets. Therefore, the Group writes off the interest receivable portion of the financial assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Impairment of financial assets (Continued)

Trade receivables from the Group's financial service business (Continued)

(ii) Secured lending receivables

The Group uses the general approach and estimates the 12-month expected credit losses when there is no indication of significant deterioration in credit risk. When a significant increase in credit risk has occurred, the Group estimates the lifetime ECLs for such financial assets.

Trade receivables from the Group's jewellery and real estate businesses, and contract assets

The Group applies a simplified approach in calculating ECLs relating to the trade receivables from its jewellery and real estate businesses, and contract assets. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Debt investment securities

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For debt instruments at FVOCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the external credit rating of the debt instrument.

Due from subsidiaries, associates and joint ventures

The Group uses the general approach and estimates the 12-month expected credit losses when there is no indication of significant deterioration in credit risk based on the financial performance of its related entities. When a significant increase in credit risk has occurred, the Group estimates the lifetime ECLs for such financial assets.

2.17 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

Raw materials	–	purchase costs on a weighted average basis; and
Finished goods	–	cost of raw materials, labour and an attributable portion of overheads, determined on a specific identification 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.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Development properties

Development properties are properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation.

Development properties are held as inventories and are measured at the lower of cost and net realisable value.

Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are capitalised as capitalised contract costs and amortised to profit or loss as the Group expects to recognise the related revenue.

Net realisable value of development properties is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

The costs of development properties recognised in profit or loss on disposal are determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

2.19 Properties held for sale

Properties held for sale are properties constructed or purchased which are intended for sale in the ordinary course of business. Properties held for sale are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

2.20 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.

2.21 Employee benefits

(a) *Defined contribution plans*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund 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.

(b) *Employee leave entitlement*

Employees' entitlement to annual leave is recognised as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period.

(c) *Employees share award plan*

The Company's treasury shares can be awarded to certain employees and directors of the Group. Share award expense is recognised as an expense in the same period in which the related service is performed. The fair value of the share award expense is determined based on the market value of the shares at the distribution dates. Any difference between the weighted average cost of the treasury shares and the fair value of the share award expense is recorded in "Gain on reissuance of treasury shares" within equity.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Leases

(a) *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 profit or loss. 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 an expense in profit or loss 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.

(b) *As lessor*

Leases in which 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 2.23(c). Contingent rents are recognised as revenue in the period in which they are earned.

2.23 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) *Sales of goods*

Revenue from sale of jewellery

Revenue from sale of jewellery is recognised upon the transfer of goods to the customer, usually on delivery and acceptance of the goods sold. 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.

The amount of revenue recognised is based on the estimated transaction price, which comprises the contractual price, net of the estimated volume discounts and adjusted for expected returns. Based on the Group's experience with similar types of contracts, variable consideration is typically constrained and is included in the transaction only to the extent that it is a highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Revenue (Continued)

(a) *Sales of goods* (Continued)

Revenue from sale of jewellery (Continued)

The Group recognises the expected volume discounts payable to customer where consideration has been received from customers and refunds due to expected returns from customers as refund liabilities. Separately, the Group recognises a related asset for the right to recover the returned goods, based on the former carrying amount of the good less expected costs to recover the goods, and adjusts them against cost of sales correspondingly.

At the end of each reporting date, the Group updates its assessment of the estimated transaction price, including its assessment of whether an estimate of variable consideration is constrained. The corresponding amounts are adjusted against revenue in the period in which the transaction price changes. The Group also updates its measurement of the asset for the right to recover returned goods for changes in its expectations about returned goods.

The Group offers customers the option to separately purchase extended warranty that provides the customer with a distinct service in addition to the assurance that the product complies with agreed-upon specifications. The Group accounts for a service-type warranty as a separate performance obligation to which the Group allocates a portion of the transaction price. The portion of the consideration allocated to the service-type warranty is initially recorded as a contract liability and recognised as revenue over the period when the warranty services are provided.

The Group has elected to apply the practical expedient to recognise the incremental costs of obtaining a contract as an expense when incurred where the amortisation period of the asset that would otherwise be recognised is one year or less.

Revenue from sale of completed development property

A development property is regarded as sold when the significant risks and returns have been transferred to the buyer at a point in time, which is normally on unconditional exchange of contracts. For conditional exchanges, sales are recognised only when all the significant conditions are satisfied.

Revenue from sale of development property under construction

Where a development property is under construction and agreement has been reached to sell such property when construction is completed, revenue is recognised at a point in time when the significant risks and rewards of ownership of the property have been transferred to the buyer (i.e. revenue is recognised at a point in time).

If, however, the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the purchaser, the percentage of completion method of revenue recognition is applied and revenue is recognised as work progresses. The percentage of work completed is measured by reference to the survey of work performed by external architects.

Incremental costs of obtaining a contract are capitalised if these costs are recoverable. Costs to fulfil a contract are capitalised if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract and are expected to be recovered. Other contract costs are expensed as incurred.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue. An impairment loss is recognised in profit or loss to the extent that the carrying amount of the capitalised contract costs exceeds the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the contract costs relates less the costs that relate directly to providing the goods and that have not been recognised as expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Revenue (Continued)

(b) *Interest income*

Interest income from loans to customers and quoted debt securities is recognised using the effective interest method.

(c) *Rental income from operating leases*

Rental income arising from operating leases on leasehold properties and standing property at a development site 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.

(d) *Dividend income*

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

2.24 Taxes

(a) *Current income tax*

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

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

(b) *Deferred tax*

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

Deferred tax liabilities are recognised for all taxable 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 accounting profit nor taxable profit or loss; and

– In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Taxes (Continued)

(b) *Deferred tax* (Continued)

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

– Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and

– In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, 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 recovered.

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

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

(c) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

– Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the 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 sales tax included.

2.25 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.26 Treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss 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.

2.27 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 one or more uncertain future events 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 one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet 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.

2.28 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 in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are measured at the higher of the amount of expected credit loss determined in accordance with the policy set out in Note 2.16 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgments, 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. 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 Judgments in applying accounting policies

In the process of applying the Company's accounting policies, management has made the following judgment which has the most significant effect on the amounts recognised in the financial statements:

Classification and measurement of equity instruments as FVOCI

The Group intends to hold its equity instruments for an indefinite period and it may be sold in response to liquidity needs or in response to changes in the market conditions. Therefore, management has concluded that these equity instruments are not held for trading and can be classified and measured at FVOCI.

3.2 Key sources of estimation uncertainty

The Group, on its own or in reliance on third parties, also applied estimates, assumptions and judgments in the following areas. These estimates, assumptions and judgments are however not expected to have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities as disclosed in the notes to the financial statements within the next financial year.

(a) *Allowance for expected credit losses on pawnshop loans and interest receivables on pawnshop loans*

The Group uses a provision matrix to estimate the allowance for ECL on trade receivables of the Group's financial service business. The Group has estimated the probability of default being the forfeiture of the customers' pledges based on historical non-redemption data of individual pawnshop outlets. The Group has estimated the loss given default based on the expected realisable value of the customers' pledges. Significant judgment and estimation is involved in using the historical non-redemption data to derive the probability of default as the pawnshop loans age as well as considering any forward-looking economic information. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The carrying amount of the Group's trade receivables which includes the Group's financial service business at the end of the financial year is disclosed in Note 20 to the financial statements.

(b) *Income taxes*

The Group has exposure to income taxes in the countries where the Group operates. Significant judgment is involved in determining the Group-wide provision for income taxes. 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 provision for taxation, deferred tax liabilities and deferred tax assets at the end of the reporting period was $14,250,000 (2017: $3,790,000), $15,804,000 (2017: $13,706,000) and $3,530,000 (2017: $8,430,000) respectively.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

3.2 Key sources of estimation uncertainty (Continued)

(c) *Allowance for inventory obsolescence*

The Group periodically assesses the allowance for inventory obsolescence. When inventories are deemed obsolete or when the net realisable value falls below cost, the amount of obsolete inventories or fall in value is recognised as an impairment against the inventory balance. To determine whether there is objective evidence of impairment, the Group estimates future demand for the product. Any possible changes in these estimates could result in revision to the valuation of inventory. The carrying amount of the Group's inventories at the end of the reporting period is disclosed in Note 18 to the financial statements.

(d) *Revenue recognition on development properties*

The Group recognises revenues and costs of certain types of development properties under construction using the percentage of completion method for contracts where the legal terms were such that the construction represented the continuous transfer of work in progress to the purchaser. The stage of completion is measured by reference to the survey of work performed by external architects. Revenue is recognised over time based on project progression and billings to customers based on completion of certain milestones as indicated in contracts with customers.

Significant assumptions are required to estimate the total development costs which are recognised by reference to the stage of completion of a project at the end of the reporting period. In making these estimates, management has relied on costs actually paid or contracted for, and in respect of costs not paid or contracted for, management's estimates of the costs to be incurred taking into consideration historical trends of its project costs.

Management has reviewed the status of all its projects and is satisfied that the estimates are realistic, and the estimates of total project costs and sales proceeds indicate full project recovery. The carrying amounts of the development properties and accrued expenses relating to development properties are disclosed in Note 19(a) and Note 24 to the financial statements.

(e) *Estimation of net realisable value for development properties*

Development properties are stated at the lower of cost and net realisable value ("NRV").

As at 31 December 2018 and 2017, a proportion of the Group's development properties are in their planning phases, some of which the Group is in the process of obtaining the necessary development permits from the relevant authorities in the respective jurisdictions. NRV in respect of these development properties is assessed based on management's best estimates of expected selling price (taking into account estimated costs to complete construction) based on future property market and economic conditions in the respective market, with the assumption that the required development permits will be obtained. Management has also made estimates of NRV with references to gross development values as assessed by external appraisers for certain development projects. The gross development value of a development property is derived from estimated sales proceeds less estimated construction costs.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

3.2 Key sources of estimation uncertainty (Continued)

(e) *Estimation of net realisable value for development properties* (Continued)

In terms of expected selling prices, management has made the estimates with reference to market prices at the reporting date for similar properties in the respective markets where applicable. Estimated construction costs or costs to complete construction take into account construction contracts entered into or input from project managers.

As at 31 December 2018 and 2017, the carrying amounts of development properties are disclosed in Note 19(a) to the financial statements.

(f) *Estimation of net realisable value for properties held for sale*

Properties held for sale are stated at the lower of cost and NRV.

NRV in respect of properties held for sale is assessed with reference to expected selling price based on current property market and economic conditions in the respective markets or use of external appraisers to support its determination of market prices. As at 31 December 2018 and 2017, the carrying amount of properties held for sale are disclosed in Note 19(b) to the financial statements.

(g) *Fair value of financial instruments*

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgment to select the appropriate valuation model and make assumptions that are mainly based on market conditions existing at the end of each reporting period. The inputs to this model are derived from market data where possible, but where not feasible, a degree of judgment is required in establishing fair values. For details of the valuation method and key assumptions used, refer to Note 35(d).

(h) *Allowance for expected credit losses on quoted debt securities with fixed maturity*

Management has performed impairment assessment of these debt instruments and determined the expected credit loss as at 31 December 2018.The determination of ECL requires significant management judgment and involved estimation uncertainty as the instruments are issued by corporations operating in various industries and countries, and management's impairment assessment requires consideration of the specific local market risks to which the corporations are subject to.

Management considers actual or expected significant changes in the financial instruments' external credit rating, actual or expected significant changes in the financial performance of the issuer or existing or forecasted adverse changes in the issuer's business, financial or economic conditions that are expected to cause a significant change in the issuer's ability to meet its debt obligations in the ECL model. The carrying amount of the quoted debt securities with fixed maturity is disclosed in Note 17 to the financial statements.

4. REVENUE

(a) Disaggregation of revenue

Segments	Financial Services		Development properties		Jewellery		Total revenue	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Major product or service lines								
Interest income from pawnbroking services	41,109	39,225	–	–	–	–	41,109	39,225
Interest income and distribution income from secured lending	8,944	1,878	–	–	–	–	8,944	1,878
Sale of jewellery and branded merchandise	148,023	146,206	–	–	126,060	116,335	274,083	262,541
Sale of development properties	–	–	571,323	185,749	–	–	571,323	185,749
Service income	–	–	2,890	–	–	–	2,890	–
Marketing income	–	–	–	–	102	138	102	138
	198,076	187,309	574,213	185,749	126,162	116,473	898,451	489,531
Timing of transfer of goods or services								
At a point in time	148,023	146,206	442,032	–	126,162	116,473	716,217	262,679
Over time	–	–	132,181	185,749	–	–	132,181	185,749
Interest income scoped out of SFRS(I) 15	50,053	41,103	–	–	–	–	50,053	41,103
	198,076	187,309	574,213	185,749	126,162	116,473	898,451	489,531

(b) Contract assets

Information about receivables and contract assets from contracts with customers is disclosed as follows:

	Group		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Contract assets	44,918	112,274	131,128
Trade receivables (Note 20)	318,945	276,868	251,648

Contract assets primarily relate to the Group's right to consideration of work completed but not yet billed at reporting date for its development of property. Contract assets are transferred to receivables when the rights become unconditional.

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4. REVENUE (CONTINUED)

(c) Capitalised contract costs

	Group	
	2018 $'000	2017 $'000
Capitalised incremental costs of obtaining contract – commission costs paid to property agents		
At 1 January	4,509	9,394
Additions	1,072	966
Amortisation	(5,581)	(5,851)
At 31 December	–	4,509

5. EMPLOYEE BENEFITS

	Group	
	2018 $'000	2017 $'000
Employee benefits expense (including executive directors):		
Salaries and bonuses	52,217	44,673
Central Provident Fund contributions	6,181	5,360
	58,398	50,033

6. FINANCE COSTS

	Group	
	2018 $'000	2017 $'000
Interest expense on:		
– Term loans/short-term borrowings	30,858	19,574
– Term notes and bonds	34,498	32,460
– Amortisation of prepaid commitment fees	2,671	2,554
– Amortisation of premium on term notes	(55)	(12)
– Others	42	33
	68,014	54,609
Less: Interest expense capitalised in development properties	(36,680)	(24,808)
Total finance costs	31,334	29,801

7. OTHER INCOME

	Group 2018 $'000	Group 2017 $'000
Administrative income	705	–
Corporate charges to a subsidiary of a joint venture	360	360
Dividend income from investment securities	322	79
Forfeiture of option fees on sale of development properties	203	205
Foreign exchange gain	170	2,640
Net gain on disposal of investment securities	–	1,880
Reversal of impairment in investment securities	2,774	–
Gain on bargain purchase on acquisition of subsidiary	1,144	–
Net gain on remeasuring previously held equity interest in associates to fair value on business combination	957	–
Income from hotel operations	452	–
Government grants and other miscellaneous income	1,808	1,236
Net fair value gain on derivatives	2,537	–
	11,432	6,400

8. PROFIT BEFORE TAX

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

	Note	Group 2018 $'000	Group 2017 $'000
Audit fees to:			
– Auditor of the Company		713	622
– Other auditors		53	87
Non-audit fees to:			
– Auditor of the Company		113	86
Amortisation of prepaid rent		3	42
Amortisation of intangible assets	12	1,086	915
Directors' fees		226	226
Depreciation of property, plant and equipment	10	5,458	4,656
Fair value loss on investment property		1,303	486
Fixed rental expense on operating leases		28,910	30,983
Contingent rental expense on operating leases		1,256	1,509
Allowance for write-down of development properties and properties held for sale		–	1,326
Property, plant and equipment written-off		818	877
Allowance for doubtful trade and other receivables, net		564	7
(Write-back)/write down of inventories	18	(29)	149
Net loss/(gain) on disposal of investment securities		1,665	(1,534)
(Gain)/Loss on purchase and cancellation of term notes and bonds		(67)	34
Net foreign exchange loss/(gain)		19,850	(2,468)
Financial losses on pledged items not fully covered by insurance		13	25
(Reversal of impairment)/impairment loss on investment securities		(2,774)	1,733
Impairment loss on intangible assets		1,773	–
Gain on bargain purchase on acquisition of subsidiary		(1,144)	–
Net gain on remeasuring previously held equity interest in associates to fair value on business combination		(957)	–
Interest receivable on pawnshop loans written off		4,427	4,480

9. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding (excluding treasury shares) during the financial year.

Diluted earnings per share amounts are calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding (excluding treasury shares) during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The weighted average number of shares takes into account the weighted average effect of issue of bonus shares, bonus element in rights issue and changes in treasury shares transactions during the year. Comparatives have been adjusted accordingly, as applicable.

The following table reflects the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	Group	
	2018 **$'000**	**2017** **$'000**
Profit for the year attributable to owners of the Company used in the computation of basic and diluted earnings per share	28,346	4,836
Weighted average number of ordinary shares ('000) (excluding treasury shares) for basic and diluted earnings per share computation	1,936,491	1,935,040
Earnings per share (cent)		
– basic	1.46	0.25
– diluted	1.46	0.25

10. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold properties $'000	Leasehold properties $'000	Renovations, electrical fittings, furniture and fittings $'000	Air-conditioners, security equipment and office equipment $'000	Machinery, tools and equipment $'000	Computers $'000	Motor vehicles $'000	Work-in-progress $'000	Total $'000
Cost:									
At 1 January 2017	15,913	16,178	22,801	5,065	1,562	6,384	623	2,060	70,586
Additions	–	10,440	1,616	674	200	522	84	26,444	39,980
Acquisition of a subsidiary	–	–	68	6	–	8	–	–	82
Disposals	–	–	(19)	(12)	–	–	–	–	(31)
Written-off	–	–	(4,624)	(511)	(82)	(43)	–	(155)	(5,415)
Transfer in/(out)	–	–	3,206	19	3	248	–	(3,476)	–
Transferred to intangible assets	–	–	–	–	–	–	–	(1,308)	(1,308)
Exchange differences	–	–	–	–	–	–*	–	–	–*
At 31 December 2017 and 1 January 2018	15,913	26,618	23,048	5,241	1,683	7,119	707	23,565	103,894
Additions	–	6,935	2,199	401	249	376	216	8,736	19,112
Acquisition of a subsidiary	–	–	470	63	724	100	–	23	1,380
Disposals	–	–	(352)	(42)	(20)	(30)	(65)	–	(509)
Written-off	–	–	(3,256)	(338)	(157)	(217)	–	(10)	(3,978)
Transfer in/(out)	–	–	1,552	2	53	142	–	(1,749)	–
Transferred to intangible assets	–	–	–	–	–	–	–	–	–
Transferred from development properties	1,369	427	–	–	–	–	–	–	1,796
Exchange differences	–*	–	(17)	(2)	(28)	(4)	–*	(1)	(52)
At 31 December 2018	17,282	33,980	23,644	5,325	2,504	7,486	858	30,564	121,643

* Less than $1,000

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold properties $'000	Leasehold properties $'000	Renovations, electrical fittings, furniture and fittings $'000	Air-conditioners, security equipment and office equipment $'000	Machinery, tools and equipment $'000	Computers $'000	Motor vehicles $'000	Work-in-progress $'000	Total $'000
Accumulated depreciation and impairment:									
At 1 January 2017	404	544	16,531	3,849	1,326	5,306	322	–	28,282
Depreciation charge for the year	10	300	2,956	463	128	726	73	–	4,656
Disposals	–	–	(10)	(7)	–	–	–	–	(17)
Written-off	–	–	(3,982)	(436)	(78)	(42)	–	–	(4,538)
At 31 December 2017 and 1 January 2018	414	844	15,495	3,869	1,376	5,990	395	–	28,383
Depreciation charge for the year	9	519	3,350	498	256	733	93	–	5,458
Disposals	–	–	(95)	(12)	(9)	(10)	(61)	–	(187)
Written-off	–	–	(2,644)	(287)	(41)	(188)	–	–	(3,160)
Exchange differences	–*	–	(5)	–*	(1)	–*	–*	–	(6)
At 31 December 2018	423	1,363	16,101	4,068	1,581	6,525	427	–	30,488
Net carrying amount:									
At 1 January 2017	15,509	15,634	6,270	1,216	236	1,078	301	2,060	42,304
At 31 December 2017	15,499	25,774	7,553	1,372	307	1,129	312	23,565	75,511
At 31 December 2018	16,859	32,617	7,543	1,257	923	961	431	30,564	91,155

* Less than $1,000

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Renovations, electrical fittings, furniture and fittings $'000	Air-conditioners, security equipment and office equipment $'000	Machinery, tools and equipment $'000	Computers $'000	Work-in-progress $'000	Total $'000
Cost:						
At 1 January 2017	789	419	78	3,867	171	5,324
Additions	–	5	–	106	180	291
Written-off	–	(1)	–	(3)	–	(4)
Transferred to intangible assets	–	–	–	–	(330)	(330)
At 31 December 2017 and 1 January 2018	789	423	78	3,970	21	5,281
Additions	–	2	–	8	56	66
Disposal	–	(3)	–	–	–	(3)
Transferred in/(out)	–	–	–	42	(42)	–
At 31 December 2018	789	422	78	4,020	35	5,344
Accumulated depreciation and impairment:						
At 1 January 2017	719	394	78	3,253	–	4,444
Depreciation charge for the year	28	12	–	403	–	443
Written-off	–	(1)	–	(3)	–	(4)
At 31 December 2017 and 1 January 2018	747	405	78	3,653	–	4,883
Depreciation charge for the year	26	9	–	236	–	271
Disposal	–	(1)	–	–	–	(1)
At 31 December 2018	773	413	78	3,889	–	5,153
Net carrying amount:						
A1 1 January 2017	70	25	–	614	171	880
At 31 December 2017	42	18	–	317	21	398
At 31 December 2018	16	9	–	131	35	191

Assets pledged as security

A floating charge has been placed on property, plant and equipment of certain subsidiaries with a carrying amount aggregating to $82,850,000 (31 December 2017: $68,510,000, 1 January 2017: $34,111,000) as security for bank borrowings (Note 25).

11. INVESTMENT PROPERTIES

	Group	
	2018	**2017**
	$'000	**$'000**
Statement of financial position:		
At 1 January	60,566	45,700
Transferred from properties held for sale	–	15,352
Transferred from development properties	13,235	–
Net loss from fair value adjustments recognised in profit or loss	(1,303)	(486)
Exchange difference	25	–
At 31 December	72,523	60,566
Statement of comprehensive income:		
Rental income from investment properties:		
– Minimum lease payments	1,115	1,067
– Contingent rent based on tenant's turnover	23	29
	1,138	1,096
Direct operating expenses (including repairs and maintenance) arising from:		
– Rental generating properties	925	925
– Non-rental generating properties	–	55
	925	980

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Valuation of investment properties

Investment properties are stated at fair value, which has been determined based on valuations performed as at 31 December 2018 and 31 December 2017. The valuations were performed by Jones Lang LaSalle Property Consultants Pte. Ltd. and Henry Butcher Sdn. Bhd., independent valuers with recognised and relevant professional qualifications and with recent experience in the location and category of the properties being valued. Details of the valuation technique and inputs used are disclosed in Note 35.

Properties pledged as security

As at 31 December 2018, investment properties with a carrying value of $65,427,000 (31 December 2017: $53,440,000, 1 January 2017: $45,700,000) are pledged as security for bank borrowings (Note 25).

11. INVESTMENT PROPERTIES (CONTINUED)

The investment properties held by the Group are as follows:

Description and location	Existing use	Tenure	Unexpired lease term
World Class Development (Bedok) Pte. Ltd.			
#01-08, #01-47, #01-48, #01-49, #01-64, #01-65, #01-67, #01-68 East Village, Bedok Road, Singapore	Retail	Freehold	–
World Class Development (North) Pte. Ltd.			
#01-52 and #01-67 The Hillford, Jalan Jurong Kechil, Singapore	Retail	Leasehold	54 years
World Class Land (Georgetown) Sdn. Bhd.			
41, 43 & 51 Gat Jalan Prangin, Penang, Malaysia	Commercial	Freehold	–
83, 85, 87 & 89 Jalan Macalister and 1, 3, 5, 7 & 9 Lebuh Naning, Penang, Malaysia	Commercial	Freehold	–
WCL (Macallum) Sdn. Bhd.			
206 Jalan C.Y. Choy, Penang, Malaysia	Commercial	Freehold	–
55 Lebuh Cecil, Penang, Malaysia	Commercial	Freehold	–
81 Lebuh Macallum, Penang, Malaysia	Commercial	Freehold	–
WCL (Noordin St) Sdn. Bhd.			
68 Lebuh Presgrave, Penang, Malaysia	Commercial	Freehold	–
69 & 71 Lebuh Presgrave, Penang, Malaysia	Commercial	Freehold	–
95, 97 & 99 Lebuh Noordin, Penang, Malaysia	Commercial	Freehold	–
15 Lebuh Tye Sin, Penang, Malaysia	Commercial	Freehold	–
80 & 82 Lebuh Tye Sin, Penang, Malaysia	Commercial	Freehold	–
34, 36, 38, 38-A, 38-B & 38-C Lebuh Tye Sin, Penang, Malaysia and Lot 711 Seksyen 11W, Bandar Georgetown, Daerah Timur Laut, Penang, Malaysia	Mixed use development	Freehold	–

12. INTANGIBLE ASSETS

Group	Brands $'000	Trademark $'000	Goodwill $'000	Computer software and internet domain $'000	Club membership $'000	Industrial rights $'000	Work-in-progress $'000	Total $'000
Cost:								
At 1 January 2017	8,421	723	4,994	–	49	–	–	14,187
Addition	–	–	99	–	–	–	–	99
Transferred from property, plant and equipment	–	–	–	1,308	–	–	–	1,308
At 31 December 2017 and 1 January 2018	8,421	723	5,093	1,308	49	–	–	15,594
Addition	–	–	–	1,153	–	–	386	1,539
Acquisition of a subsidiary	–	4,161	–*	102	–	8	–	4,271
Transferred in/(out)	–	–	–	82	–	–	(82)	–
Exchange difference	–	(159)	–	(4)	–	–*	–	(163)
At 31 December 2018	8,421	4,725	5,093	2,641	49	8	304	21,241
Accumulated amortisation and impairment:								
At 1 January 2017	6,572	637	–	–	14	–	–	7,223
Amortisation	462	48	–	405	–	–	–	915
At 31 December 2017 and 1 January 2018	7,034	685	–	405	14	–	–	8,138
Amortisation	462	38	–	581	–	5	–	1,086
Impairment loss	–	–	1,773	–	–	–	–	1,773
Exchange difference	–	–	–	–*	–	–*	–	–*
At 31 December 2018	7,496	723	1,773	986	14	5	–	10,997
Net carrying amount:								
At 1 January 2017	1,849	86	4,994	–	35	–	–	6,964
At 31 December 2017	1,387	38	5,093	903	35	–	–	7,456
At 31 December 2018	925	4,002	3,320	1,655	35	3	304	10,244

* Less than $1,000

12. INTANGIBLE ASSETS (CONTINUED)

Company	Computer software $'000	Club membership $'000	Total $'000
Cost:			
At 1 January 2017	–	49	49
Transferred from property, plant and equipment	330	–	330
At 31 December 2017 and 1 January 2018	330	49	379
Addition	1,094	–	1,094
At 31 December 2018	1,424	49	1,473
Accumulated amortisation and impairment:			
At 1 January 2017	–	14	14
Amortisation	66	–	66
At 31 December 2017 and 1 January 2018	66	14	80
Amortisation	339	–	339
At 31 December 2018	405	14	419
Net carrying amount:			
At 1 January 2017	–	35	35
At 31 December 2017	264	35	299
At 31 December 2018	1,019	35	1,054

Amortisation expense

Except for the trademark related to "Niessing" (acquired in 2018) which useful live is estimated to be indefinite, the brands and trademark acquired are amortised on a straight-line basis over their estimated economic useful lives of 15 years. The remaining amortisation period for the brands and trademark are 3 years and 1 year (2017: 4 years and 2 years) respectively.

Impairment testing of goodwill

Goodwill is tested for impairment by comparing the carrying amount of goodwill with its recoverable amount.

The recoverable amount of goodwill was determined based on value in use calculations using cash flow projections from financial budgets of the business unit approved by management covering a five year period. Management has considered and determined the factors applied in these financial budgets which include average growth rates derived based on management's judgment. The growth rate applied ranges from 1.0% to 1.2% (2017: 1.2%) and the pre-tax discount rate applied in the cash flow projections is 10.5% (2017: 9.5%), which reflects management's estimation of the risks specific to the segment.

Impairment loss recognised

During the financial year, an impairment loss was recognised to write-down the carrying amount of the goodwill attributable to the jewellery segment, in line with the retail jewellery industry outlook in Singapore. The impairment loss of $1,773,000 (2017: $Nil) has been recognised in profit or loss in other operating expenses.

13. INVESTMENT IN SUBSIDIARIES

	Company		
	31 December 2018 $'000	**31 December 2017 $'000**	**1 January 2017 $'000**
Shares, at cost	210,738	180,013	161,712
Acquisition/subscription of shares issued by subsidiaries during the year	16,466	30,725	18,301
	227,204	210,738	180,013

Composition of the Group

The Group has the following material investment in subsidiaries:

	Name of Company	Principal place of business	Principal activities	Proportion of ownership interest 31 December 2018 %	31 December 2017 %	1 January 2017 %
	Held by the Company					
(a)	Aspial International Pte. Ltd.	Singapore	Jewellery wholesaling	100	100	100
(a)	World Class Land Pte. Ltd.	Singapore	Property development	90	90	90
(a)	World Class Global Limited ("**WCG**")	Singapore	Investment holding	81.11	81.11	90
(a)	Aspial-Lee Hwa Jewellery Singapore Pte. Ltd.	Singapore	Jewellery manufacturing	100	100	100
(a)	Maxi-Cash Financial Services Corporation Ltd. ("**Maxi-Cash**")	Singapore	Investment holding and provision of management services	64.72	64.92	68.21
(a)	Aspial Property Investment Pte. Ltd.	Singapore	Real estate activities	100	100	100
(a)	Aspial Investment Holding Pte. Ltd.	Singapore	Investment holding	100	100	100
(a)	Aspial Treasury Pte. Ltd.	Singapore	Provision of financial services	100	100	100

13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Composition of the Group (Continued)

	Name of Company	Principal place of business	Principal activities	Proportion of ownership interest 31 December 2018 %	31 December 2017 %	1 January 2017 %
	Held through subsidiaries Aspial-Lee Hwa Jewellery Singapore Pte. Ltd.					
(a), (l)	Citigems Pte. Ltd.	Singapore	Jewellery retailing	–	85.51	73.01
(a)	Aspial-Lee Hwa Jewellery Pte. Ltd.	Singapore	Jewellery retailing	100	100	100
(a)	Goldheart Jewelry Pte. Ltd.	Singapore	Jewellery retailing	100	100	100
(a), (i)	Aspial Capital (Ubi) Pte. Ltd.	Singapore	Property leasing and management	82.36	82.46	84.11
	Aspial International Pte. Ltd.					
(a)	Goldheart Bullion Pte. Ltd.	Singapore	Gold bullion brokers and dealers	70	70	–
(a)	Niessing Group Pte. Ltd.	Singapore	Investment holding and provision of management services	100	100	–
	Niessing Group Pte. Ltd.					
(c), (j)	Niessing Manufaktur GmbH & Co. KG	Germany	Jewellery trading and manufacturing	75	30	–
	World Class Land Pte. Ltd.					
(d)	World Class Developments Pte. Ltd.	Singapore	Property development	100	100	100
	World Class Developments Pte. Ltd.					
(a)	World Class Developments (Bedok) Pte. Ltd.	Singapore	Property development	80	80	80
(a)	World Class Developments (North) Pte. Ltd.	Singapore	Property development	100	100	100

13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Composition of the Group (Continued)

	Name of Company	Principal place of business	Principal activities	Proportion of ownership interest 31 December 2018 %	31 December 2017 %	1 January 2017 %
	Held through subsidiaries (Continued)					
	World Class Global Limited					
(e)	World Class Land (Malaysia) Sdn. Bhd.	Malaysia	Investment holding	100	100	100
(g)	World Class Land (Australia) Pty. Ltd.	Australia	Investment holding	100	100	100
	World Class Land (Malaysia) Sdn. Bhd.					
(e)	World Class Land (Penang) Sdn. Bhd.	Malaysia	Property development	100	100	100
	World Class Land (Penang) Sdn. Bhd.					
(e)	World Class Land (Georgetown) Holdings Sdn. Bhd.	Malaysia	Property development	95	95	95
	World Class Land (Georgetown) Holdings Sdn. Bhd.					
(b)	World Class Land (Georgetown) Sdn. Bhd.	Malaysia	Property development	100	100	100
(b)	WCL (Magazine) Sdn. Bhd.	Malaysia	Property development	100	100	100
(b)	WCL (Macallum) Sdn. Bhd.	Malaysia	Property development	100	100	100
(b)	WCL (Noordin St) Sdn. Bhd.	Malaysia	Property development	100	100	100
(b)	WCL (Bertam R) Sdn. Bhd.	Malaysia	Property development	100	100	100
(b)	WCL (Bertam L) Sdn. Bhd.	Malaysia	Property development	100	100	100

13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Composition of the Group (Continued)

	Name of Company	Principal place of business	Principal activities	Proportion of ownership interest 31 December 2018 %	31 December 2017 %	1 January 2017 %
	Held through subsidiaries (Continued)					
	World Class Land (Australia) Pty. Ltd.					
(f), (h)	WCL-Cairns (QLD) Pty. Ltd.	Australia	Property development	100	100	100
(f), (h)	WCL-Central Park (QLD) Pty. Ltd.	Australia	Property development	100	100	100
(b)	WCL-Southbank (VIC) Pty. Ltd.	Australia	Property development	100	100	100
(b)	WCL-A Beckett (VIC) Pty. Ltd.	Australia	Property development	100	100	100
(h)	WCL (QLD) Holdings Pty. Ltd.	Australia	Property development	100	100	100
(k)	Avant Trust	Australia	Trust	–	100	–
	WCL-Cairns (QLD) Pty. Ltd.					
(f), (h)	WCL (CNS) CBD Pty. Ltd.	Australia	Property development	100	100	100
	WCL (QLD) Holdings Pty. Ltd.					
(f), (h)	WCL (QLD) Albert St Pty. Ltd.	Australia	Property development	100	100	100
(f), (h)	WCL (QLD) Margaret St Pty. Ltd.	Australia	Property development	65	65	65

13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Composition of the Group (Continued)

	Name of Company	Principal place of business	Principal activities	Proportion of ownership interest 31 December 2018 %	31 December 2017 %	1 January 2017 %
	Held through subsidiaries (Continued) ***Maxi-Cash Financial Services Corporation Ltd.***					
(a)	Maxi-Cash Group Pte. Ltd.	Singapore	Investment holding and provision of management services	100	100	100
(a)	Maxi-Cash Jewellery Group Pte. Ltd.	Singapore	Trading and retailing of jewellery and branded merchandise	100	100	100
(a)	Gold N Gems Pte. Ltd.	Singapore	Trading and retailing of jewellery and branded merchandise	100	100	100
(a)	Maxi-Cash Property Pte. Ltd.	Singapore	Real estate activities	100	100	100
(a)	Maxi-Cash Investment Holding Pte. Ltd.	Singapore	Investment holding	100	100	100
(a)	Maxi-Cash Capital Management Pte. Ltd.	Singapore	Secured lending and investment holding	100	100	100
(a)	Maxi-Cash International Pte. Ltd.	Singapore	Investment holding and provision of management services	100	100	100
(a), (l)	Citigems Pte. Ltd.	Singapore	Jewellery retailing	100	–	–

13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Composition of the Group (Continued)

	Name of Company	Principal place of business	Principal activities	Proportion of ownership interest 31 December 2018 %	31 December 2017 %	1 January 2017 %
	Held through subsidiaries (Continued) ***Maxi-Cash Group Pte. Ltd.***					
(a)	Maxi-Cash (North) Pte. Ltd.	Singapore	Pawn brokerage	100	100	100
(a)	Maxi-Cash (East) Pte. Ltd.	Singapore	Pawn brokerage	100	100	100
(a)	Maxi-Cash (Central) Pte. Ltd.	Singapore	Pawn brokerage	100	100	100
(a)	Maxi-Cash (West) Pte. Ltd.	Singapore	Pawn brokerage	100	100	100
(a)	Maxi-Cash (Clementi) Pte. Ltd.	Singapore	Pawn brokerage	70	70	70
(a)	Maxi-Cash Capital Pte. Ltd.	Singapore	Pawn brokerage	100	100	100
(a)	Maxi-Cash Assets Pte. Ltd.	Singapore	Pawn brokerage	100	100	100
(a)	Maxi-Cash Ventures Pte. Ltd.	Singapore	Pawn brokerage	100	100	100
(a)	Maxi-Cash (Central 2) Pte. Ltd.	Singapore	Pawn brokerage	100	100	100
(a)	Maxi-Cash (East 2) Pte. Ltd.	Singapore	Pawn brokerage	100	100	100
(a)	Maxi-Cash (North East) Pte. Ltd.	Singapore	Pawn brokerage	100	100	100

(a) Audited by Ernst & Young LLP, Singapore
(b) Audited by a member firm of EY Global
(c) Audited by Reuter Thoben
(d) Audited by CG Alliance, Singapore
(e) Audited by Baker Tilly Monteiro Heng, Malaysia
(f) Audited by Ernst & Young LLP, Singapore for consolidation purposes
(g) Audited by Crowe Horwath NQ
(h) Exempted from statutory audit

13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Composition of the Group (Continued)

(i) During the financial year ended 31 December 2016, Aspial Capital (Ubi) Pte. Ltd. was incorporated as a joint venture between Maxi-Cash Financial Services Corporation Ltd. and Aspial-Lee Hwa Jewellery Singapore Pte. Ltd., each holding 50% interest in the ownership and voting rights. The proportion of ownership interest of 82.36% represents the effective interest held by the Company.

(j) Newly incorporated/established/acquired during the financial year ended 31 December 2018.

(k) Voluntarily liquidated during the financial year ended 31 December 2018.

(l) During the financial year ended 31 December 2018, Citigems Pte. Ltd. was transferred to Maxi-Cash Financial Services Corporation Ltd. from Aspial-Lee Hwa Jewellery Singapore Pte. Ltd..

Interest in subsidiaries with material non-controlling interest ("NCI")

The Group has the following subsidiaries that have NCI that are material to the Group.

Name of subsidiary	Principal 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 reporting period $'000	Dividends paid to NCI $'000
31 December 2018					
Financial service segment	Singapore	35.28%	3,807	51,009	4,058
Real estate segment	Singapore	10.00% – 18.89%	5,020	45,821	1,500
Niessing Manufaktur GmbH & Co. KG ("**NMK**")	Germany	25%	170	3,827	322
31 December 2017					
Financial service segment	Singapore	35.08%	4,601	45,968	1,244
Real estate segment	Singapore	10.00% – 18.89%	(38)	45,959	–
Citigems Pte. Ltd. ("**CTG**")	Singapore	14.49%	(562)	(2,698)	–
1 January 2017					
Financial service segment	Singapore	31.79%	3,725	30,813	1,272
Real estate segment	Singapore	10.00%	850	37,947	–
CTG	Singapore	26.99%	(857)	(4,448)	–

13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Summarised financial information about subsidiaries with material NCI

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

	Financial service segment			Real estate segment			CTG		NMK
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	31 December 2017 $'000	1 January 2017 $'000	31 December 2018 $'000
Current									
Assets	397,327	383,882	301,022	769,480	1,029,780	922,273	1,396	1,527	21,712
Liabilities	(237,554)	(239,029)	(210,489)	(586,111)	(778,070)	(654,547)	(25,093)	(23,900)	(7,974)
Net current assets/ (liabilities)	159,773	144,853	90,533	183,369	251,710	267,726	(23,697)	(22,373)	13,738
Non-current									
Assets	63,349	62,659	6,239	84,842	75,905	66,419	743	1,563	5,903
Liabilities	(81,975)	(78,170)	(150)	(68,929)	(135,742)	(175,395)	–	–	(4,737)
Net non-current (liabilities)/assets	(18,626)	(15,511)	6,089	15,913	(59,837)	(108,976)	743	1,563	1,166
Net assets/(liabilities)	141,147	129,342	96,622	199,282	191,873	158,750	(22,954)	(20,810)	14,904

13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Summarised financial information about subsidiaries with material NCI (Continued)

Summarised statement of comprehensive income

	Financial service segment		Real estate segment		CTG	NMK
	2018	**2017**	**2018**	**2017**	**2017**	**2018**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Revenue	203,651	192,872	574,213	185,749	21,474	20,016
Profit/(loss) before income tax	12,066	14,957	56,143	12,314	(2,144)	786
Income tax expense	(1,581)	(1,595)	(17,643)	(5,287)	–	(108)
Profit/(loss) after tax	10,485	13,362	38,500	7,027	(2,144)	678
Other comprehensive income	(3,030)	305	(16,409)	428	–	(543)
Total comprehensive income	7,455	13,667	22,091	7,455	(2,144)	135

Other summarised information

	Financial service segment		Real estate segment		CTG	NMK
	2018	**2017**	**2018**	**2017**	**2017**	**2018**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Net cash flows generated from/(used in) operations	7,452	(65,432)	248,356	(53,406)	188	876

13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Acquisition of ownership interest in subsidiary

(a) *Acquisition of Goldheart Bullion Pte. Ltd.*

On 12 June 2017, the Group's subsidiary company, Aspial International Pte. Ltd. ("**AIPL**") acquired a 70% equity interest in Goldheart Bullion Pte. Ltd. ("**GB**") for a cash consideration of $1,313,000. Consequent to the acquisition, GB became a subsidiary of the Group.

The Group acquired GB in order to increase its product offerings in the market.

The fair value of the identifiable assets and liabilities of GB as at the acquisition date were:

	Fair value recognised on acquisition $'000
Property, plant and equipment	82
Trade and other receivables	20
Inventories	404
Prepayments	15
Due from the then-existing shareholders of the subsidiary	813
Cash and bank balances	540
	1,874
Trade and other payables	(253)
Total identifiable net assets at fair value	1,621
Non-controlling interest measured at the non-controlling interest's proportionate share of GB's net identifiable assets	(486)
Goodwill arising from acquisition	99
Other adjustments	79
Cash paid, representing total consideration transferred	1,313
Effect of the acquisition of GB on cash flows	
Total cash paid	1,313
Less: Cash and cash equivalents of subsidiary acquired	(540)
Net cash outflow on acquisition	773

Impact of the acquisition on profit or loss

From the acquisition date, GB contributed $4,905,000 of revenue and a loss of $611,000 to the Group's profit for the financial year ended 31 December 2017. There were no material differences to the Group's revenue and profit for the financial year ended 31 December 2017 if the business combination had taken place at the beginning of the year.

(b) *Acquisition of Niessing Manufaktur GmbH & Co. KG*

On 18 October 2017, the Group's subsidiary company, Niessing Group Pte. Ltd. ("**NGPL**") entered into an agreement with the remaining limited partners of NMK to acquire an additional aggregate 45% equity interest in its 30% owned associate, NMK, a trader and manufacturer of jewellery in Germany for an aggregate cash consideration of EUR 3,793,000 (equivalent to approximately $6,000,000).

On 11 April 2018 (the "**acquisition date**"), NGPL owned 75% equity interest in NMK after the legal completion of registration as partner. Consequent to the acquisition, NMK became a subsidiary of the Group.

13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Acquisition of ownership interest in subsidiary (Continued)

(b) Acquisition of Niessing Manufaktur GmbH & Co. KG (Continued)

The fair value of the identifiable assets and liabilities of NMK as at the acquisition date were:

	Fair value recognised on acquisition $'000
Property, plant and equipment	1,380
Other receivables	3,736
Inventories	17,871
Prepayments	133
Other investments	41
Cash and bank balances	3,026
Intangible assets	4,271
	30,458
Trade and other payables	(3,383)
Interest-bearing loans and borrowings	(4,688)
Provision for taxation	(464)
Amount due to partners	(4,031)
Deferred tax liabilities	(1,764)
	(14,330)

	Fair value recognised on acquisition $'000
Total identifiable net assets at fair value	16,128
Non-controlling interest measured at the non-controlling interest's proportionate share of NMK's net identifiable assets	(4,032)
Gain on bargain purchase on acquisition	(1,144)
Net gain on remeasuring previously held equity interest in NMK to fair value at acquisition date	(957)
Other adjustments	(114)
	9,881
Effect of the acquisition of NMK on cash flows	
Total cash paid in previous years	9,881
Less: Cash and cash equivalents of subsidiary acquired, taken into account in 2018	(3,026)
Net cash outflow on acquisition	6,855

Impact of the acquisition on profit or loss

From the acquisition date, NMK has contributed $20,016,000 of revenue and a profit of $135,000 to the Group's profit for the financial year ended 31 December 2018. If the business combination had taken place at the beginning of the year, the Group's revenue would have been $907,633,000 and the Group's profit for the year would have been $37,130,000.

Gain on bargain purchase on acquisition

The Group recognised a gain of $1,144,000 on bargain purchase relating to the subject acquisition mainly due to trademarks and inventories at fair value which were higher than NMK's initial carrying value upon acquisition. The gain is included in the "other income" line item in the Group's profit or loss for the year ended 31 December 2018.

13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Acquisition of ownership interest in subsidiary (Continued)

(b) *Acquisition of Niessing Manufaktur GmbH & Co. KG* (Continued)

Gain on remeasuring previously held equity interest in NMK to fair value at acquisition date

The Group recognised a gain of $957,000 as a result of measuring at fair value its 30% equity interest in NMK held before the business combination of $4,838,000. The gain is included in the "Other income" line item in the Group's profit or loss for the year ended 31 December 2018.

Acquisition of ownership interest in subsidiary, without loss of control

Citigems

On 15 November 2017, the Group's subsidiary company, Aspial-Lee Hwa Jewellery Singapore Pte. Ltd. ("**ALHJS**"), acquired an additional 12.5% equity interest in Citigems Pte. Ltd. ("**CTG**") from its non-controlling interests for a cash consideration of $869,000. As a result of this acquisition, CTG became 85.51% owned by ALHJS. The carrying value of the additional interest acquired was a deficit of $2,311,000. The difference of $3,180,000 between the consideration and the carrying value of the additional interest acquired has been recognised as "Premium paid on acquisition of non-controlling interests" within equity.

On 19 January 2018, ALHJS acquired an additional 14.5% equity interest in CTG from its non-controlling interests for a cash consideration of $1,007,000. As a result of this acquisition, CTG became 100% owned by ALHJS. The carrying value of the additional interest acquired was a deficit of $2,720,000. The difference of $3,727,000 between the consideration and the carrying value of the additional interest acquired has been recognised as "Premium paid on acquisition of non-controlling interests" within equity.

The following summarises the effect of the change in the Group's ownership interest in CTG on the equity attributable to owners of the Company:

	2018 $'000	2017 $'000
Consideration for acquisition of non-controlling interests	1,007	869
Increase in equity attributable to non-controlling interests	2,720	2,311
Decrease in equity attributable to owners of the Company	3,727	3,180

Disposal of ownership interest in subsidiary, without loss of control

(a) Ordinary shares issued under scrip dividend scheme, rights issue and share buyback by a subsidiary

On 27 June 2017 and 11 October 2017, Maxi-Cash issued 38,066,653 and 24,723,960 new shares at an issue price of $0.171 and $0.16 per share respectively to eligible shareholders who have elected to participate in Maxi-Cash's scrip dividend scheme.

On 10 July 2017, Maxi-Cash issued 121,255,062 new shares at an issue price of $0.17 for each rights share, on the basis of one (1) rights share for every six (6) existing ordinary shares in the capital of Maxi-Cash.

On 7 December 2017, Maxi-Cash purchased 1,000,000 shares through open market purchases. The total amount paid to acquire the shares was $165,000.

13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Disposal of ownership interest in subsidiary, without loss of control (Continued)

(a) Ordinary shares issued under scrip dividend scheme, rights issue and share buyback by a subsidiary (Continued)

Following the issuance and share buyback in FY2017, the Company's ownership interest in Maxi-Cash decreased from 68.21% to 64.92% as of 31 December 2017.

On 12 January 2018 and 30 September 2018, Maxi-Cash issued 87,125,632 new shares at an issue price of $0.16 for each rights share, on the basis of one (1) rights share for every ten (10) existing ordinary shares in the capital of Maxi-Cash.

On 13 July 2018, Maxi-Cash issued 36,550,676 new shares at an issue price of $0.14 to eligible Shareholders who elected to participate in the Maxi-Cash's scrip dividend scheme.

On 14 August 2018, 17 August 2018 and 20 August 2018, Maxi-Cash purchased an aggregate of 300,000 shares, which are held as treasury shares in Maxi-Cash.

On 31 August 2018, Maxi-Cash transferred 1,203,700 treasury shares to eligible employees under Maxi-Cash Performance Share Plan.

Following the issuance, share buyback and share awards, the Company's ownership interest in Maxi-Cash decreased from 64.92% to 64.72%.

(b) Ordinary shares issued under initial public offering of a subsidiary

WCG issued 110,875,000 shares at $0.26 per share as part of its initial public offering on the Catalist Board of the Singapore Exchange on 15 June 2017, with total consideration amounting to $28,827,000. Listing expenses incurred pursuant to WCG's initial public offering on the Catalist Board of the Singapore Exchange amounted to $4,758,000, of which $1,271,000 has been capitalised against WCG's share capital, while the remaining amount of $3,487,000 has been recorded in profit or loss in the respective financial years that the expenses were incurred. Net cash proceeds from WCG's initial public offering amounted to $27,556,000.

From 16 June 2017 to 19 July 2017, subsequent to WCG's initial public offering, the Company purchased 18,328,700 shares through open market purchases. The total amount paid to acquire the shares was $4,837,000.

Following WCG's initial public offering and the Company's subsequent purchases of WCG's shares, the Company's ownership interest in WCG decreased from 90% to 81.11%.

14. INVESTMENT IN ASSOCIATES

The Group's investments in associates are summarised below:

	31 December 2018 $'000	**31 December 2017 $'000**	**1 January 2017 $'000**
Kensington Land Pte. Ltd.	2,016	2,019	5,209
Kensington Village Pte. Ltd.	7,619	7,899	8,837
WCS Engineering Construction Pte. Ltd.	–	31	–
Niessing Manufaktur GmbH & Co. KG	–	4,387	3,987
Silver Bullion Pte. Ltd.	8,092	7,750	–
Niessing Schmuck-Kooperation GmbH & Co. KG	1,597	–	–
	19,324	22,086	18,033

14. INVESTMENT IN ASSOCIATES (CONTINUED)

	Name of Company	Principal place of business	Principal activities	Proportion of ownership interest 31 December 2018	31 December 2017	1 January 2017
				%	%	%
	Held through subsidiaries					
i	WCS Engineering Construction Pte. Ltd.	Singapore	Civil engineering construction and general building engineering services	49	49	49
ii	Kensington Land Pte. Ltd.	Singapore	Property development	40	40	40
ii	Kensington Village Pte. Ltd.	Singapore	Property development	40	40	40
iii	Niessing Manufaktur GmbH & Co. KG	Germany	Jewellery trading and manufacturing	–*	30	30
iv	Silver Bullion Pte. Ltd.	Singapore	Sale and storage of investment precious metals	25.77	25.77	–
v	Niessing Schmuck-Kooperation GmbH & Co. KG	Germany	Jewellery retailing	50	–	–

i Audited by CG Alliance
ii Audited by Deloitte & Touche LLP
iii Audited by Reuter Thoben
iv Audited by Ernst & Young LLP, Singapore
v Acquired during the financial year ended 31 December 2018
* The Group holds a 75% of equity interest in NMK in 2018 and accounts for it as a subsidiary (Note 13).

The activities of the associates are strategic to the Group’s activities.

Aggregate information about the Group’s investments in associates that are not individually material are as follows:

	2018 $’000	2017 $’000
Profit after tax, representing total comprehensive income	592	63

14. INVESTMENT IN ASSOCIATES (CONTINUED)

The summarised financial information in respect of Kensington Land Pte. Ltd. ("**KEL**"), Kensington Village Pte. Ltd. ("**KEV**"), Niessing Manufaktur GmbH & Co. KG ("**NMK**") and Silver Bullion Pte. Ltd. ("**SB**") based on their FRS financial statements and a reconciliation with the carrying amount of investments in the consolidated financial statements are as follows:

Summarised statement of financial position

	KEL`			KEV			NMK		SB	
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	31 December 2017 $'000	1 January 2017 $'000	31 December 2018 $'000	31 December 2017 $'000
Current assets	5,439	5,449	13,434	53,269	53,862	69,403	17,419	15,403	18,156	14,887
Non-current assets	–	–	1	10,090	10,350	11,500	1,659	1,778	1,165	1,629
Total assets	5,439	5,449	13,435	63,359	64,212	80,903	19,078	17,181	19,321	16,516
Current liabilities	399	401	412	40,788	40,941	58,810	9,259	9,069	9,053	7,755
Non-current liabilities	–	–	–	3,525	3,525	–	–	–	863	–
Total liabilities	399	401	412	44,313	44,466	58,810	9,259	9,069	9,916	7,755
Net assets	5,040	5,048	13,023	19,046	19,746	22,093	9,819	8,112	9,405	8,761
Less: Non-controlling interest	–	–	–	–	–	–	–	–	(59)	–
Net assets excluding non-controlling interest	5,040	5,048	13,023	19,046	19,746	22,093	9,819	8,112	9,346	8,761
Proportion of Group's ownership	40%	40%	40%	40%	40%	40%	30%	30%	25.77%	25.77%
Group's share of net assets	2,016	2,019	5,209	7,619	7,899	8,837	2,946	2,434	2,408	2,258
Goodwill on acquisition	–	–	–	–	–	–	1,491	1,491	5,492	5,492
Other adjustments	–	–	–	–	–	–	(50)	62	192	–
Carrying amount of the investment	2,016	2,019	5,209	7,619	7,899	8,837	4,387	3,987	8,092	7,750

14. INVESTMENT IN ASSOCIATES (CONTINUED)

Summarised statement of comprehensive income

	KEL		KEV		NMK		SB	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000	30 April 2018 $'000	2017 $'000	2018 $'000	2017 $'000
Revenue	1	1	516	1,256	9,182	29,101	95,076	89,828
(Loss)/profit after tax	(8)	25	(1,105)	(2,346)	24	1,334	1,417	2,752
Total comprehensive income	(8)	25	(1,105)	(2,346)	24	1,334	1,328	2,468

On 11 April 2018, the Group's equity interest in one of its associates, NMK increased from 30% to 75% and NMK became a subsidiary from that date (see note 13). Accordingly, the information presented in the above table includes the results of NMK only for the period from 1 January 2018 to 30 April 2018.

15. INVESTMENT IN JOINT VENTURES

The Group's investments in joint ventures are summarised below:

	Group			Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Jewelfest Pte. Ltd.	–	–	25	–	–	25
AF Corporation Pte. Ltd.	13,321	15,106	12,067	5,000	5,000	5,000
The Real Insight Company Pte. Ltd.	25	–	–	–	–	–
	13,346	15,106	12,092	5,000	5,000	5,025

	Name of Company	Principal place of business	Principal activities	Proportion of ownership interest 31 December 2018 %	31 December 2017 %	1 January 2017 %
	Held by the Company					
(a), (c)	Jewelfest Pte. Ltd.	Singapore	Management of trade shows and exhibitions	40*	40*	40*
(b)	AF Corporation Pte. Ltd. ("**AFC**")	Singapore	Investment holding	50	50	50
(d)	The Real Insight Company Pte. Ltd. ("**RIC**")	Singapore	Inactive	50	–	–

(a) Audited by K Y Chik & Associates, Singapore
(b) Audited by Ernst & Young LLP, Singapore
(c) Voluntarily liquated during the financial year ended 31 December 2018
(d) Newly incorporated during financial year ended 31 December 2018
* 40% equity interest is held as to 20% by the Company and 20% by Goldheart Jewelry Pte. Ltd.

All joint ventures are incorporated in Singapore and are strategic ventures of the business. The Group jointly controls the ventures with other partners under the respective contractual agreements which provide the Group with rights to the net assets of the joint ventures and requires unanimous consent for all major decisions over the relevant activities.

The results of Jewelfest Pte. Ltd. and RIC have not been accounted for using the equity method as they are not material to the Group.

15. INVESTMENT IN JOINT VENTURES (CONTINUED)

The summarised financial information in respect of AFC is based on its separate FRS financial statements prepared in accordance with SFRS (I) 1-27: *Separate Financial Statements* where AFC equity accounts for its investment in AF Global Limited ("**AFG**"). The reconciliation with the carrying amount of the investment in the Group's consolidated financial statements is as follows:

Summarised statement of financial position

	AFC 31 December 2018 $'000	AFC 31 December 2017 $'000	AFC 1 January 2017 $'000
Cash and cash equivalents	72	62	429
Other current assets	–	8,814	–
Current assets	72	8,876	429
Investment in subsidiary	245,352	246,667	217,827
Total assets	245,424	255,543	218,256
Other payables and provisions	170,653	168,356	164,704
Other current liabilities	20,000	10,000	3,000
Current liabilities	190,653	178,356	167,704
Other non-current liability	20,000	40,000	50,000
Total liabilities	210,653	218,356	217,704
Net assets	34,771	37,187	552
Adjustments			
Purchase price adjustments not taken up in consolidated financial statements	(694)	(370)	(234)
Impairment of investment in subsidiary, reversed on consolidation	22,190	22,190	22,190
Adjusted net assets	56,267	59,007	22,508
Proportion of Group's ownership	50%	50%	50%
Group's share of net assets	28,133	29,503	11,254
Share of AFG reserves arising from previous interest directly held by the Company	813#	813#	813#
Effects of adopting of SFRS (I) 1	(15,625)	(15,210)	–
Carrying amount of the investment	13,321	15,106	12,067

\# On 31 May 2016, the Company disposed of its 9.52% direct equity interests held in AFG to AFC. This adjustment represents the shares of reserves in AFC transferred.

15. INVESTMENT IN JOINT VENTURES (CONTINUED)

Summarised statement of comprehensive income

	AFC 2018 $'000	AFC 2017 $'000
Administrative expenses	(16)	(15)
Other operating expenses	(6)	(11)
Finance costs	(1,079)	(992)
Share of results of subsidiary	774	6,957
(Loss)/profit before tax	(327)	5,939
Income tax expense	–	–
(Loss)/profit after tax	(327)	5,939
Other comprehensive income	(2,234)	30,696
Total comprehensive income	(2,561)	36,635

Contingent liability in relation to investment in joint venture

In China, the dispute with AFG's local joint venture partner is in court proceedings and AFG has obtained an interim asset-freeze order from the local court to protect its interest.

AFG did not make any provision for damages as the litigation is under court proceedings and AFG believes that the claims cannot be substantiated.

16. INVESTMENT IN JOINT OPERATIONS

The Group has a 50% (2017: 50%) equity interest in the ownership and voting rights in two joint operations, Bayfront Ventures Pte. Ltd. and Bayfront Realty Pte. Ltd. that are held through a subsidiary, World Class Land Pte. Ltd..

All joint operations are incorporated in Singapore and are strategic ventures of the business. The Company jointly controls the joint operations with the other partner under the contractual agreements which provide the Company with rights to assets and obligations for the liabilities relating to the joint operations and requires unanimous consent for all major decisions over the relevant activities.

Details of the Group's material joint operations are as follows:

Name of Company	Principal place of business	Principal activities	Proportion of ownership interest 31 December 2018	31 December 2017	1 January 2017
			%	%	%
Held through a subsidiary					
(a) Bayfront Ventures Pte. Ltd.	Singapore	Property development	50	50	50
(a) Bayfront Realty Pte. Ltd.	Singapore	Property development	50	50	50

(a) Audited by Ernst & Young LLP, Singapore

17. INVESTMENT SECURITIES

(a) Financial instruments as at 31 December 2018

	Group 2018 $'000	Company 2018 $'000
Current:		
At FVOCI		
– Debt securities (quoted)	3,452	–
At FVPL		
– Equity securities (quoted)	227	–
	3,679	–
Add:		
Non-current:		
At FVOCI		
– Debt securities (quoted)	45,629	500
– Equity securities (quoted)	47,454	–
– Equity securities (unquoted)	6,008	–
	99,091	500
At FVPL		
– Equity securities (quoted)	212	–
	99,303	500
Total investment securities measured at FVOCI and FVPL	102,982	500

Investments pledged as security

A floating charge has been placed on investment securities with a carrying value of $96,974,000 as security for bank borrowings (Note 25).

Investments in equity instruments designated at FVOCI

The fair value of each of the investments in equity instruments designated at FVOCI at the end of the reporting period is as follows:

	Group 2018 $'000
At FVOCI	
– Equity securities (quoted)	
ARA Asset Management Limited	1,442
ESR-REIT	3,764
Frasers Property Treasury Pte. Ltd.	15,212
Lippo Malls Indonesia Retail Trust	6,891
Olam International Limited	3,185
Wing Tai Properties Finance Ltd.	10,865
Aramark Services Inc	721
GLL IHT Pte. Ltd.	237
Bank of East Asia Ltd.	2,621
HSBC Holdings plc	2,516
	47,454

17. INVESTMENT SECURITIES (CONTINUED)

(a) Financial instruments as at 31 December 2018 (Continued)

Investments in equity instruments designated at FVOCI (Continued)

	Group 2018 $'000
At FVOCI	
– Equity securities (unquoted)	
True Stats Lab Pte. Ltd.	1,500
Trinity House UK Commercial Property Fund 1 IC ("**THUK**")	4,495
Others	13
	6,008

The Group has elected to measure these equity securities at FVOCI due to the Group's intention to hold these equity instruments for long-term appreciation.

The fair value at the date of derecognition amounted to $75,288,000. The cumulative loss arising from the disposal amounted to $1,843,000 and was transferred from fair value adjustment reserve to revenue reserves.

The Group recognised a dividend of GBP 177,000 (equivalent to $320,000) from THUK during the year.

(b) Financial instruments as at 31 December 2017 and 1 January 2017

	Note	**Group**	
		31 December 2017 $'000	**1 January 2017 $'000**
Investment securities (current)			
– Debt securities (quoted)		18,341	48,989
Investment securities (non-current)			
Available-for-sale financial assets			
– Debt securities (quoted)		71,989	54,997
– Equity securities (quoted)		87,487	51,999
– Unquoted equity shares, at cost		4,508	1,365
Total non-current available for sale financial assets		163,984	108,361
Total investment securities (current and non-current)		182,325	157,350
Add:			
Available-for-sale financial asset included in non-current trade and other receivables	20	10,364	–
Total available-for-sale financial assets		192,689	157,350

As at 31 December 2017, the investment in unquoted equity shares is carried at cost as management is of the opinion that it is not practicable to determine with sufficient reliability the fair value of the unquoted investment.

Investments pledged as security

A floating charge has been placed on investment securities with a carrying value of $177,817,000 (1 January 2017: $155,985,000) as security for bank borrowings (Note 25).

17. INVESTMENT SECURITIES (CONTINUED)

(b) Financial instruments as at 31 December 2017 and 1 January 2017 (Continued)

Impairment loss

During the financial year ended 31 December 2017, the Group recognised an impairment loss of $1,733,000 (1 January 2017: $1,500,000) for its quoted debt securities after taking into consideration an extended period of decline in the fair value of these investments below their costs, and the probability of default by the debtors.

18. INVENTORIES

		Group	
	31 December 2018 $'000	**31 December 2017 $'000**	**1 January 2017 $'000**
Consolidated statement of financial position:			
Finished goods, at cost	96,915	97,270	106,320
Finished goods, at net realisable value	28,359	29,477	29,285
Raw materials, at cost	21,734	6,790	5,630
Packaging materials, at cost	405	244	282
Total inventories at lower of cost and net realisable value	147,413	133,781	141,517
Consolidated statement of comprehensive income:			
Inventories recognised as an expense in profit or loss	191,715	188,444	178,865
Inclusive of the following charge:			
Write (back)/down of inventories	(29)	149	407

A floating charge has been placed on inventories with a carrying value of $60,004,000 (31 December 2017: $46,250,000, 1 January 2017: $41,147,000) as security for bank borrowings (Note 25).

19. DEVELOPMENT PROPERTIES/PROPERTIES HELD FOR SALE

(a) Development properties

		Group	
	31 December 2018 $'000	**31 December 2017 $'000**	**1 January 2017 $'000**
Land costs	184,756	319,087	422,880
Development charges	405,579	527,449	260,066
Exchange differences	–	(26)	–
	590,335	846,510	682,946
Allowance for write-down of development properties	–	(1,099)	–
	590,335	845,411	682,946
Relating to development properties:			
– Located in Singapore	–	105,979	206,483
– Located outside of Singapore	590,335	739,432	476,463
	590,335	845,411	682,946

19. DEVELOPMENT PROPERTIES/PROPERTIES HELD FOR SALE (CONTINUED)

(a) Development properties (Continued)

During the financial year ended 31 December 2018, borrowing costs amounting to $36,463,000 (31 December 2017: $27,565,000, 1 January 2017: $21,990,000) arising from borrowings obtained specifically for the development properties were capitalised.

A weighted average interest capitalisation rate of 5.92% (31 December 2017: 5.75%, 1 January 2017: 5.55%) per annum was used, representing the actual borrowing cost of the loans used to finance the projects.

Development properties amounting to $559,614,000 (31 December 2017: $912,516,000, 1 January 2017: $665,894,000) are pledged as security for bank borrowings (Note 25).

Included in development costs are capitalised contract costs amounting to $Nil (31 December 2017: $4,509,000, 1 January 2017: $9,394,000).

Development properties amounting to $51,066,000 and $13,235,000 were transferred to properties held for sale and investment properties respectively during the financial year ended 31 December 2018.

Details of development properties held by the Group are as follows:

Location	Description and use	Land area (in square metres)	Estimated gross floor area (in square metres)	Tenure	Stage of completion/ development
WCL-Southbank (VIC) Pty. Ltd.					
Australia 108 68-82 Southbank Boulevard, Southbank, Melbourne, Victoria, Australia	Residential	2,642	138,282	Freehold	Construction works commenced in November 2015. Expected completion for the last phase: 2020
WCL-Central Park (QLD) Pty. Ltd.					
Nova City 81-83 Spence Street and 112-114 Bunda Street, Cairns, Queensland, Australia	Mixed use development	25,874	115,510	Freehold	Planning and designing
WCL (CNS) CBD Pty. Ltd.					
17 Hartley Street and 6 Kenny Street, Cairns, Queensland, Australia	Mixed use development	16,351	88,295	Freehold	Planning and designing
WCL (QLD) Margaret St Pty. Ltd.					
240 Margaret Street, Brisbane, Queensland, Australia	Residential	1,715	61,252	Freehold	Planning and designing

19. DEVELOPMENT PROPERTIES/PROPERTIES HELD FOR SALE (CONTINUED)

(a) Development properties (Continued)

Location	Description and use	Land area (in square metres)	Estimated gross floor area (in square metres)	Tenure	Stage of completion/ development
WCL (QLD) Albert St Pty. Ltd.					
30 Albert Street and 131A Margaret Street, Brisbane, Queensland, Australia	Residential	2,007	76,301	Freehold	Planning and designing
World Class Land (Georgetown) Sdn. Bhd.					
240, 242, 244, 246, 248, 250, 252 & 254 Jalan Dato Kramat and 1, 3, 5, 7, 9, 9A & 9B Lebuh Melaka, Penang, Malaysia	Mixed use development	2,067	12,037	Freehold	Planning and designing
57, 59, 61, 63 & 65 Jalan Tan Sri Teh Ewe Lim and 1, 3, 5, 7, 9 & 11 Lorong Juru, Penang, Malaysia	Commercial	859	1,478	Freehold	Planning and designing
WCL (Magazine) Sdn. Bhd.					
Lots 18, 479, 480 & 10026 Seksyen 11W, Bandar Georgetown, Daerah Timur Laut and 119 Lebuh Noordin, Penang, Malaysia	Mixed use development	2,966	17,496	Freehold	Planning and designing
WCL (Macallum) Sdn. Bhd.					
1, 3, 5 & 7 Lebuh Macallum and 170, 172, 174, 176, 178, 180, 182, 184, 186, 188, 190, 192, 194 & 196 Jalan C.Y. Choy, Penang, Malaysia	Mixed use development	2,703	15,651	Freehold	Planning and designing
4, 6, 8, 10, 12, 14, 16 & 18 Lebuh Katz, Penang, Malaysia	Mixed use development	1,470	7,415	Freehold	Planning and designing
50, 52, 54, 56, 58, 60, 62, 64, 66 & 68 Lebuh Cecil, Penang, Malaysia	Mixed use development	1,722	10,490	Freehold	Planning and designing

19. DEVELOPMENT PROPERTIES/PROPERTIES HELD FOR SALE (CONTINUED)

(a) Development properties (Continued)

Location	Description and use	Land area (in square metres)	Estimated gross floor area (in square metres)	Tenure	Stage of completion/ development
WCL (Noordin St) Sdn. Bhd.					
32, 34, 36, 38, 40, 42, 44, 46, 48, 50, 52, 54, 56 & 56A-I Jalan Gurdwara and 190, 192, 194, 196, 198, 200, 202, 204, 206 & 208 Lebuh Noordin and 2, 4, 6, 8 & 10 Lebuh Ceti, Penang, Malaysia and Lot 1076 Seksyen 11W, Bandar Georgetown, Daerah Timur Laut, Penang, Malaysia	Mixed use development	3,873	4,432	Freehold	Planning and designing
140, 142, 144, 146, 148, 150, 150-A, 150-B, 150-C, 150-D & 150-E Lebuh Noordin, Penang, Malaysia	Commercial	1,270	1,339	Freehold	Planning and designing
WCL (Bertam R) Sdn. Bhd.					
424, 426 & 428 Jalan Penang and 2, 4, 6, 8, 10, 12, 14, 16 & 18 Lorong Bertam, Penang, Malaysia	Commercial	911	1,467	Freehold	Planning and designing
WCL (Bertam L) Sdn. Bhd.					
430, 432 & 434 Jalan Penang and 1, 3, 5, 7, 9, 11, 13, 15, 17, 19 & 21 Lorong Bertam, Penang, Malaysia	Commercial	951	1,707	Freehold	Planning and designing

19. DEVELOPMENT PROPERTIES/PROPERTIES HELD FOR SALE (CONTINUED)

(a) Development properties (Continued)

The following table provides information about agreements that are in progress at the end of the reporting period whose revenue is recognised on a percentage of completion basis:

	Group		
	31 December 2018 $'000	**31 December 2017 $'000**	**1 January 2017 $'000**
Aggregate costs incurred and recognised to-date	–	588,386	660,799
Attributable profits recognised to date	–	105,830	114,841
Development properties recognised as an expense in the consolidated statement of comprehensive income	–	153,141	312,245

(b) Properties held for sale

	Group	
	2018 $'000	**2017 $'000**
At cost		
At 1 January	22,313	16,944
Transferred from development properties	51,066	21,600
Enhancement works incurred	2,662	–
Exchange differences	94	72
	76,135	38,616
Less:		
Transferred to investment properties	–	(15,352)
Properties sold during the year	–	(724)
Allowance for write-down of properties held for sale	–	(227)
At 31 December	76,135	22,313

Details of the properties held for sale by the Group are as follows:

Location	Description and use	Land area (in square metres)	Estimated gross floor area (in square metres)	Tenure	Unexpired lease term
Bayfront Realty Pte. Ltd.					
Urban Vista Lot 10765A MK27 at Tanah Merah Kechil Link	Commercial	113	113	Leasehold	93 years
Bayfront Ventures Pte. Ltd.					
CityGate 371 Beach Road Singapore^	Residential/ commercial units	7,269	3,677[(a)]	Leasehold	95 years

19. DEVELOPMENT PROPERTIES/PROPERTIES HELD FOR SALE (CONTINUED)

(b) Properties held for sale (Continued)

Location	Description and use	Land area (in square metres)	Estimated gross floor area (in square metres)	Tenure	Unexpired lease term
WCL-A Beckett (VIC) Pty. Ltd.					
AVANT 54-64 A'Beckett Street, Melbourne, Victoria, Australia	Residential	1,298	899[b]	Freehold	–
WCL-Cairns (QLD) Pty. Ltd.					
The Woods Lots 10, 11, 15, 17 & 19, Moore Road, Kewarra Beach, Cairns, Queensland, Australia	Residential	2,094	2,094	Freehold	–
World Class Land (Georgetown) Sdn. Bhd.					
Ropewalk Piazza 134, 136, 138, 140, 142, 144, 146, 148, 150, 152, 154 & 156 Jalan Pintal Tali, Penang, Malaysia	Commercial	1,085	1,712	Freehold	–
Bahari Parade 69, 71, 73, 75, 77, 79 & 81 Jalan Sri Bahari, Penang, Malaysia	Commercial	846	1,102	Freehold	–
128, 128A, 128B, 128C, 128D, 128E,128F and 128G Jalan Transfer, Penang, Malaysia	Commercial	487	776	Freehold	–
2, 4, 6, 8 & 10 Jalan Hutton, Penang, Malaysia	Commercial	568	897	Freehold	–
WCL (Magazine) Sdn. Bhd.					
237, 239, 241 & 243 Jalan Magazine and 2-G, 2-H & 2-I Jalan Gurdwara, Penang, Malaysia	Commercial	646	979	Freehold	–
WCL (Macallum) Sdn. Bhd.					
Macallum Central 51, 53, 55, 57, 59, 61, 63, 65, 67 & 69 Lebuh Macallum Penang, Malaysia	Commercial	694	1,152	Freehold	–

(a) Pertains to the gross floor area of units available for sale, whilst the land area represents the area covered by the CityGate development.

(b) Pertains to the gross floor area of units available for sale, whilst the land area represents the area covered by the AVANT development.

As at 31 December 2018, properties held for sale with a carrying value of $24,401,000 (31 December 2017: $16,872,000, 1 January 2017: $14,045,000) are pledged as security for bank borrowings (Note 25).

20. TRADE AND OTHER RECEIVABLES

	Note	Group			Company		
		31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Trade and other receivables (current)							
Trade receivables		318,945	276,868	251,648	–	–	–
Other debtors		2,867	9,696	21,438	2,021	2	–
Deposits		4,417	3,377	4,037	181	60	322
		326,229	289,941	277,123	2,202	62	322
Trade and other receivables (non-current)							
Trade receivables		3,517	33,096	–	–	–	–
Available-for-sale financial asset		–	10,364	–	–	–	–
Unquoted debt securities at FVPL		9,625	–	–	–	–	–
Deposits		3,544	5,558	5,328	–	–	6
		16,686	49,018	5,328	–	–	6
Total trade and other receivables (current and non-current)		342,915	338,959	282,451	2,202	62	328
Add:							
Due from subsidiaries (non-trade)		–	–	–	211,712	287,389	370,488
Due from associates (non-trade)		276	1,305	6,350	–	–	–
Due from a joint venture (non-trade)		86,099	84,517	82,897	86,093	84,570	82,897
Cash and bank balances	23	59,020	54,888	70,284	164	448	751
Less:							
Available-for-sale financial asset		–	(10,364)	–	–	–	–
Unquoted debt securities at FVPL		(9,625)	–	–	–	–	–
Total financial assets at amortised cost		478,685	469,305	441,982	300,171	372,469	454,464

Trade receivables of the Group's financial service business comprise pawnshop loans, interest receivables on pawnshop loans, secured lending receivables and trade receivables from retail and trading of jewellery and branded merchandise. Other trade receivables relate to trade receivables of the Group's jewellery, real estate and other businesses.

Pawnshop loans are loans to customers extended under the pawnbroking business, which are interest-bearing, ranging between 1.0% to 1.5% for the first month and 1.5% for the subsequent 6 months (31 December 2017: 1.0% to 1.5% for the first month and 1.5% for the subsequent 6 months, 1 January 2017: 1.0% to 1.5% for the first month and 1.5% for the subsequent 6 months). The quantum of loans granted to customers is based on a fraction of the value of the collaterals pledged to the Group.

Secured lending receivables are measured at amortised cost using the effective interest rate method which are interest-bearing ranging between 5.0% to 22.5% (31 December 2017: interest-bearing ranging between 12.0% to 18.0%, 1 January 2017: Nil) per annum and are secured by way of collateralised real estate held by the investment trustee, and have remaining maturities ranging between 6 to 18 months.

20. TRADE AND OTHER RECEIVABLES (CONTINUED)

Included in non-current financial assets held at FVPL is an amount of $9,625,000 (31 December 2017: non-current available-for-sale financial assets of $10,364,000, 1 January 2017: $Nil), extended through a fund which is extends interest-bearing loans to borrowers and provided a return of approximately 11% (31 December 2017: 10%, 1 January 2017: Nil) per annum for the financial year ended 31 December 2018. This financial asset is secured by way of collateralised real estate held by the fund, and has a remaining maturity of 29 months (31 December 2017: 41 months, 1 January 2017: Nil), with an option by the fund to extend the maturity by a further 12 months.

All other trade receivables are non-interest bearing and are generally on 30 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

A floating charge has been placed on trade and other receivables with a carrying value of $268,456,000 (31 December 2017: $262,168,000, 1 January 2017: $230,868,000) as security for bank borrowings (Note 25).

Trade and other receivables denominated in foreign currencies are as follows:

	Group			Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
United States Dollar	299	340	–	–	–	
Australian Dollar	52,134	59,229	–	–	–	–

Receivables that are impaired

The Group's trade 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	
	31 December 2017 $'000	1 January 2017 $'000
Trade receivables – nominal amounts	1,908	1,107
Less: Allowance for impairment	(790)	(783)
	1,118	324
Movement in allowance accounts:		
At 1 January	783	1,024
Charge for the year	4,888	–
Written-back	(401)	(241)
Written-off	(4,480)	–
At 31 December	790	783

Expected credit losses

The movement in allowance for expected credit losses of trade receivables are as follows:

Movement in allowance accounts:	Group 2018 $'000
At 1 January	790
Charge for the year	5,017
Written-back	(26)
Written-off	(5,021)
At 31 December	760

20. TRADE AND OTHER RECEIVABLES (CONTINUED)

Receivables that are past due

The Group has no receivables that are past due as at 31 December 2018 and 2017.

21. DUE FROM/(TO) SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The amounts due from/(to) subsidiaries, associates and joint ventures are unsecured, receivable/repayable on demand and are to be settled in cash. These amounts are non-interest bearing except for amounts due from subsidiaries of $190,923,000 (31 December 2017: $250,975,000, 1 January 2017: $337,751,000) which bear interest ranging from 4.38% to 6.67% (31 December 2017: 4.38% to 6.00%, 1 January 2017: 3.88% to 6.00%) per annum.

22. DERIVATIVES

	Group 31 December 2018		
	$'000 Contract notional amount	$'000 Assets	$'000 Liabilities
Forward currency contracts	148,223	2,537	–
Add:			
Trade receivables held at FVPL (Note 20)		9,625	–
Equity securities (quoted) (Note 17)		439	–
Total financial assets at FVPL		12,601	–

During the year, the Group entered into foreign currency forward contracts mainly in Australian Dollar, maturing within the next 12 months to reduce its exposure to foreign currency risks on Australian Dollar receivables.

There are no comparatives for 31 December 2017 and 1 January 2017.

23. CASH AND BANK BALANCES

	Group			Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Cash at banks and on hand	59,020	54,888	70,284	164	448	751

Cash at banks earns interest at floating rates based on daily bank deposit rates.

23. CASH AND BANK BALANCES (CONTINUED)

Cash and bank balances denominated in foreign currencies are as follows:

		Group	
	31 December 2018 $'000	**31 December 2017 $'000**	**1 January 2017 $'000**
United States Dollar	81	672	64
Australian Dollar	2,202	413	328
British Pound	218	101	–
Euro	102	–	–

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following:

		Group	
	31 December 2018 $'000	**31 December 2017 $'000**	**1 January 2017 $'000**
Cash held under "Project Account (Amendment) Rules – 1997"	6,647	12,485	16,762
Cash at banks and on hand	52,373	42,403	53,522
Cash and cash equivalents	59,020	54,888	70,284

A floating charge has been placed on cash and bank balances with a carrying value of $17,343,000 (31 December 2017: $34,172,000, 1 January 2017: $32,306,000) as security for bank borrowings (Note 25).

Purchasers' deposit monies of AUD 67,436,000 (equivalent to approximately $64,833,100) (31 December 2017: AUD 117,658,000 (equivalent to approximately $122,729,000), 1 January 2017: AUD 114,809,000 (equivalent to approximately $119,471,000) pertaining to the development projects for which sale has commenced are placed in escrow held by a third party. In addition, purchasers' deposits in the form of bankers' guarantees of AUD 8,537,000 (equivalent to approximately $8,208,000) (31 December 2017: AUD 9,603,000 (equivalent to approximately $10,017,000), 1 January 2017: AUD 9,755,000 (equivalent to approximately $10,151,000) pertaining to the development projects for which sale has commenced are placed in escrow held by a third party. These balances are not included as assets of the Group as at 31 December 2018 and 2017. The Group will only have access to these funds upon completion and handover of the development projects to the purchasers.

24. TRADE AND OTHER PAYABLES

	Note	Group 31 December 2018 $'000	Group 31 December 2017 $'000	Group 1 January 2017 $'000	Company 31 December 2018 $'000	Company 31 December 2017 $'000	Company 1 January 2017 $'000
Current:							
Trade payables		5,812	6,247	8,538	–	–	–
Other payables		8,770	4,513	6,412	374	298	795
Accrued operating expenses							
– payroll related		13,311	10,322	7,401	1,192	650	559
– property development		16,799	30,363	22,327	–	–	–
– others		19,367	13,660	13,339	1,748	1,331	2,577
Deferred revenue		82	235	275	–	–	–
Deposits received		1,578	1,074	663	3	3	3
Withholding tax payable		1,910	230	258	–	–	–
Dividend payable		6,258	–	–	4,841	–	–
		73,887	66,644	59,213	8,158	2,282	3,934
Non-current:							
Other payables							
– amount due to non-controlling shareholders of a subsidiary		3,047	2,468	1,640	–	–	–
– others		74	207	–	–	–	–
Deposits received		–	33	56	–	–	–
		3,121	2,708	1,696	–	–	–
Total trade and other payables (current and non-current)		77,008	69,352	60,909	8,158	2,282	3,934
Add:							
Due to subsidiaries (non-trade)		–	–	–	185,665	109,019	97,338
Due to an associate (non-trade)		2,028	2,360	5,260	–	–	–
Due to a joint venture		25	–	–	–	–	–
Interest-bearing loans and borrowings	25	566,001	845,058	623,360	–	–	–
Term notes and bonds	26	587,872	639,500	629,750	83,000	223,500	285,750
Less:							
Accrued operating expenses							
– payroll related		(1,548)	(1,259)	(982)	(206)	(147)	(151)
Deferred revenue		(82)	(235)	(275)	–	–	–
Withholding tax payable		(1,910)	(230)	(258)	–	–	–
Total financial liabilities carried at amortised cost		1,229,394	1,554,546	1,317,764	276,617	334,654	386,871

24. TRADE AND OTHER PAYABLES (CONTINUED)

Trade and other payables are unsecured, non-interest bearing and repayment is based on payment terms and conditions agreed.

Amount due to non-controlling shareholders of a subsidiary is unsecured, interest-free and not expected to be repaid in the next 12 months.

Trade and other payables denominated in the foreign currencies are as follows:

	Group		
	31 December 2018 $'000	**31 December 2017 $'000**	**1 January 2017 $'000**
United States Dollar	2,536	2,498	2,141
Hong Kong Dollar	602	812	492
Australian Dollar	417	154	–

25. INTEREST-BEARING LOANS AND BORROWINGS

		Group			Company		
	Note	**31 December 2018 $'000**	**31 December 2017 $'000**	**1 January 2017 $'000**	**31 December 2018 $'000**	**31 December 2017 $'000**	**1 January 2017 $'000**
Secured borrowings							
Current							
Obligation under finance lease		169	71	49	–	–	–
Bank borrowings		289,741	337,178	304,798	–	–	–
Term loans		171,745	341,910	142,901	–	–	–
		461,655	679,159	447,748	–	–	–
Non-current							
Obligation under finance lease		391	57	77	–	–	–
Term loans		103,955	165,842	175,535	–	–	–
		566,001	845,058	623,360	–	–	–
Add:							
Term notes and bonds	26	587,872	639,500	629,750	83,000	223,500	285,750
Total loans and borrowings		1,153,873	1,484,558	1,253,110	83,000	223,500	285,750

(a) Details of securities granted for the secured borrowings are as follows:

Subsidiaries/Joint operations

Interest-bearing loans and borrowings comprise bank borrowings of $328,536,000 (31 December 2017: $421,357,000, 1 January 2017: $371,848,000), term loans of $236,905,000 (31 December 2017: $339,348,000, 1 January 2017: $85,662,000) and land loans of $Nil (31 December 2017: $84,225,000, 1 January 2017: $165,725,000).

(i) Bank borrowings of $203,491,000 (31 December 2017: $208,938,000, 1 January 2017: $173,550,000) are secured by way of a fixed and floating charge on all assets of certain subsidiaries and corporate guarantees by the Company and/or subsidiaries.

(ii) Revolving loans of $86,250,000 (31 December 2017: $128,239,000, 1 January 2017: $131,248,000) bear interest ranging from 1.73% to 3.56% (31 December 2017: 1.22% to 2.78%, 1 January 2017: 1.02% to 3.16%) per annum and are secured by way of a fixed and floating charge on all assets of certain subsidiaries and corporate guarantees by the Company and/or subsidiaries. These loans are repayable on demand.

25. INTEREST-BEARING LOANS AND BORROWINGS (CONTINUED)

(a) Details of securities granted for the secured borrowings are as follows: (Continued)

Subsidiaries/Joint operations (Continued)

(iii) Term loans of $51,336,000 (31 December 2017: $47,843,000, 1 January 2017: $11,896,000) bear interest ranging from 1.58% to 4.64% (31 December 2017: 1.85% to 4.12%, 1 January 2017: 2.10% to 3.06%) per annum and are secured by way of legal mortgage over the leasehold properties. These loans are repayable in 2032 to 2041.

(iv) Term loans of $284,000 (31 December 2017: $Nil, 1 January 2017: $Nil) bear interest ranging at 1.70% per annum (31 December 2017: Nil, 1 January 2017: Nil) are secured by way of corporate guarantees by the associate.

(v) Term loans of $3,016,000 (31 December 2017: $Nil, 1 January 2017: $Nil) bear interest ranging from 2.00% to 2.35% per annum (31 December 2017: Nil, 1 January 2017: Nil) are secured by way of charge on trade receivables and inventories.

(vi) Land loans, term loans and revolving loans of $220,818,000 (31 December 2017: $459,909,000, 1 January 2017: $306,540,000) bear interest ranging from 2.20% to 6.39% (31 December 2017: 2.10% to 7.33%, 1 January 2017: 1.92% to 6.32%) per annum and are secured by way of:

– legal mortgages over subsidiaries' development properties (Note 19(a)), properties held for sale (Note 19(b)) and investment properties (Note 11);

– legal assignments of subsidiaries' interest under the Sale and Purchase agreements and tenancy agreements in respect of the development properties or investment properties units therein which includes the assignment of all the sale and rental proceeds;

– legal assignments of subsidiaries' interest in the Project Account and Rental Account, and a charge over such sales proceeds and rentals and all sums in credit in such accounts; and

– corporate guarantees by the Company and/or subsidiaries.

The loans relating to the respective development projects outside of Singapore are repayable via monthly instalments or one lump sum by their respective maturity dates.

The loans include financial covenants which require the subsidiaries/joint operations to achieve certain cumulative sales targets and to maintain aggregate outstanding debt secured against the properties not exceeding 50.0% to 80.0% of the security value of the relevant development properties at all times.

(b) Maturity of borrowings

Loans due after one year are estimated to be repayable as follows:

	Group		
	31 December 2018 $'000	**31 December 2017 $'000**	**1 January 2017 $'000**
Years after end of reporting period:			
After one year but within two years	30,503	88,501	6,818
After two years but within five years	24,693	35,300	149,990
After five years	49,150	42,098	18,804
	104,346	165,899	175,612

26. TERM NOTES AND BONDS

			Aggregate principal amount outstanding					
			Group			Company		
Date issued	Interest rate %	Maturity dates	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Current								
23 January 2014 [(1)]	4.50	23 January 2017	–	–	55,750	–	–	55,750
27 November 2014 [(1)]	5.50	27 November 2018	–	98,000	–	–	100,000	–
12 June 2014 [(1)]	5.05	12 June 2019	37,750	–	–	38,000	–	–
3 July 2014 [(1)]	5.05	12 June 2019	45,000	–	–	45,000	–	–
			82,750	98,000	55,750	83,000	100,000	55,750
Non-current								
12 June 2014 [(1)]	5.05	12 June 2019	–	77,500	81,000	–	78,500	85,000
3 July 2014 [(1)]	5.05	12 June 2019	–	45,000	45,000	–	45,000	45,000
27 November 2014 [(1)]	5.50	27 November 2018	–	–	98,000	–	–	100,000
28 August 2015 [(2)]	5.25	28 August 2020	148,716	150,000	150,000	–	–	–
1 April 2016 [(3)]	5.30	1 April 2020	194,906	199,000	200,000	–	–	–
27 April 2017 [(4)]	5.50	27 April 2020	49,000	50,000	–	–	–	–
9 October 2017 [(4)]	5.50	27 April 2020	20,000	20,000	–	–	–	–
19 April 2018 [(5)]	5.90	19 April 2021	47,500	–	–	–	–	–
11 October 2018 [(5)]	6.25	11 October 2021	45,000	–	–	–	–	–
			505,122	541,500	574,000	–	123,500	230,000
Total term notes and bonds			587,872	639,500	629,750	83,000	223,500	285,750

Note:

(1) During the financial year ended 31 December 2014, unsecured term notes issued by the Group and the Company under the Multicurrency Debt Issuance Programme ("**MDI Programme**") amounted to $310,000,000. During the financial year ended 31 December 2017, $55,750,000 unsecured term notes issued under the MDI Programme were redeemed by the Group and the Company. Unsecured term notes amounting to $6,500,000 were purchased and cancelled by the Group and the Company. During the financial year ended 31 December 2018, unsecured term notes amounting to $34,250,000 issued under the MDI Programme were purchased and cancelled by the Group and the Company. On 27 November 2018, $51,000,000 unsecured term notes were redeemed by the Group and the Company. As at 31 December 2018, $250,000 (31 December 2017: $3,000,000, 1 January 2017: $4,000,000) term notes had been purchased and held by a subsidiary of the Company. Under the MDI Programme, the Group and the Company may issue both multicurrency medium term notes and perpetual securities. As at 31 December 2018 and 2017, no perpetual securities have been issued.

(2) During the financial year ended 31 December 2015, unsecured bonds issued by a subsidiary of the Company amounted to $150,000,000. As at 31 December 2018, $1,284,000 (31 December 2017: $Nil, 1 January 2017: $Nil) bonds had been purchased and held by the Company and subsidiaries of the Company.

(3) During the financial year ended 31 December 2016, unsecured bonds issued by a subsidiary of the Company amounted to $200,000,000. As at 31 December 2018, $4,094,000 (31 December 2017: $1,000,000, 1 January 2017: $Nil) bonds had been purchased and held by the Company and subsidiaries of the Company.

(4) During the financial year ended 31 December 2017, unsecured term notes issued by a subsidiary of the Company under the Multicurrency Medium Term Note Programme ("**MTN Programme**") amounted to $70,000,000. As at 31 December 2018, $1,000,000 term notes had been purchased and held by a subsidiary of the Company.

(5) During the financial year ended 31 December 2018, unsecured term notes issued by a subsidiary of the Company under the MDI Programme amounted to $100,000,000. As at 31 December 2018, $7,500,000 term notes had been purchased and held by a subsidiary of the Company.

Interest is payable semi-annually. Unless previously redeemed or purchased and cancelled, the term notes are redeemable at the principal amounts on their respective maturity dates.

26. TERM NOTES AND BONDS (CONTINUED)

A reconciliation of liabilities arising from financing activities is as follows:

	2017	Net cash flows from financing activities	Changes arising from obtaining control of a subsidiary	Non-cash changes			2018
				Foreign exchange movement	Gain on purchase and cancellation of term notes and bonds	Amortisation of premium on term notes	
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Trade and other payables – premium on term notes	128	–	–	–	–	(55)	73
Term notes and bonds	639,500	(51,561)	–	–	(67)	–	587,872
Interest-bearing loans and borrowings	845,058	(264,779)	4,688	(18,966)	–	–	566,001
Total	1,484,686	(316,340)	4,688	(18,966)	(67)	(55)	1,153,946

27. INCOME TAX EXPENSE

(a) Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2018 and 2017 are:

	Group	
	2018 $'000	2017 $'000
Consolidated statement of comprehensive income		
Current income tax		
– Current income taxation	13,284	(383)
– Under provision in respect of previous years	418	2,441
– Withholding tax	741	547
	14,443	2,605
Deferred income tax		
– Origination and reversal of temporary differences	11,198	6,280
– Benefits from previously unrecognised tax losses	(6,320)	–
– Under provision in respect of previous years	128	89
	5,006	6,369
Income tax expense recognised in profit or loss	19,449	8,974
Deferred tax credit related to other comprehensive income		
– Net loss on fair value changes on equity instruments	(524)	–
– Net gain on fair value changes on debt instruments	755	–
– Net gain on fair value changes of available-for-sale financial assets	–	312
	231	312

27. INCOME TAX EXPENSE (CONTINUED)

(b) Relationship between tax expense and profit before tax

The reconciliation between tax expense and the product of profit before tax multiplied by the applicable corporate tax rate for the years ended 31 December 2018 and 2017 are as follows:

	Group	
	2018 **$'000**	**2017** **$'000**
Profit before tax	56,555	17,628
Tax at the domestic rates applicable to profits in the countries where the Group operates	15,724	1,689
Adjustments:		
– Non-deductible expenses	12,540	7,765
– Income not subject to taxation	(5,053)	(5,784)
– Deferred tax assets not recognised	2,473	3,438
– Effect of partial tax exemption and tax relief	(912)	(1,303)
– Under provision in respect of previous years	546	2,530
– Benefits from previously unrecognised tax losses	(6,320)	–
– Share of results of associates and a joint venture	75	85
– Disposal of equity instruments carried at FVOCI, which are not recycled to profit or loss	(313)	–
– Withholding tax	741	547
– Others	(52)	7
Income tax expense recognised in profit or loss	19,449	8,974

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

(c) Deferred income tax

	Group	
	2018 **$'000**	**2017** **$'000**
Balance at 1 January	5,276	(1,499)
Tax charged to profit or loss	5,006	6,369
Tax charged to other comprehensive income	231	312
Deferred tax liability recorded on business combination	1,763	–
Translation difference	(2)	94
Balance at 31 December	12,274	5,276

27. INCOME TAX EXPENSE (CONTINUED)

(c) Deferred income tax (Continued)

Deferred income tax relates to the following:

Deferred tax liabilities, net

	Group			Company		
	31 December 2018 $'000	**31 December 2017 $'000**	**1 January 2017 $'000**	**31 December 2018 $'000**	**31 December 2017 $'000**	**1 January 2017 $'000**
Differences in depreciation for tax purposes	307	340	366	–	108	149
Business combination	1,763	–	–	–	–	–
Attributable profits from development properties	1,874	9,658	3,580	–	–	–
Uncompleted project expenses	15,885	(1,428)	(433)	–	–	–
Revaluations to fair value:						
– Investment properties	4,778	5,002	5,102	–	–	–
– Available-for-sale financial assets	–	63	–	–	–	–
Provisions	(278)	(372)	(54)	–	(25)	(26)
Unutilised tax losses	(8,460)	(102)	(468)	–	(3)	(14)
Unremitted foreign interest income, net	–	476	–	–	–	–
Others	(65)	69	(5)	–	–	–
	15,804	13,706	8,088	–	80	109

Deferred tax assets, net

	Group			Company		
	31 December 2018 $'000	**31 December 2017 $'000**	**1 January 2017 $'000**	**31 December 2018 $'000**	**31 December 2017 $'000**	**1 January 2017 $'000**
Differences in depreciation for tax purposes	(316)	(228)	(122)	1	–	–
Unremitted foreign interest income, net	132	–	–	–	–	–
Uncompleted project expenses	–	18,095	19,029	–	–	–
Provisions	(580)	(79)	(65)	(35)	–	–
Unutilised tax losses	(722)	(23,782)	(25,656)	(53)	–	–
Revaluations to fair value:						
– Debt and equity securities held at FVOCI	(1,395)	(1,688)	(1,937)	–	–	–
Unutilised capital allowance	(654)	(640)	(670)	–	–	–
Allowance for doubtful receivables	(88)	(98)	(139)	–	–	–
Others	93	(10)	(27)	–	–	–
	(3,530)	(8,430)	(9,587)	(87)	–	–

27. INCOME TAX EXPENSE (CONTINUED)

(c) Deferred income tax (Continued)

At the end of the reporting period, the Group has unutilised tax losses and unabsorbed capital allowances of approximately $61,223,000 (31 December 2017: $71,531,000 1 January 2017: $37,167,000) and $6,912,000 (31 December 2017: $6,048,000, 1 January 2017: $5,513,000) that are available for offset against future taxable profits of the Group, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these balances is subject to the agreement of the tax authorities and compliance with the relevant provisions of the tax legislation of the respective countries in which the companies operate.

Tax consequences of proposed dividends

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 29).

28. SHARE CAPITAL, TREASURY SHARES AND OTHER RESERVES

(a) Share capital

	Group and Company			
	2018		2017	
	No. of shares ‘000	$’000	No. of shares ‘000	$’000
Issued and fully paid ordinary shares				
At 1 January	1,945,896	226,930	1,942,903	226,152
Scrip dividend scheme [(1)]	–	–	2,993	778
At 31 December	1,945,896	226,930	1,945,896	226,930

Note:

(1) On 23 June 2017, the Company issued 2,992,591 new shares at an issue price of $0.26 per share to eligible Shareholders who elected to participate in the Company’s scrip dividend scheme.

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

(b) Treasury shares

	Group and Company			
	2018		2017	
	No. of shares ‘000	$’000	No. of shares ‘000	$’000
At 1 January and 31 December	9,405	2,589	9,405	2,589

Treasury shares relate to ordinary shares of the Company that are held by the Company.

28. SHARE CAPITAL, TREASURY SHARES AND OTHER RESERVES (CONTINUED)

(c) Other reserves

	Group			Company		
	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000	31 December 2018 $'000	31 December 2017 $'000	1 January 2017 $'000
Gain on reissuance of treasury shares	1,413	1,413	1,413	1,413	1,413	1,413
Premium on dilution of interests in subsidiary	13,384	13,186	3,804	–	–	–
Foreign currency translation reserve	(15,496)	(9,231)	(9,897)	–	–	–
Premium paid on acquisition of non-controlling interests	(13,642)	(9,915)	(4,632)	–	–	–
Fair value adjustment reserve	(14,158)	(8,151)	(9,121)	–	–	–
Change in ownership interest in subsidiary without a change in control	723	822	–	–	–	–
	(27,776)	(11,876)	(18,433)	1,413	1,413	1,413

Gain on reissuance of treasury shares

This represents the gain 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.

Premium on dilution of interests in subsidiary

This represents the difference between the consideration received and the carrying value of non-controlling interests adjusted upon dilution of interests in subsidiary.

Premium paid on acquisition of non-controlling interests

This represents the difference between the consideration paid and the carrying value of non-controlling interests adjusted upon acquisition of interests in subsidiary.

Foreign currency translation reserve

The foreign currency translation reserve represents 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.

28. SHARE CAPITAL, TREASURY SHARES AND OTHER RESERVES (CONTINUED)

(c) Other reserves (Continued)

Fair value adjustment reserve

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets until they are disposed of or impaired.

29. DIVIDENDS

	Group $'000
Dividends on ordinary shares declared and payable/paid during the year:	
Financial year ended 31 December 2018	
– Final exempt (one-tier) dividend for FY2017: 0.25 cent per share on 1,936,491,176 shares	4,841
– Interim exempt (one-tier) dividend for FY2018: 0.25 cent per share on 1,936,491,176 shares	4,841
– Interim exempt (one-tier) dividend for FY2018: 0.25 cent per share on 1,936,491,176 shares	4,841
	14,523
Financial year ended 31 December 2017	
– Final exempt (one-tier) dividend for FY2016: 0.25 cent per share on 1,933,498,585 shares	4,834

	Group 2018 $'000	Group 2017 $'000
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at AGM:		
– Final exempt (one-tier) dividend for FY2018: 0.25 cent per share on 1,936,491,176 shares	4,841	–
– Final exempt (one-tier) dividend for FY2017: 0.25 cent per share on 1,936,491,176 shares	–	4,841
	4,841	4,841

30. RELATED PARTY TRANSACTIONS

(a) Sale and purchase of goods, services and shares

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place on terms agreed between the parties during the financial year:

	Group	
	2018 $'000	2017 $'000
Construction expenses paid to an associate	–	1,308
Goods purchased from an affiliated company	138	815
Rental paid/payable to a director-related company	608	594
Rental received from an associate	114	–
Purchase of goods from an associate	4,190	4,382
Marketing income received from an associate	102	138
Marketing income paid to an associate	193	–
Corporate service payable to a subsidiary of a joint venture	–	97
Management fee received from a subsidiary of a joint venture	360	360
Interest receivable from an associate	18	–
Sales of goods to an associate	5,777	–

(b) Compensation of key management personnel

	Group	
	2018 $'000	2017 $'000
Short-term employee benefits	7,819	7,929
Central Provident Fund contributions	123	144
Total compensation paid to key management personnel	7,942	8,073
Comprise amounts paid to:		
Directors of the Company	3,241	3,556
Directors of the subsidiaries	3,277	2,981
Other key management personnel	1,424	1,536
	7,942	8,073

31. COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group	
	2018 $'000	2017 $'000
Capital commitments in respect of property development expenditure	139,451	417,947
Capital commitments in respect of property, plant and equipment	20,879	–
	160,330	417,947

31. COMMITMENTS (CONTINUED)

(b) Operating lease commitments – As lessor

The Group has entered into commercial property leases on its leasehold building and standing property at the development site acquired for development properties. The non-cancellable leases on its standing property have remaining lease terms of between one to eight years.

Future minimum rental receivable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2018	**2017**
	$'000	**$'000**
Not later than one year	1,873	1,710
Later than one year but not later than five years	1,443	1,272
Later than five years	371	–
	3,687	2,982

(c) Operating lease commitments – As lessee

As at the end of the reporting period, the Group and the Company had lease commitments in respect of office, retail outlet premises and movable assets. Certain of the leases contain escalation clauses and provide for contingent rentals based on a percentage of sales derived. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

Operating lease payments recognised as an expense in the consolidated statement of comprehensive income for the financial year ended 31 December 2018 amounted to $30,166,000 (2017: $32,489,000).

Future minimum rental payable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2018	**2017**
	$'000	**$'000**
Not later than one year	21,580	28,832
Later than one year but not later than five years	17,860	24,067
Later than five years	12,817	12,737
	52,257	65,636

32. CONTINGENCIES

Guarantees

The Company has provided the following guarantees at the end of the reporting period:

- It has guaranteed its interest in its share of the bank loans of joint operations and joint venture amounting to $10,000,000 (31 December 2017: $141,725,000, 1 January 2017: $118,975,000).

- It has guaranteed part of the loans and borrowings of the associates to a maximum amount of $15,800,000 (31 December 2017: $15,868,000, 1 January 2017: $39,986,000), of which it is severally liable for in the event of default by the associates.

- It has guaranteed the obligations of a subsidiary for bonds amounting to total principal amount of $350,000,000 (31 December 2017: $350,000,000, 1 January 2017: $350,000,000).

The Company has provided corporate guarantees to banks for an aggregate of $157,623,000 (31 December 2017: $462,695,000, 1 January 2017: $547,273,000) in respect of bank borrowings drawn down by certain subsidiaries, joint operations and associates (Note 25).

33. SEGMENT INFORMATION

Business segments

The segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services offered. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Group is organised into three main operating business segments, namely:

(a) Manufacture and sale of jewellery;

(b) Real estate business; and

(c) Financial service business.

Other operations include rental of properties and provision of other support services.

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 comprise mainly tax liabilities, corporate assets, liabilities and expenses.

Transfer prices between business segments are on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

Capital expenditure comprises additions to property, plant and equipment.

33. SEGMENT INFORMATION (CONTINUED)

	Jewellery $'000	Real estate $'000	Financial service $'000	Others $'000	Elimination $'000	Group $'000	Note
2018							
Revenue	126,162	574,213	198,076	–	–	898,451	
Inter-segment revenue	9,657	–	5,575	958	(16,190)	–	A
Results							
Segment results	(3,146)	55,278	20,387	21,013	(19,338)	74,194	
Unallocated expenses	–	–	–	–	–	(226)	
Share of results of a joint venture	(141)	–	(141)	(427)	282	(427)	
Share of results of associates	920	(283)	–	–		637	
Interest income	20	4,902	2,842	45,044	(39,097)	13,711	
Finance costs	(1,891)	(3,469)	(11,022)	(49,111)	34,159	(31,334)	
(Loss)/profit before tax from operations	(4,238)	56,428	12,066	16,519		56,555	
Segment assets	132,550	844,362	459,991	1,129,443	(932,995)	1,633,351	B
Investment in joint ventures	–	–	–	13,346	–	13,346	
Investment in associates	9,689	9,635	–	–	–	19,324	
Unallocated assets	–	–	–	–	–	3,530	
Total assets	142,239	853,997	459,991	1,142,789		1,669,551	
Segment liabilities	96,858	629,684	317,285	892,435	(703,328)	1,232,934	C
Unallocated liabilities	–	–	–	–	–	30,054	
Total liabilities						1,262,988	
Capital expenditure	3,699	384	9,169	5,860	–	19,112	
Depreciation and amortisation	3,373	154	2,116	867	37	6,547	
Other significant non-cash expenses	907	(145)	(945)	207	–	24	D

33. SEGMENT INFORMATION (CONTINUED)

	Jewellery $'000	Real estate $'000	Financial service $'000	Others $'000	Elimination $'000	Group $'000	Note
2017							
Revenue	116,473	185,749	187,309	–	–	489,531	
Inter-segment revenue	1,948	–	5,563	1,086	(8,597)	–	A
Results							
Segment results	(6,603)	21,156	20,686	3,064	(3,308)	34,995	
Unallocated expenses	–	–	–	–	–	(226)	
Share of results of a joint venture	(215)	–	(215)	2,901	430	2,901	
Share of results of associates	400	(898)	–	–	–	(498)	
Interest income	2	632	1,963	46,170	(38,510)	10,257	
Finance costs	(1,852)	(8,576)	(7,477)	(46,917)	35,021	(29,801)	
(Loss)/profit before tax from operations	(8,268)	12,314	14,957	5,218		17,628	
Segment assets	138,443	1,090,613	446,204	1,132,493	(870,950)	1,936,803	B
Investment in joint ventures	–	–	–	15,106	–	15,106	
Investment in associates	12,137	9,949	–	–	–	22,086	
Unallocated assets	–	–	–	–	–	8,430	
Total assets	150,580	1,100,562	446,204	1,147,599		1,982,425	
Segment liabilities	106,404	899,601	315,007	911,347	(676,089)	1,556,270	C
Unallocated liabilities	–	–	–	–	–	17,496	
Total liabilities						1,573,766	
Capital expenditure	2,397	151	14,121	23,311	–	39,980	
Depreciation and amortisation	3,083	105	1,604	773	48	5,613	
Other significant non-cash expenses	619	2,392	426	1,845	–	5,282	D

33. SEGMENT INFORMATION (CONTINUED)

Notes

A Inter-segment revenues are eliminated on consolidation.

B The following items are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2018 $'000	2017 $'000
Inter-segment assets	932,995	870,950

C The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2018 $'000	2017 $'000
Inter-segment liabilities	703,328	676,089

D Other non-cash expenses comprises mainly write-off of property, plant and equipment, net fair value loss on investment properties, impairment loss on investment securities, allowance for write-down of inventories, development properties and properties held for sale, and allowance for/(write-back of) doubtful receivables as presented in the respective notes to the financial statements.

	2018 $'000	2017 $'000
Property, plant and equipment written-off	818	877
Net fair value loss on investment properties	1,303	486
Impairment loss on investment in a joint venture	–	25
Impairment loss on investment in an associate	31	–
Allowance for amount due from associates and a joint venture	–	604
(Reversal of impairment)/impairment loss on investment securities, net	(2,774)	1,733
Interest receivable written-off	81	75
(Write-back)/write-down of inventories	(29)	149
Allowance for write-down of development properties and properties held for sale	–	1,326
Allowance for doubtful receivables, net	564	7
Fair value loss on investment securities	2,895	–
Impairment loss on intangible assets	1,773	–
Net fair value gain on derivatives	(2,537)	–
Gain on bargain purchase on acquisition of subsidiary	(1,144)	–
Net gain on remeasuring previously held equity interest in associate to fair value on business combination	(957)	–
	24	5,282

33. SEGMENT INFORMATION (CONTINUED)

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	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Singapore	428,094	487,653	139,781	131,587
Australia	451,121	1,878	670	–
Malaysia	–	–	27,425	11,946
Hong Kong	507	–	182	–
Germany	18,729	–	5,864	–
	898,451	489,531	173,922	143,533

Non-current assets information presented above consist of property, plant and equipment, investment properties and intangible assets.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include liquidity risk, interest rate risk, foreign currency risk, credit risk and market price risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Chief Financial Officer. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

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.

(a) 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 for its business other than the real estate business. As for the real estate business there is no liquidity risk as loans and borrowings are repayable upon TOP whereupon receipts exceed the repayment of loans and borrowings. 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.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) 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 assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	1 year or less $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
31 December 2018				
Group				
Financial assets:				
Investment securities	3,679	50,124	49,179	102,982
Trade and other receivables	337,140	17,824	–	354,964
Due from associates (non-trade)	276	–	–	276
Due from a joint venture (non-trade)	86,099	–	–	86,099
Cash and bank balances	59,020	–	–	59,020
Total undiscounted financial assets	486,214	67,948	49,179	603,341
Financial liabilities:				
Trade and other payables	63,810	3,292	–	67,102
Due to an associate (non-trade)	2,028	–	–	2,028
Due to a joint venture	25	–	–	25
Interest-bearing loans and borrowings	481,130	66,963	67,556	615,649
Term notes and bonds	111,564	523,386	–	634,950
Total undiscounted financial liabilities	658,557	593,641	67,556	1,319,754
Total net undiscounted financial liabilities	(172,343)	(525,693)	(18,377)	(716,413)

	1 year or less $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
31 December 2017				
Group				
Financial assets:				
Investment securities	18,341	76,484	87,500	182,325
Trade and other receivables	291,374	60,753	–	352,127
Due from associates (non-trade)	1,305	–	–	1,305
Due from a joint venture (non-trade)	84,517	–	–	84,517
Cash and bank balances	54,888	–	–	54,888
Total undiscounted financial assets	450,425	137,237	87,500	675,162
Financial liabilities:				
Trade and other payables	64,920	4,349	–	69,269
Due to an associate (non-trade)	2,360	–	–	2,360
Interest-bearing loans and borrowings	696,959	131,798	57,489	886,246
Term notes and bonds	130,688	576,255	–	706,943
Total undiscounted financial liabilities	894,927	712,402	57,489	1,664,818
Total net undiscounted financial (liabilities)/assets	(444,502)	(575,165)	30,011	(989,656)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Liquidity risk (Continued)

Analysis of financial instruments by remaining contractual maturities (Continued)

	1 year or less $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
1 January 2017				
Group				
Financial assets:				
Investment securities	48,989	56,349	52,012	157,350
Trade and other receivables	277,123	5,328	–	282,451
Due from associates (non-trade)	6,350	–	–	6,350
Due from a joint venture (non-trade)	82,897	–	–	82,897
Cash and bank balances	70,284	–	–	70,284
Total undiscounted financial assets	485,643	61,677	52,012	599,332
Financial liabilities:				
Trade and other payables	57,698	1,696	–	59,394
Due to an associate (non-trade)	5,260	–	–	5,260
Interest-bearing loans and borrowings	454,822	171,834	24,847	651,503
Term notes and bonds	86,441	639,222	–	725,663
Total undiscounted financial liabilities	604,221	812,752	24,847	1,441,820
Total net undiscounted financial (liabilities)/assets	(118,578)	(751,075)	27,165	(842,488)

	1 year or less $'000	1 to 5 years $'000	Total $'000
31 December 2018			
Company			
Financial assets:			
Investment securities	–	500	500
Trade and other receivables	2,202	–	2,202
Due from subsidiaries (non-trade)	211,712	–	211,712
Due from a joint venture (non-trade)	86,093	–	86,093
Cash and bank balances	164	–	164
Total undiscounted financial assets	300,171	500	300,671
Financial liabilities:			
Trade and other payables	8,132	–	8,132
Due to subsidiaries (non-trade)	185,665	–	185,665
Term notes	84,860	–	84,860
Total undiscounted financial liabilities	278,657	–	278,657
Total net undiscounted financial assets	21,514	500	22,014

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Liquidity risk (Continued)

Analysis of financial instruments by remaining contractual maturities (Continued)

	1 year or less $'000	1 to 5 years $'000	Total $'000
31 December 2017			
Company			
Financial assets:			
Trade and other receivables	62	–	62
Due from subsidiaries (non-trade)	287,389	–	287,389
Due from a joint venture (non-trade)	84,570	–	84,570
Cash and bank balances	448	–	448
Total undiscounted financial assets	372,469	–	372,469
Financial liabilities:			
Trade and other payables	2,135	–	2,135
Due to subsidiaries (non-trade)	109,019	–	109,019
Term notes	111,209	126,268	237,477
Total undiscounted financial liabilities	222,363	126,268	348,631
Total net undiscounted financial assets/(liabilities)	150,106	(126,268)	23,838

	1 year or less $'000	1 to 5 years $'000	Total $'000
1 January 2017			
Company			
Financial assets:			
Trade and other receivables	322	6	328
Due from subsidiaries (non-trade)	370,488	–	370,488
Due from a joint venture (non-trade)	82,897	–	82,897
Cash and bank balances	751	–	751
Total undiscounted financial assets	454,458	6	454,464
Financial liabilities:			
Trade and other payables	3,783	–	3,783
Due to subsidiaries (non-trade)	97,338	–	97,338
Term notes	67,966	244,451	312,417
Total undiscounted financial liabilities	169,087	244,451	413,538
Total net undiscounted financial assets/(liabilities)	285,371	(244,445)	40,926

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(b) 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 exposure to interest rate risk arises primarily from their loans and borrowings. Other than the term notes and bonds and certain bank borrowings which are at fixed rates, the Group's loans and borrowings are at floating rates which are contractually repriced at intervals of less than 6 months from the end of the reporting period.

The Group's policy is to manage interest cost by using a mix of fixed and floating rate debts. At the end of the reporting period, term notes and bonds of $587,872,000 (31 December 2017: $639,500,000, 1 January 2017: $629,750,000) and bank borrowings of $566,001,000 (31 December 2017: $421,357,000, 1 January 2017: $371,848,000) are at fixed rates of interest.

Sensitivity analysis for interest rate risk

For the Group's financial service business, at the end of the reporting period, if SGD interest rates had been 50 (31 December 2017: 50, 1 January 2017: 50) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been $54,000 (31 December 2017: $33,000, 1 January 2017: $Nil) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate term loans.

For the real estate business, at the end of the reporting period, if Malaysia Ringgit ("**MYR**") and Australia Dollars ("**AUD**") interest rates had been 100 (31 December 2017: 100, 1 January 2017: 100) basis points lower/higher with all other variables held constant, the Group's development properties would have been $454,000 (31 December 2017: $503,000, 1 January 2017: $497,000) and $1,368,000 (31 December 2017: $2,412,000, 1 January 2017: 240,000) lower/higher respectively, arising mainly as a result of lower/higher capitalised borrowing cost on floating rate loans and borrowings. If at the end of the reporting period, SGD interest rates had been 100 (31 December 2017: 100, 1 January 2017: 100) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been $388,000 (31 December 2017: $1,684,000, 1 January 2017: $1,657,000), higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

For the Group's other businesses, at the end of the reporting period, if SGD interest rates had been 50 (31 December 2017: 50, 1 January 2017: 50) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been $159,000 (31 December 2017: $166,000, 1 January 2017: $49,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

(c) Foreign currency risk

The jewellery business has transactional currency exposures arising from purchases that are denominated in a currency other than the respective functional currencies of the Group entities, primarily SGD and EURO ("**EUR**"). The foreign currencies in which these transactions are denominated are mainly United States Dollars ("**USD**"), Hong Kong Dollars ("**HKD**"), Japanese Yen ("**JPY**") and EUR. Approximately 47% (31 December 2017: 40%, 1 January 2017: 27%) of the jewellery business purchases are denominated in foreign currencies. Trade payable balances at the end of the reporting period have similar exposures.

The real estate business has transactional currency exposures arising from loans extended by WCG, a subsidiary of the Group, to WCG's subsidiaries in Malaysia and Australia. These loans are denominated in MYR and AUD, whereas WCG's functional currency is SGD.

The Group's financial service business has transactional currency exposures arising from investments that are denominated in a currency other than the respective functional currencies of the Group entities, primarily SGD. The foreign currencies in which these transactions are denominated are mainly AUD.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Foreign currency risk (Continued)

The Group also holds cash and bank balances denominated in foreign currencies for working capital purposes.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Malaysia and Australia. As disclosed in Note 22, the Group entered into forward currency contracts during the financial year for reducing its exposure to foreign currency risks on Australian Dollar. The Group's net investments in Malaysia are not hedged as currency positions in MYR are considered to be long-term in nature.

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, HKD, MYR and AUD exchange rates (against SGD), with all other variables held constant.

		Profit before tax 2018 $'000 (lower)/higher	Profit before tax 2017 $'000 (lower)/higher
USD	– strengthened 5% (2017: 5%)	(108)	(74)
	– weakened 5% (2017: 5%)	108	74
HKD	– strengthened 5% (2017: 5%)	(30)	(41)
	– weakened 5% (2017: 5%)	30	41
MYR	– strengthened 5% (2017: 5%)	5,789	4,538
	– weakened 5% (2017: 5%)	(5,789)	(4,538)
AUD	– strengthened 5% (2017: 5%)	6,694	11,921
	– weakened 5% (2017: 5%)	(6,694)	(11,921)

(d) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables and cash and bank balances. Secured lending receivables has no significant exposure to credit risk as these receivables are secured by way of collateralised real estate by investment at a conservative loan-to-valuation ratio. No other financial asset carries a significant exposure to credit risk.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Credit risk (Continued)

The Group considers "low risk" to be an investment grade credit rating with at least one major rating agency. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forwarding-looking information which includes the following indicators:

– External credit rating;

– Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;

– Actual or expected significant changes in the operating results of the borrower;

– Significant increases in credit risk on other financial instruments of the same borrower;

– Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements; and

– Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrower in the group and changes in the operating results of the borrower.

The Group determined that its financial assets are credit-impaired when:

– There is significant difficulty of the issuer or the borrower

– A breach of contract, such as a default or past due event

– It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation

– There is a disappearance of an active market for that financial asset because of financial difficulty.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The following are classes of financial assets that are exposed to credit risk:

Trade receivables from the Group's financial service business

(i) Secured lending receivables

Secured lending receivables are secured by way of collateralised real estate held by the investment trustee. Although the collateral does not influence whether the financial instrument has a low credit risk, the expected cash flows in the assessment of net lifetime expected credit losses will include cash flows from the sale of collateral held.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Credit risk (Continued)

Trade receivables from the Group's financial service business (Continued)

(ii) Pawnshop loans

Pawnshop loans are collaterised whereby the quantum of loans granted to customers is based on a fraction of the value of the collaterals pledged to the Group. Although the collateral does not influence whether the financial instrument has a low credit risk, the expected cash flows in the assessment of net lifetime expected credit losses will include cash flows from the sale of collateral held.

(iii) Pawnshop loans and interest receivables on pawnshop loans expected credit losses

The Group used a provision matrix to estimate the allowance for ECLs on pawnshop loans and interest receivables on pawnshop loans. The key inputs of the Group's ECLs model are the probability of default and loss given default. The Group has estimated the probability of default being the forfeiture of the customers' pledges based on historical non-redemption data of its pawnshop outlets. The Group has estimated the loss exposure at default after considering the expected realisable value of the customers' pledges.

Significant judgment and estimation is involved in using the historical non-redemption data to derive the probability of default as the pawnshop loans age as well as considering any forward-looking economic information.

Trade receivables from the Group's jewellery and real estate businesses, and contract assets

The Group applies a simplified approach in calculating ECLs relating to the trade receivables from the Group's jewellery and real estate businesses, and contract assets. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

Quoted debt instruments

For those quoted debt instruments that are assessed to be of low credit risk and externally rated, the Group applied the low credit operational simplification and determined that no significant increase in credit risk has occurred. There is no significant impact arising from estimation of loss allowance based on a 12-month probability of default and loss given default, which would result in impairment losses to be recognised in profit or loss.

For those quoted debt instruments that are assessed to be of high credit risk and externally rated, the Group applies the lifetime ECLs approach and records impairment losses to profit or loss.

For debt instruments at FVOCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the external credit rating of the debt instrument.

Amounts due from a joint venture

The Group uses the general approach and estimates the 12-month expected credit losses when there is no indication of significant deterioration in credit risk based on the financial performance of its related entities. When a significant increase in credit risk has occurred, the Group estimates the lifetime ECLs for such financial assets.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Credit risk (Continued)

Amounts due from subsidiaries and joint ventures

The Company uses the general approach and estimates the 12-month expected credit losses when there is no indication of significant deterioration in credit risk based on the financial performance of its related entities. When a significant increase in credit risk has occurred, the Company estimates the lifetime ECLs for such financial assets.

The loss allowance provision as at 31 December 2018 reconciles to the opening loss allowance for that provision as follows:

	Group			Company
	Trade receivables at amortised cost $'000	**Debt securities at FVOCI $'000**	**Amounts due from joint ventures at amortised cost $'000**	**Amounts due from subsidiaries and joint ventures at amortised cost $'000**
As at 1 January 2018	790	10,920	24	4,929
Loss allowance measured at:				
Lifetime ECL				
– Credit risk has increased significantly since initial recognition	5,017	262	–	–
– Net reversal of ECL upon settlement via share conversion	–	(3,036)	–	–
– Written-back	(26)	–	–	(3,876)
– Written-off	(5,021)	(7,522)	–	–
As at 31 December 2018	760	624	24	1,053

Excessive risk concentration

Concentration arises 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 concentration of risk, the Group focuses on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. As at 31 December 2018 and 2017, there was no significant concentration of credit risk.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 20.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Credit risk (Continued)

Financial assets that neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and bank balances that are neither past due nor impaired are placed with reputable financial institutions 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 20.

(e) 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 price risk arising from its investment in quoted debt securities. These debt securities are quoted on the SGX-ST in Singapore and are classified as available-for-sale financial assets. The Group does not have exposure to commodity price risk.

Sensitivity analysis for market price risk

At the end of the reporting period, if the quoted market price of the debt securities held at FVOCI had been 2% higher/lower with all other variables held constant, the Group's other comprehensive income would have been $982,000 higher/lower, arising as a result of an increase/decrease in the fair value of debt securities classified as FVOCI.

At the end of the reporting period, if the quoted market price of the equity securities held at FVOCI and FVPL had been 2% higher/lower with all other variables held constant, the Group's other comprehensive income and net profit before tax would have been $949,000 and $9,000 higher/lower respectively, arising as a result of an increase/decrease in the fair value of equity securities classified as FVOCI and FVPL respectively.

As at 31 December 2017, if the quoted price of the investment securities classified as available-for-sale held at FVOCI had been 2% higher/lower with all other variables held constant, the Group's other comprehensive income would have been $3,556,000 higher/lower respectively, arising as a result of an increase/decrease in the fair value of investment securities classified as available-for-sale.

35. FAIR VALUE OF ASSETS AND LIABILITIES

(a) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 – Quoted prices (unadjusted) in active market 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 or indirectly, and

Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety at the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

35. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(b) Assets measured at fair value

The following table shows an analysis of each class of assets measured at fair value at the end of the reporting period:

	Group 2018			
	Quoted prices in active markets for identical assets (Level 1) $'000	**Significant observable inputs other than quoted prices (Level 2) $'000**	**Significant unobservable inputs (Level 3) $'000**	**Total $'000**
Assets measured at fair value				
Financial assets				
At FVOCI				
Debt securities (quoted) (Note 17)	49,081	–	–	49,081
Equity securities (quoted) (Note 17)	47,454	–	–	47,454
Equity securities (unquoted) (Note 17)	–	–	5,995	5,995
At FVPL				
Debt securities (unquoted) (Note 20)	–	–	9,625	9,625
Equity securities (quoted) (Note 17)	439	–	–	439
Derivatives (Note 22)	–	2,537	–	2,537
	96,974	2,537	15,620	115,131
Non-financial assets				
Investment properties				
Singapore (Note 11)	–	–	47,350	47,350
Malaysia (Note 11)	–	–	25,173	25,173
	–	–	72,523	72,523

	Group 2017			
	Quoted prices in active markets for identical assets (Level 1) $'000	**Significant observable inputs other than quoted prices (Level 2) $'000**	**Significant unobservable inputs (Level 3) $'000**	**Total $'000**
Assets measured at fair value				
Financial assets				
Available-for-sale financial assets				
Quoted debt securities (Note 17)	177,817	–	–	177,817
Available-for-sale financial asset included in non-current trade and other receivables (Note 20)	–	–	10,364	10,364
	177,817	–	10,364	188,181
Non-financial assets				
Investment properties				
Singapore (Note 11)	–	–	48,730	48,730
Malaysia (Note 11)	–	–	11,836	11,836
	–	–	60,566	60,566

35. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(c) Level 2 fair value measurements

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

Derivatives

Forward currency contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing, using present value calculations. The models incorporate various inputs including the foreign exchange spot and forward rates, and forward rate curves.

(d) Level 3 fair value measurements

(i) Information about significant unobservable inputs used in Level 3 fair value measurements

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3).

Description	**Fair value at 31 December 2018 $'000**	**Valuation techniques**	**Unobservable inputs**	**Range of unobservable inputs $**
Recurring fair value measurements				
Investment securities:				
Equity securities (unquoted) (Note 17)	1,500	Discounted cash flow	Cost of equity	9.0% to 10.5%
Equity securities (unquoted) (Note 17)	4,495	Net asset value	Note 1	Not applicable
Investment properties:				
Singapore	47,350	Market comparison approach	Price per square feet	881 – 4,646
Malaysia	25,173	Market comparison approach	Price per square feet	284 – 738
Trade receivables:				
Unquoted debt securities at FVPL (Note 20)	9,625	Net asset valuation	Note 1	Not applicable

35. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(d) Level 3 fair value measurements (Continued)

(i) Information about significant unobservable inputs used in Level 3 fair value measurements (Continued)

Description	Fair value at 31 December 2017 $'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs $
Recurring fair value measurements				
Investment properties:				
Singapore	48,730	Market comparison approach	Price per square feet	881 – 4,874
Malaysia	11,836	Market comparison approach	Price per square feet	284 – 418
Available-for-sale financial assets:				
Available-for-sale financial asset included in non-current trade and other receivables (Note 20)	10,364	Net asset valuation	Not applicable	Not applicable

For unquoted equity securities with carrying value of $1,500,000, a significant decrease/(increase) in the cost of equity would result in a significantly higher/(lower) fair value measurement.

For investment properties, a significant increase/(decrease) in price per square feet based on management's assumptions would result in a significantly higher/(lower) fair value measurement.

Note 1 – Unquoted equity securities at FVOCI and unquoted debt securities at FVPL

Valuation of the fund is performed on a periodic basis by an independent professional investment manager. The investment manager provides management with periodic investment reports, distribution statements, half yearly unaudited financial statements and annual audited accounts, audited by a reputable auditor.

The valuation of the investment by the fund in debt instruments, secured by real estate, is the responsibility of the investment manager. The net asset valuation, provided on a periodic basis, is the value that approved transfers will be based on. The valuation, which is based on reported net asset value of the fund (comprising mainly monetary assets), is not publicly available as it is provided by the investment manager to the investors of the fund.

35. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(d) Level 3 fair value measurements (Continued)

(ii) Movements in Level 3 assets measured at fair value

The following table presents the reconciliation for all assets measured at fair value based on significant unobservable inputs (Level 3):

	Fair value measurements using significant unobservable inputs (Level 3)				
	Unquoted equity securities at FVOCI	Unquoted debt securities at FVPL	Investment properties		Total
			Singapore	Malaysia	
	$'000	$'000	$'000	$'000	$'000
Group					
2018					
Opening balance	4,495	10,364	48,730	11,836	75,425
Purchase	1,500	224	–	–	1,724
Transfer from development properties	–	–	–	13,235	13,235
Net (loss)/gain on fair value adjustments of investment properties, representing total gains or losses for the year included in profit or loss	–	–	(1,380)	77	(1,303)
Exchange differences	–	(963)	–	25	(938)
Closing balance	5,995	9,625	47,350	25,173	88,143

	Fair value measurements using significant unobservable inputs (Level 3)			
	Available-for-sale financial asset	Investment properties		Total
		Singapore	Malaysia	
	$'000	$'000	$'000	$'000
Group				
2017				
Opening balance	–	45,700	–	45,700
Transfer from properties held for sale	–	3,554	11,798	15,352
Net (loss)/gain on fair value adjustments of investment properties, representing total gains or losses for the year included in profit or loss	–	(524)	38	(486)
Subscriptions	10,364	–	–	10,364
Closing balance	10,364	48,730	11,836	70,930

35. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(d) Level 3 fair value measurements (Continued)

(iii) Valuation policies and procedures

The Group's Chief Financial Officer oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's 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 who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and SFRS (I) 13 *Fair Value Measurement* guidance to perform the valuation.

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 non-observable 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 is reasonably available. Management has also considered the reports and representations provided by the investment manager.

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.

(e) Assets and liabilities not carried at fair value but for which fair value is disclosed

The following table shows an analysis of the Group's assets and liabilities not measured at fair value but for which fair value is disclosed:

	Quoted prices in active markets for identical assets (Level 1) $'000	**Significant unobservable inputs (Level 3) $'000**	**Fair value Total $'000**	**Carrying amount $'000**
Group				
2018				
Assets:				
Non-current:				
Trade receivables	–	3,515	3,515	3,517
Other receivables	–	3,376	3,376	3,544
Liabilities:				
Current:				
Term notes	73,571	–	73,571	82,750
Non-current:				
Term notes	159,202	–	159,202	161,500
Bonds	335,902	–	335,902	343,622
Other payables	–	2,964	2,964	3,121

35. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(e) Assets and liabilities not carried at fair value but for which fair value is disclosed (Continued)

	Quoted prices in active markets for identical assets (Level 1) $'000	Significant unobservable inputs (Level 3) $'000	Fair value Total $'000	Carrying amount $'000
Group				
2017				
Assets:				
Non-current:				
Trade receivables	–	37,361	37,361	33,096
Other receivables	–	5,076	5,076	5,558
Liabilities:				
Current:				
Term notes	98,219	–	98,219	98,000
Non-current:				
Term notes	191,281	–	191,281	192,500
Bonds	344,577	–	344,577	349,000
Other payables	–	2,585	2,585	2,708

	Quoted prices in active markets for identical assets (Level 1) $'000	Significant unobservable inputs (Level 3) $'000	Fair value Total $'000	Carrying amount $'000
Company				
2018				
Assets:				
Non-current:				
Investment in quoted subsidiaries	231,581	–	231,581	180,204
Current:				
Term notes	73,793	–	73,793	83,000

35. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(e) Assets and liabilities not carried at fair value but for which fair value is disclosed (Continued)

	Quoted prices in active markets for identical assets (Level 1) $'000	Significant unobservable inputs (Level 3) $'000	Fair value Total $'000	Carrying amount $'000
Company				
2017				
Assets:				
Non-current:				
Investment in quoted subsidiaries	277,173	–	277,173	168,237
Current:				
Term notes	100,223	–	100,223	100,000
Non-current:				
Term notes	122,434	–	122,434	123,500

Determination of fair value

Trade and other receivables/Other payables

The fair values as disclosed in the table above are estimated by discounting expected future cash flows at market incremental lending rates for similar types of lending, borrowing or leasing arrangements at the end of the reporting period.

Term notes

The fair values as disclosed in the table above are determined directly by reference to the bid price quotation of the term notes at the end of the reporting period.

Bonds

The fair values as disclosed in the table above are determined directly by reference to the quoted price of the bonds at the end of the reporting period.

35. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(f) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not a reasonable approximation of fair value

The fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not a reasonable approximation of fair value are as follows:

	Carrying amount		Fair value	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
Group				
Financial assets:				
Non-current:				
Unquoted equity shares, at cost	–	4,508	–	*
Trade receivables	3,517	33,096	3,515	37,361
Other receivables	3,544	5,558	3,376	5,076
Financial liabilities:				
Current:				
Term notes and bonds	82,750	98,000	73,571	98,219
Non-current:				
Other payables	3,121	2,708	2,964	2,585
Term notes and bonds	505,122	541,500	495,104	535,858
Company				
Financial liabilities:				
Current:				
Term notes and bonds	83,000	100,000	73,793	100,223
Non-current:				
Term notes and bonds	–	123,500	–	122,434

* Investment in unquoted equity shares carried at cost

Fair value information has not been disclosed for the Group's investments in unquoted equity shares that are carried at cost because fair value cannot be measured reliably. The investee companies are not quoted on any market and does 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 these investments in the foreseeable future.

36. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or procedures during the years ended 31 December 2018 and 31 December 2017.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, interest-bearing loans and borrowings, term notes and bonds, trade and other payables, less cash and bank balances. The gearing ratios for the jewellery segment, real estate segment and financial service segment are 45% (31 December 2017: 36% , 1 January 2017: 42%), 56% (31 December 2017: 74%, 1 January 2017: 67%) and 68% (31 December 2017: 70%, 1 January 2017: 64%) respectively. Due to the nature of the business, the real estate segment will generally have a higher gearing ratio than the jewellery segment. The table below shows the capital and net debt for the Group.

	Note	2018 $'000	2017 $'000
Interest-bearing loans and borrowings	25	566,001	845,058
Term notes and bonds	26	587,872	639,500
Trade and other payables	24	77,008	69,352
Less: Cash and bank balances	23	(59,020)	(54,888)
Net debt		1,171,861	1,499,022
Equity attributable to owners of the Company		305,900	319,209
Capital and net debt		1,477,761	1,818,231
Gearing ratio		79%	82%

37. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2018 were authorised for issue in accordance with a resolution of the directors on 29 March 2019.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ASPIAL CORPORATION LIMITED AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

The information contained in this Appendix III has been reproduced from the annual report of Aspial Corporation Limited for the financial year ended 31 December 2019 and has not been specifically prepared for inclusion in this Information Memorandum. Investors should read the financial statements in conjunction with the related notes.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ASPIAL CORPORATION LIMITED FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Aspial Corporation Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**"), which comprise the statements of financial position of the Group and Company as at 31 December 2019, statements of changes in equity of the Group and Company and the consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group, the statement of financial position and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "**Act**") and Singapore Financial Reporting Standards (International) ("**SFRS(I)**") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2019 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("**SSAs**"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("**ACRA**") Code of *Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("**ACRA Code**") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed each matter is provided in that context.

We have fulfilled our responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Assessment of carrying values of development properties, properties held for sale and hotel properties included in property, plant and equipment ("PPE")

As at 31 December 2019, the Group's development properties, properties held for sale and hotel properties included in property, plant and equipment ("**PPE**") amounted to $521,221,000, $64,237,000 and $58,779,000 respectively, which in aggregate represented approximately 37% of the Group's total assets. The Group's development properties are located outside of Singapore, whilst its properties held for sale and hotel properties are located in and outside of Singapore.

For development properties, a significant proportion of these development properties relate to projects that have not been launched or completed as at 31 December 2019. In ascertaining net realisable value ("**NRV**"), significant judgment is involved as management either needs to estimate the expected selling price (taking into account estimated costs to compete construction) based on the future property market and economic conditions in the respective markets, or use external appraisers to support its determination of market prices.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ASPIAL CORPORATION LIMITED FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Key audit matters (Continued)

Assessment of carrying values of development properties, properties held for sale and hotel properties included in property, plant and equipment (Continued)

For properties held for sale, in ascertaining NRV, significant judgment is involved as management either needs to estimate the expected selling price based on the current property market and economic conditions in the respective markets, or use external appraisers to support its determination of market prices.

For hotel properties, the Group follows the guidance in SFRS(I) 1-36 *Impairment of Assets* in determining whether it is necessary to recognise any impairment. Management exercises significant judgment in determining whether there is any indication that the hotel properties may be impaired. If there is any indication of impairment, significant judgment is involved as management needs to estimate the recoverable amounts of these hotel properties based on the current property market and economic conditions in the respective markets, or use external appraisers to support its determination of market prices.

Given the magnitude of these assets and the significant estimation uncertainties involved in determining the NRV of development properties and properties held for sale and the recoverable amounts of hotel properties included in PPE, we have identified the assessment of carrying values of development properties, properties held for sale and hotel properties included in PPE as a key audit matter.

To address the risk of material misstatement relating to the carrying values of development properties, properties held for sale and hotel properties, our audit procedures included, amongst others, inquiry of management on the existence of any indicators that the NRV or recoverable amount is lower than their respective costs. We assessed the reasonableness of the estimated selling prices, taking into account market prices for similar properties in the respective markets, where applicable. Where management used external appraisers to support its determination of estimated selling prices, we evaluated the objectivity, competence and capabilities of the appraisers. We also involved our internal real estate specialists in assessing the appropriateness of the valuation method and certain key assumptions used in the valuations.

In addition to the above procedures, in evaluating the appropriateness of management's NRV assessment of the development properties and impairment assessment of the hotel properties, we performed procedures to evaluate the reasonableness of the estimated costs of completing the development properties and hotel properties under construction. We obtained an understanding of the Group's internal controls with respect to project budgeting and monitoring process and inquired with management on the development status of on-going and significant projects. We also examined documentation of the progress of material projects such as costs incurred to-date, estimated costs to complete and timing of completion.

Further, we assessed the adequacy of disclosures related to development properties, properties held for sale and hotel properties in Note 2.18 Development properties, Note 2.19 Properties held for sale, Note 2.10 Property, plant and equipment, Note 3.2(e) Estimation of net realisable value for development properties, Note 3.2(f) Estimation of net realisable value for properties held for sale, Note 19 Development properties/properties held for sale and Note 10 Property, plant and equipment to the financial statements.

Allowance for expected credit losses on trade receivables of the Group's financial service business

Included in trade receivables of the Group's financial service business are pawnshop loans and interest receivables on pawnshop loans, which are significant to the Group. The collectability of trade receivables is a key element of the Group's working capital management.

The Group uses a provision matrix to estimate the allowance for expected credit losses ("**ECLs**") on pawnshop loans and interest receivables on pawnshop loans. The key inputs of the Group's ECLs model are the probability of default and loss given default. The Group has estimated the probability of default being the forfeiture of the customers' pledges based on historical non-redemption data of its pawnshop outlets. The Group has estimated the loss given default as the amount of loss exposure at default after considering the expected realisable value of the customers' pledges.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ASPIAL CORPORATION LIMITED FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Key audit matters (Continued)

Allowance for expected credit losses on trade receivables of the Group's financial service business (Continued)

Significant judgment and estimation is involved in using the historical non-redemption data to derive the probability of default, estimating the expected realisable value of customers' pledges as well as considering any forward-looking economic information. Accordingly, we have identified the Group's ECLs assessment on pawnshop loans and interest receivables on pawnshop loans from the Group's financial service business as a key audit matter.

As part of our audit, we tested the reasonableness of the inputs and assumptions used by the Group in the ECLs model which is largely dependent on the Group's historical loss experience and loan-to-valuation data. We reviewed and tested the overall process and key controls relating to the collection of non-redemption data used in the ECLs model including checking the arithmetic accuracy of the probability of default. We also analysed historical trend of expected realisable value of the customers' pledges and considered forward-looking macroeconomic factors that may affect the recoverability of the pawnshop loans and related interest receivables. Furthermore, we assessed the adequacy of the disclosures related to trade receivables in Note 20 to the financial statements.

Existence of pledges, cash and inventories

We focused on pledges, cash and inventories as their total carrying amounts are material to the financial statements and there is a higher inherent risk of theft and pilferage.

As part of our audit of the financial service business, we obtained an understanding of the internal controls with respect to the physical safeguards over pledges, cash and inventories. We tested selected internal controls over cash receipts and disbursements and movement of inventories. We obtained bank confirmations including testing controls over bank reconciliation reviews and obtained an understanding of management's monitoring of cash balances, including monitoring of outlet cash float, physical transfer of cash between outlets and head office, and reconciliation of outlet cash flows to the pledges movement.

On a sample basis, we attended and observed surprise outlet audits on daily cash counts and inventory counts at selected outlets. We performed verification of pledges by taking a sample of pledges held on open pawn tickets and matched details of pledges to the physical pledges during our planned and surprise visits to the outlets. We also attended the year-end inventory count and cash count conducted at head office.

As part of our audit of the jewellery business, we obtained an understanding of the internal controls with respect to the physical safeguards over inventories. On a sample basis, we attended and observed surprise outlet audits (which include inventories count) and inventory cycle counts at selected outlets.

Furthermore, we assessed the adequacy of the disclosures related to total cash on hand, pledges held (trade receivables of the Group's financial services business) and inventories in Note 23 Cash and bank balances, Note 20 Trade and other receivables and Note 18 Inventories respectively to the financial statements.

Other information

Management is responsible for other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ASPIAL CORPORATION LIMITED FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Responsibilities of management and directors 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 Act and SFRS(I), 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.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ASPIAL CORPORATION LIMITED FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

Auditor's responsibilities for the audit of the financial statements (Continued)

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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.

The engagement partner on the audit resulting in this independent auditor's report is Max Loh Khum Whai.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

27 March 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	2019 $'000	2018 $'000
Revenue	4	560,242	898,451
Materials and subcontract costs		(354,883)	(644,048)
Employee benefits	5	(62,661)	(58,398)
Depreciation and amortisation		(28,193)	(6,547)
Finance costs	6	(34,268)	(31,334)
Other operating expenses		(77,164)	(129,625)
Interest income		4,037	9,316
Rental income		2,560	2,703
Other income	7	8,502	15,827
Share of results of associates		40	637
Share of results of joint ventures		12,193	(427)
Profit before tax	8	30,405	56,555
Income tax expense	28(a)	(11,845)	(19,449)
Profit for the year		18,560	37,106
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Net fair value changes on equity instruments at fair value through other comprehensive income		1,876	(6,174)
Items that may be reclassified subsequently to profit or loss			
Net fair value changes on debt instruments at fair value through other comprehensive income		1,962	(2,298)
Foreign currency translation		(3,475)	(16,934)
Share of other comprehensive income/(loss) of a joint venture		7,663	(1,430)
Share of other comprehensive loss of an associate		–	(23)
Other comprehensive income/(loss) for the year, net of tax		8,026	(26,859)
Total comprehensive income for the year		26,586	10,247
Profit for the year attributable to:			
Owners of the Company		12,695	28,346
Non-controlling interests		5,865	8,760
		18,560	37,106
Total comprehensive income attributable to:			
Owners of the Company		21,186	6,397
Non-controlling interests		5,400	3,850
		26,586	10,247
Earnings per share (cent)			
Basic	9	0.66	1.46
Diluted	9	0.66	1.46

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

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2019

	Note	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
Non-current assets					
Property, plant and equipment	10	171,377	91,155	171	191
Investment properties	11	60,795	72,523	–	–
Intangible assets	12	9,599	10,244	1,233	1,054
Right-of-use assets	27(a)	96,972	–	–	–
Investment in subsidiaries	13	–	–	225,204	227,204
Investment in associates	14	124,070	19,324	76,529	–
Investment in joint ventures	15	75	13,346	75	5,000
Investment securities	17	11,872	99,303	–	500
Trade and other receivables	20	14,282	16,686	–	–
Prepayments		–	1	–	–
Deferred tax assets	28(c)	3,181	3,530	1,039	87
		492,223	326,112	304,251	234,036
Current assets					
Contract assets	4(b)	–	44,918	–	–
Inventories	18	149,692	147,413	–	–
Development properties	19(a)	521,221	590,335	–	–
Properties held for sale	19(b)	64,237	76,135	–	–
Trade and other receivables	20	331,293	326,229	7,826	2,202
Prepayments		5,598	6,798	319	231
Due from subsidiaries (non-trade)	21	–	–	27,434	211,712
Due from associates (non-trade)	21	1,278	276	385	–
Due from a joint venture (non-trade)	21	1	86,099	1	86,093
Investment securities	17	9,718	3,679	425	–
Derivatives	22	2,033	2,537	–	–
Cash and bank balances	23	146,194	59,020	337	164
		1,231,265	1,343,439	36,727	300,402
Total assets		1,723,488	1,669,551	340,978	534,438
Current liabilities					
Trade and other payables	24	79,577	73,887	16,220	8,158
Due to subsidiaries (non-trade)	21	–	–	53,296	185,665
Due to an associate (non-trade)	21	1,508	2,028	–	–
Due to a joint venture (non-trade)	21	–	25	–	–
Provision for taxation		19,720	14,250	–	–
Interest-bearing loans and borrowings	25	486,436	461,655	–	–
Lease liabilities	27(b)	22,591	–	–	–
Term notes and bonds	26	357,982	82,750	–	83,000
		967,814	634,595	69,516	276,823
Net current assets/(liabilities)		263,451	708,844	(32,789)	23,579

STATEMENTS OF FINANCIAL POSITION (CONTINUED)

AS AT 31 DECEMBER 2019

	Note	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
Non-current liabilities					
Other payables	24	5,939	3,121	–	–
Interest-bearing loans and borrowings	25	104,991	104,346	–	–
Lease liabilities	27(b)	75,549	–	–	–
Term notes and bonds	26	142,000	505,122	–	–
Deferred tax liabilities	28(c)	16,747	15,804	–	–
		345,226	628,393	–	–
Total liabilities		1,313,040	1,262,988	69,516	276,823
Net assets		410,448	406,563	271,462	257,615
Equity attributable to owners of the Company					
Share capital	29(a)	226,930	226,930	226,930	226,930
Treasury shares	29(b)	(2,290)	(2,589)	(2,290)	(2,589)
Other reserves	29(c)	(17,622)	(27,776)	1,302	1,413
Revenue reserves		105,705	109,335	45,520	31,861
		312,723	305,900	271,462	257,615
Non-controlling interests		97,725	100,663	–	–
Total equity		410,448	406,563	271,462	257,615
Total equity and liabilities		1,723,488	1,669,551	340,978	534,438

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		Attributable to owners of the Company						
	Note	Share capital $'000	Treasury shares $'000	Other reserves $'000	Revenue reserves $'000	Equity attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
Group								
At 1 January 2018								
– As previously reported		226,930	(2,589)	16,438	96,231	337,010	89,738	426,748
– Effects of adopting SFRS(I) 1		–	–	(28,314)	13,104	(15,210)	–	(15,210)
– Effects of adopting SFRS(I) 15		–	–	–	(2,591)	(2,591)	(288)	(2,879)
– As restated		226,930	(2,589)	(11,876)	106,744	319,209	89,450	408,659
– Effects of adopting SFRS(I) 9		–	–	7,835	(9,367)	(1,532)	–	(1,532)
		226,930	(2,589)	(4,041)	97,377	317,677	89,450	407,127
Profit for the year		–	–	–	28,346	28,346	8,760	37,106
Other comprehensive income								
Net fair value changes on debt instruments at FVOCI		–	–	(2,038)	–	(2,038)	(260)	(2,298)
Net fair value changes on equity instruments at FVOCI		–	–	(5,351)	–	(5,351)	(823)	(6,174)
Foreign currency translation		–	–	(13,107)	–	(13,107)	(3,827)	(16,934)
Share of other comprehensive loss of an associate and a joint venture		–	–	(1,453)	–	(1,453)	–	(1,453)
Other comprehensive loss for the year, net of tax		–	–	(21,949)	–	(21,949)	(4,910)	(26,859)
Total comprehensive (loss)/income for the year		–	–	(21,949)	28,346	6,397	3,850	10,247
Contributions by and distributions to owners								
Dividend on ordinary shares								
– Cash dividends	30	–	–	–	(14,523)	(14,523)	–	(14,523)
Dividend paid to non-controlling interests of subsidiaries								
– Cash dividends		–	–	–	–	–	(5,880)	(5,880)
Premium on dilution of interests in subsidiary		–	–	198	–	198	(198)	–
Capital contribution from non-controlling interests		–	–	(73)	–	(73)	10,524	10,451
Total contributions by and distributions to owners		–	–	125	(14,523)	(14,398)	4,446	(9,952)

STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

		Attributable to owners of the Company						
	Note	Share capital $'000	Treasury shares $'000	Other reserves $'000	Revenue reserves $'000	Equity attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
Group								
Changes in ownership interests in subsidiaries								
Acquisition of non-controlling interests in a subsidiary	13	–	–	(3,727)	–	(3,727)	2,720	(1,007)
Change in ownership interests in subsidiaries without a change in control		–	–	(27)	(22)	(49)	197	148
Total changes in ownership interests in subsidiaries		–	–	(3,754)	(22)	(3,776)	2,917	(859)
Total transactions with owners in their capacity as owners		–	–	(3,629)	(14,545)	(18,174)	7,363	(10,811)
Others								
Transfer at fair value reserves of equity instruments at FVOCI upon disposal		–	–	1,843	(1,843)	–	–	–
Total Others		–	–	1,843	(1,843)	–	–	–
At 31 December 2018		226,930	(2,589)	(27,776)	109,335	305,900	100,663	406,563

STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Attributable to owners of the Company						
		Share capital $'000	Treasury shares $'000	Other reserves $'000	Revenue reserves $'000	Equity attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
Group								
At 1 January 2019		226,930	(2,589)	(27,776)	109,335	305,900	100,663	406,563
Profit for the year		–	–	–	12,695	12,695	5,865	18,560
Other comprehensive income								
Net fair value changes on debt instruments at FVOCI		–	–	1,806	–	1,806	156	1,962
Net fair value changes on equity instruments at FVOCI		–	–	1,690	–	1,690	186	1,876
Foreign currency translation		–	–	(2,668)	–	(2,668)	(807)	(3,475)
Share of other comprehensive income of an associate and a joint venture		–	–	7,663	–	7,663	–	7,663
Other comprehensive income/(loss) for the year, net of tax		–	–	8,491	–	8,491	(465)	8,026
Total comprehensive income for the year		–	–	8,491	12,695	21,186	5,400	26,586
Contributions by and distributions to owners								
Dividend on ordinary shares – Cash dividends	30	–	–	–	(14,529)	(14,529)	–	(14,529)
Dividend paid to non-controlling interests of subsidiaries – Cash dividends		–	–	–	–	–	(8,495)	(8,495)
Treasury shares reissued pursuant to Aspial Performance Share Plan	29(b)	–	299	(111)	–	188	–	188
Capital contribution from non-controlling interests		–	–	–	–	–	115	115
Total contributions by and distributions to owners		–	299	(111)	(14,529)	(14,341)	(8,380)	(22,721)

STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Attributable to owners of the Company						
		Share capital $'000	Treasury shares $'000	Other reserves $'000	Revenue reserves $'000	Equity attributable to owners of the Company $'000	Non-controlling interests $'000	Total equity $'000
Group								
Changes in ownership interests in subsidiaries								
Change in ownership interests in subsidiaries without a change in control		–	–	(23)	1	(22)	42	20
Total changes in ownership interests in subsidiaries		–	–	(23)	1	(22)	42	20
Total transactions with owners in their capacity as owners		–	299	(134)	(14,528)	(14,363)	(8,338)	(22,701)
Others								
Transfer at fair value reserves of equity instruments at FVOCI upon disposal		–	–	1,797	(1,797)	–	–	–
Total Others		–	–	1,797	(1,797)	–	–	–
At 31 December 2019		226,930	(2,290)	(17,622)	105,705	312,723	97,725	410,448

STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	Share capital $'000	Treasury shares $'000	Other reserves $'000	Revenue reserves $'000	Total equity $'000
Company						
At 1 January 2018		226,930	(2,589)	1,413	28,715	254,469
Profit for the year, representing total comprehensive income for the year		–	–	–	17,669	17,669
Contributions by and distributions to owners						
Dividends on ordinary shares						
– Cash dividends	30	–	–	–	(14,523)	(14,523)
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners		–	–	–	(14,523)	(14,523)
At 31 December 2018 and 1 January 2019		226,930	(2,589)	1,413	31,861	257,615
Profit for the year, representing total comprehensive income for the year		–	–	–	28,188	28,188
Contributions by and distributions to owners						
Dividends on ordinary shares						
– Cash dividends	30	–	–	–	(14,529)	(14,529)
Treasury shares reissued pursuant to Aspial Performance Share Plan	29(b)	–	299	(111)	–	188
Total contributions by and distributions to owners, representing total transactions with owners in their capacity as owners		–	299	(111)	(14,529)	(14,341)
At 31 December 2019		226,930	(2,290)	1,302	45,520	271,462

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	2019 $'000	2018 $'000
Operating activities			
Profit before tax		30,405	56,555
Adjustments for:			
Property, plant and equipment written-off		980	818
Impairment loss on investment in an associate		–	31
Impairment loss on intangible assets		99	1,773
Impairment loss on property, plant and equipment	10	4,156	–
Allowance for write-down of development properties	19(a)	1,502	–
Loss/(gain) on disposal of property, plant and equipment		1	(10)
Fair value gain on derivatives		(974)	(2,537)
Fair value loss on investment securities		77	2,895
Net fair value loss on investment properties	11	3,341	1,303
Interest receivable written-off		11	81
Impairment loss/ (reversal of impairment) on investment securities	35(d)	1,959	(2,774)
Depreciation of property, plant and equipment	10	5,832	5,458
Depreciation of right-of-use assets	27(a)	21,080	–
Employee Share Award Scheme expenses		188	191
Write-back of inventories	18	(400)	(29)
Allowance for doubtful receivables	20	209	564
Interest expense	6	31,688	28,718
Interest income		(4,037)	(9,316)
Amortisation of prepaid rent		4	3
Amortisation of intangible assets	12	1,277	1,086
Amortisation of prepaid commitment fees	6	2,637	2,671
Amortisation of premium on term notes	6	(57)	(55)
Net loss on disposal of investment securities		572	1,665
Loss/(gain) on purchase and cancellation of term notes and bonds		3	(67)
Dividend income from equity instruments		(1,876)	(4,717)
Gain on bargain purchase on acquisition of subsidiary		–	(1,144)
Net gain on remeasuring previously held equity interest in associates to fair value on business combination		–	(957)
Share of results of associates		(40)	(637)
Share of results of joint ventures		(12,193)	427
Unrealised foreign exchange differences		149	13,693
Operating cash flows before changes in working capital		86,593	95,689
Changes in working capital			
(Increase)/decrease in inventories		(2,447)	3,586
Decrease in development properties, investment properties and properties held for sale		29,495	175,167
Decrease in contract assets, trade and other receivables		45,184	68,253
(Increase)/decrease in prepayments		(706)	490
Increase in restricted cash		(13,197)	–
Decrease in trade and other payables		(2,583)	(4,928)
Total changes in working capital		55,746	242,568
Cash flows generated from operations		142,339	338,257
Interest paid		(33,741)	(63,928)
Income taxes paid		(7,285)	(3,158)
Net cash flows generated from operating activities		101,313	271,171

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	Note	2019 $'000	2018 $'000
Investing activities			
Net cash inflow on acquisition of a subsidiary		–	3,026
Purchase of property, plant and equipment	10	(29,487)	(19,112)
Acquisition of intangible assets		(868)	(1,506)
Proceeds from sale of property, plant and equipment		–	332
Interest received		5,639	3,139
Purchase of investment securities		(2)	(94,800)
Dividend income from equity instruments		1,876	4,717
Dividend income from associates		576	–
Proceeds from disposal of investment securities		83,792	162,836
Due (from)/to associates (non-trade), net		(2,098)	1,943
Due to/(from) a joint venture (non-trade), net		10,088	(1,583)
Net cash flows generated from investing activities		69,516	58,992
Financing activities			
Dividends paid to shareholders of the Company		(9,682)	(9,682)
Dividends paid to non-controlling interests of subsidiaries		(4,500)	(4,462)
Proceeds from issuance of ordinary shares by subsidiaries to non-controlling interests		115	6,335
Proceeds from issuance of term notes and bonds		23,500	44,750
Repayment of term notes		(111,393)	(96,311)
Purchase of treasury shares of a subsidiary		(116)	(42)
Proceeds from term loans		207,349	162,360
Repayment of term loans		(134,893)	(379,569)
Repayment of short-term bank borrowings, net		(43,934)	(47,434)
Repayment of principal portion of lease liabilities		(22,374)	–
Term notes and bonds commitment fees paid		(756)	(976)
Repayment of finance lease obligations		–	(136)
Net cash flows used in financing activities		(96,684)	(325,167)
Net increase in cash and cash equivalents		74,145	4,996
Effect of exchange rate changes on cash and cash equivalents		(168)	(864)
Cash and cash equivalents at beginning of year		59,020	54,888
Cash and cash equivalents at end of year	23	132,997*	59,020

Note:

* An amount of $13,197,000 has not been included in cash and cash equivalents of the Group as the amount relates to a reserve account held in escrow by a third party which will only be released upon repayment of the loan and related interested liabilities owing to the third party.

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

1. CORPORATE INFORMATION

Aspial Corporation Limited (the "**Company**") is a limited liability company incorporated and domiciled in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("**SGX-ST**"). The immediate and ultimate holding company is MLHS Holdings Pte. Ltd., which is also incorporated in Singapore.

The address of the Company's registered office is 50 Raffles Place, #32-01 Singapore Land Tower, Singapore 048623. The address of its principal place of business is located at 55 Ubi Avenue 3, #01-01, Singapore 408864.

The principal activity of the Company is investment holding and provision of management services. The principal activities of the subsidiaries are disclosed in Note 13 to the financial statements.

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 (International) ("**SFRS(I)**").

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 Adoption of new and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and amended standards which are relevant to the Group and are effective for annual financial periods beginning on or after 1 January 2019. Except for the adoption of SFRS(I) 16 *Leases* described below, the adoption of these standards did not have any material effect on the financial performance or position of the Group.

<u>SFRS(I) 16 *Leases*</u>

SFRS(I) 16 supersedes SFRS(I) 1-17 *Leases*, SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*, SFRS(I) INT 1-15 *Operating Leases-Incentives* and SFRS(I) INT 1-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the statements of financial position.

Lessor accounting under SFRS(I) 16 is substantially unchanged from SFRS(I) 1-17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in SFRS(I) 1-17. Therefore, SFRS(I) 16 does not have an impact for leases where the Group is the lessor.

The Group adopted SFRS(I) 16 using the modified retrospective method of adoption, with the date of initial application of 1 January 2019. Under this method, the Group has adopted to measure the carrying amount of the right-of-use asset at an amount equal to the carrying amount of the lease liability on the date of initial application. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 January 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying SFRS(I) 1-17 and SFRS(I) INT 4 at the date of initial application.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Adoption of new and amended standards and interpretations (Continued)

SFRS(I) 16 *Leases* (Continued)

The effect of adopting SFRS(I) 16 as at 1 January 2019 was as follows:

	Group $'000
Assets	
Right-of-use assets	59,802
Liabilities	
Lease liabilities	59,802

The Group has lease contracts for land, leased properties, motor vehicles, machinery, tools & equipment, security equipment & office equipment and computer software. Before the adoption of SFRS(I) 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. The accounting policy prior to 1 January 2019 is disclosed in Note 2.22.

Upon adoption of SFRS(I) 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The accounting policy beginning on or after 1 January 2019 is disclosed in Note 2.22. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

Leases previously classified as finance leases

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e. right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under SFRS(I) 1-17). The requirements of SFRS(I) 16 were applied to these leases from 1 January 2019.

Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- Relied on its assessment of whether leases are onerous immediately before the date of initial application;

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Adoption of new and amended standards and interpretations (Continued)

SFRS(I) 16 *Leases* (Continued)

Leases previously accounted for as operating leases (Continued)

- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application;
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

Based on the above, as at 1 January 2019:

- Right-of-use assets of $59,802,000 were recognised and presented separately in the statement of financial position. This includes the lease assets recognised previously under finance leases of $542,000 that were reclassified from property, plant and equipment;
- Additional lease liabilities of $59,802,000 were recognised and presented separately in the statement of financial position; and
- The net effect of these adjustments to retained earnings was nil. Comparative information is not restated.

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as of 31 December 2018, as follows:

	$'000
Operating lease commitments as at 31 December 2018	52,257
Less:	
Commitments relating to short-term leases	(4,957)
Commitments relating to leases of low-value assets	(71)
	47,229
Weighted average incremental borrowing rate as at 1 January 2019	3.28%
Discounted operating lease commitments as at 1 January 2019	38,334
Add:	
Commitments relating to leases previously classified as finance leases	467
Lease payments relating to renewal periods not included in operating lease commitments as at 31 December 2018	21,001
Lease liabilities as at 1 January 2019	59,802

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

Description	Effective for annual periods beginning on or after
Amendments to SFRS(I) 3 *Definition of a Business*	1 January 2020
Amendments to SFRS(I) 1-1 and SFRS(I) 1-8 *Definition of Material*	1 January 2020
Amendments to SFRS(I) 10 and SFRS(I) 1-28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

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

2.4 Basis of consolidation and business combinations

(a) *Basis of consolidation*

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

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

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

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

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

– derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;

– derecognises the carrying amount of any non-controlling interest;

– derecognises the cumulative translation differences recorded in equity;

– recognises the fair value of the consideration received;

– recognises the fair value of any investment retained;

– recognises any surplus or deficit in profit or loss;

– reclassifies the Group's share of components previously recognised in other comprehensive income to profit or loss or revenue reserves, as appropriate.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Basis of consolidation and business combinations (Continued)

(b) *Business combinations and goodwill*

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

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

Non-controlling interest in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of net assets of the acquiree are recognised on the acquisition date at either fair value, or the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

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. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

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

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.

2.5 Transactions with non-controlling interests

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

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

2.6 Subsidiaries

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.7 Joint arrangements

A joint arrangement is a contractual arrangement whereby two or more parties have joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

A joint arrangement is classified either as joint operation or joint venture, based on the rights and obligations of the parties to the arrangement.

To the extent the joint arrangement provides the Group with rights to the assets and obligations for the liabilities relating to the arrangement, the arrangement is a joint operation. To the extent the joint arrangement provides the Group with rights to the net assets of the arrangement, the arrangement is a joint venture.

(a) *Joint operations*

The Group recognises in relation to its interest in a joint operation,

(a) its assets, including its share of any assets held jointly;

(b) its liabilities, including its share of any liabilities incurred jointly;

(c) its revenue from the sale of its share of the output arising from the joint operation;

(d) its share of the revenue from the sale of the output by the joint operation; and

(e) its expenses, including its share of any expenses incurred jointly.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the accounting policies applicable to the particular assets, liabilities, revenues and expenses.

(b) *Joint ventures*

The Group recognises its interest in a joint venture as an investment and accounts for the investment using the equity method. The accounting policy for investment in joint ventures is set out in Note 2.8.

2.8 Associates and joint ventures

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Associates and joint ventures (Continued)

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

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

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

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

2.9 Foreign currency

The 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 profit or loss.

(b) *Consolidated financial statements*

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

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. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated. Work-in-progress is not depreciated until it is ready for its intended use.

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

Freehold properties	–	50 years
Leasehold properties	–	37 to 69 years
Renovations, electrical fittings, furniture and fittings	–	1 to 20 years
Air-conditioners, security equipment, office equipment and electrical equipment	–	2 to 12 years
Machinery, tools and equipment	–	2 to 10 years
Computers	–	3 to 5 years
Motor vehicles	–	3 to 7 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 useful lives 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 de-recognition of the asset is included in profit or loss in the year the asset is derecognised.

2.11 Investment properties

Investment properties are properties that are either owned by the Group or leased under a finance lease that are held to earn rental or for capital appreciation, or both, rather than for use in the production or supply of goods or services, or for administrative purposes, or in the ordinary course of business. Investment properties comprise completed investment properties and properties that are being constructed or developed for future use as investment properties. Properties held under operating leases are classified as investment properties when the definition of an investment property is met.

Investment properties are initially measured at cost, including transaction costs.

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 profit or loss 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 profit or loss in the year of retirement or disposal.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.12 Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

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

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

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

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

(i) *Brands*

The brands were acquired in business combinations. The useful lives of the brands are estimated to be 15 years and are amortised on a straight-line basis.

(ii) *Trademark*

Trademark acquired separately is measured on initial recognition at cost. Following initial recognition, it is carried at cost less accumulated amortisation and any accumulated impairment losses.

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

For trademarks with finite useful lives, the trademarks are amortised on a straight-line basis over its finite useful life of 15 years.

For trademarks with indefinite useful lives, the trademarks are estimated to have indefinite useful lives based on the current market share of these trademarks. Hence, management believes that there is no foreseeable limit to the period over which the trademarks are expected to generate net cash inflows for the Group.

2.13 Impairment of non-financial assets

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Impairment of non-financial assets (Continued)

Impairment losses are recognised in profit or loss.

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

2.14 Financial instruments

(a) *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.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of a third party, if the trade receivables do not contain a significant financing component at initial recognition.

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

(i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

(ii) Fair value through other comprehensive income

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial instruments (Continued)

(a) *Financial assets* (Continued)

Subsequent measurement (Continued)

Investments in debt instruments (Continued)

(iii) Fair value through profit or loss

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt instrument that is subsequently measured at FVPL and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in other comprehensive income, changes in fair value are recognised in profit or loss.

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in fair value of derivatives are recognised in profit or loss.

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(b) *Financial liabilities*

Initial recognition and measurement

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

All financial liabilities are recognised initially at fair value plus directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Financial instruments (Continued)

(b) *Financial liabilities* (Continued)

De-recognition

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

2.15 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks, cash on hand and cash amounts held under the "Project Account (Amendment) Rules – 1997" withdrawals of which are restricted to payments for expenditure incurred on projects. These also include bank overdrafts that form an integral part of the Group's cash management.

2.16 Impairment of financial assets

The Group estimates the ECLs for all debt instruments not held at FVPL and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The Group's estimation varies with respect to its various types of financial assets as follows:

Trade receivables from the Group's financial service business

(i) Pawnshop loans and interest receivables on pawnshop loans

The Group uses the general approach and estimates for lifetime ECLs on the financial assets. ECLs are based on the difference between the contractual cash flows due in accordance with the contractual terms of the pawn tickets and all the cash flows that the Group expects to receive from the sale of collateral held or other credit enhancements that are integral to the contractual terms of the pawn tickets.

The Group considers the financial assets to be in default upon forfeiture of the collateral to the Group. When such default occurs, the Group has no reasonable expectations of recovering the interest receivable portion of the financial assets. Therefore, the Group writes off the interest receivable portion of the financial assets.

(ii) Secured lending receivables

The Group uses the general approach and estimates the 12-month expected credit losses when there is no indication of significant deterioration in credit risk. When a significant increase in credit risk has occurred, the Group estimates the lifetime ECLs for such financial assets.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.16 Impairment of financial assets (Continued)

Trade receivables from the Group's jewellery and real estate businesses, and contract assets

The Group applies a simplified approach in calculating ECLs relating to the trade receivables from its jewellery and real estate businesses, and contract assets. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

Debt investment securities

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECLs). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECLs).

For debt instruments at FVOCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the external credit rating of the debt instrument.

Due from subsidiaries, associates and joint ventures

The Group uses the general approach and estimates the 12-month expected credit losses when there is no indication of significant deterioration in credit risk based on the financial performance of its related entities. When a significant increase in credit risk has occurred, the Group estimates the lifetime ECLs for such financial assets.

2.17 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

Raw materials	–	purchase costs on a weighted average basis; and
Finished goods	–	cost of raw materials, labour and an attributable portion of overheads, determined on a specific identification 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.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.18 Development properties

Development properties are properties acquired or being constructed for sale in the ordinary course of business, rather than to be held for the Group's own use, rental or capital appreciation.

Development properties are held as inventories and are measured at the lower of cost and net realisable value.

Non-refundable commissions paid to sales or marketing agents on the sale of real estate units are capitalised as capitalised contract costs and amortised to profit or loss as the Group expects to recognise the related revenue.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.18 Development properties (Continued)

Net realisable value of development properties is the estimated selling price in the ordinary course of the business, based on market prices at the reporting date and discounted for the time value of money if material, less the estimated costs of completion and the estimated costs necessary to make the sale.

The costs of development properties recognised in profit or loss on disposal are determined with reference to the specific costs incurred on the property sold and an allocation of any non-specific costs based on the relative size of the property sold.

2.19 Properties held for sale

Properties held for sale are properties constructed or purchased which are intended for sale in the ordinary course of business. Properties held for sale are stated at the lower of cost and net realisable value. Net realisable value represents the estimated selling price less costs to be incurred in selling the property.

2.20 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.

2.21 Employee benefits

(a) *Defined contribution plans*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund 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.

(b) *Employee leave entitlement*

Employees' entitlement to annual leave is recognised as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period.

(c) *Employees share award plan*

The Company's treasury shares can be awarded to certain employees and directors of the Group. Share award expense is recognised as an expense in the same period in which the related service is performed. The fair value of the share award expense is determined based on the market value of the shares at the distribution dates. Any difference between the weighted average cost of the treasury shares and the fair value of the share award expense is recorded in "Gain on reissuance of treasury shares" within equity.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Leases

These accounting policies are applied on and after the initial application date of SFRS(I) 16, 1 January 2019:

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) *As lessee*

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows:

Leased properties	– 2 to 10 years
Motor vehicles	– 1 to 4 years
Machinery, tools and equipment	– 2 to 6 years
Security equipment	– 4 years
Computer software	– 4 to 5 years
Land	– 37 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.13.

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

NOTES TO THE FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Leases (Continued)

(a) *As lessee* (Continued)

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of retail stores (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of vehicles and office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(b) *As lessor*

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

These accounting policies are applied before the initial application date of SFRS(I) 16, 1 January 2019:

(a) *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 profit or loss. 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 an expense in profit or loss 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.

(b) *As lessor*

The accounting policy applicable to the Group as a lessor in the comparative period was the same as under SFRS(I) 16.

2.23 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Revenue (Continued)

(a) *Sales of goods*

Revenue from sale of jewellery

Revenue from sale of jewellery is recognised upon the transfer of goods to the customer, usually on delivery and acceptance of the goods sold. 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.

The amount of revenue recognised is based on the estimated transaction price, which comprises the contractual price, net of the estimated volume discounts and adjusted for expected returns. Based on the Group's experience with similar types of contracts, variable consideration is typically constrained and is included in the transaction only to the extent that it is a highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The Group recognises the expected volume discounts payable to customer where consideration has been received from customers and refunds due to expected returns from customers as refund liabilities. Separately, the Group recognises a related asset for the right to recover the returned goods, based on the former carrying amount of the good less expected costs to recover the goods, and adjusts them against cost of sales correspondingly.

At the end of each reporting date, the Group updates its assessment of the estimated transaction price, including its assessment of whether an estimate of variable consideration is constrained. The corresponding amounts are adjusted against revenue in the period in which the transaction price changes. The Group also updates its measurement of the asset for the right to recover returned goods for changes in its expectations about returned goods.

The Group offers customers the option to separately purchase extended warranty that provides the customer with a distinct service in addition to the assurance that the product complies with agreed-upon specifications. The Group accounts for a service-type warranty as a separate performance obligation to which the Group allocates a portion of the transaction price. The portion of the consideration allocated to the service-type warranty is initially recorded as a contract liability and recognised as revenue over the period when the warranty services are provided.

The Group has elected to apply the practical expedient to recognise the incremental costs of obtaining a contract as an expense when incurred where the amortisation period of the asset that would otherwise be recognised is one year or less.

Revenue from sale of completed development property

A development property is regarded as sold when the significant risks and returns have been transferred to the buyer at a point in time, which is normally on unconditional exchange of contracts. For conditional exchanges, sales are recognised only when all the significant conditions are satisfied.

Revenue from sale of development property under construction

Where a development property is under construction and agreement has been reached to sell such property when construction is completed, revenue is recognised at a point in time when the significant risks and rewards of ownership of the property have been transferred to the buyer (i.e. revenue is recognised at a point in time).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Revenue (Continued)

(a) *Sales of goods* (Continued)

Revenue from sale of development property under construction (Continued)

If, however, the legal terms of the contract are such that the construction represents the continuous transfer of work in progress to the purchaser, the percentage of completion method of revenue recognition is applied and revenue is recognised as work progresses. The percentage of work completed is measured by reference to the survey of work performed by external architects.

Incremental costs of obtaining a contract are capitalised if these costs are recoverable. Costs to fulfil a contract are capitalised if the costs relate directly to the contract, generate or enhance resources used in satisfying the contract and are expected to be recovered. Other contract costs are expensed as incurred.

Capitalised contract costs are subsequently amortised on a systematic basis as the Group recognises the related revenue. An impairment loss is recognised in profit or loss to the extent that the carrying amount of the capitalised contract costs exceeds the remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the contract costs relates less the costs that relate directly to providing the goods and that have not been recognised as expenses.

(b) *Interest income*

Interest income from loans to customers and quoted debt securities is recognised using the effective interest method.

(c) *Rental income from operating leases*

Rental income arising from operating leases on leasehold properties and standing property at a development site 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.

(d) *Dividend income*

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

2.24 Taxes

(a) *Current income tax*

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

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Taxes (Continued)

(b) *Deferred tax*

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

Deferred tax liabilities are recognised for all taxable 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 accounting profit nor taxable profit or loss; and

– In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

– Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and

– In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, 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 recovered.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Taxes (Continued)

(c) *Sales tax*

Revenues, expenses and assets are recognised net of the amount of sales tax except:

– Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the 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 sales tax included.

2.25 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.26 Treasury shares

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss 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.

2.27 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 one or more uncertain future events 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 one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet 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.

2.28 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 in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are measured at the higher of the amount of expected credit loss determined in accordance with the policy set out in Note 2.16 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgments, 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. 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 Judgments in applying accounting policies

In the process of applying the Company's accounting policies, management has made the following judgment which has the most significant effect on the amounts recognised in the financial statements:

Classification and measurement of equity instruments as FVOCI

The Group intends to hold its equity instruments for an indefinite period and it may be sold in response to liquidity needs or in response to changes in the market conditions. Therefore, management has concluded that these equity instruments are not held for trading and can be classified and measured at FVOCI.

Determining the lease term of contracts with renewal options – Group as lessee

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g. construction of significant leasehold improvements or significant customisation to the leased asset).

The Group included the renewal period as part of the lease term for leases of leased properties with shorter non-cancellable period (i.e. two to six years). The Group typically exercises its option to renew these leases because there will be a significant negative effect on its operations if a replacement asset is not readily available.

As at 31 December 2019, potential future (undiscounted) cash outflows of approximately $1,035,000 have not been included in lease liabilities because it is not reasonably certain that the leases will be extended.

3.2 Key sources of estimation uncertainty

The Group, on its own or in reliance on third parties, also applied estimates, assumptions and judgments in the following areas. These estimates, assumptions and judgments are however not expected to have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities as disclosed in the notes to the financial statements within the next financial year.

(a) *Allowance for expected credit losses on pawnshop loans and interest receivables on pawnshop loans*

The Group uses a provision matrix to estimate the allowance for ECLs on trade receivables of the Group's financial service business. The Group has estimated the probability of default being the forfeiture of the customers' pledges based on historical non-redemption data of individual pawnshop outlets. The Group has estimated the loss given default based on the expected realisable value of the customers' pledges. Significant judgment and estimation is involved in using the historical non-redemption data to derive the probability of default as the pawnshop loans age as well as considering any forward-looking economic information. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The carrying amount of the Group's trade receivables which includes the Group's financial service business at the end of the financial year is disclosed in Note 20 to the financial statements.

3 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

3.2 Key sources of estimation uncertainty (Continued)

(b) *Income taxes*

The Group has exposure to income taxes in the countries where the Group operates. Significant judgment is involved in determining the Group-wide provision for income taxes. 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 provision for taxation, deferred tax liabilities and deferred tax assets at the end of the reporting period was $19,720,000 (2018: $14,250,000), $16,747,000 (2018: $15,804,000) and $3,181,000 (2018: $3,530,000) respectively.

(c) *Allowance for inventory obsolescence*

The Group periodically assesses the allowance for inventory obsolescence. When inventories are deemed obsolete or when the net realisable value falls below cost, the amount of obsolete inventories or fall in value is recognised as an impairment against the inventory balance. To determine whether there is objective evidence of impairment, the Group estimates future demand for the product. Any possible changes in these estimates could result in revision to the valuation of inventory. The carrying amount of the Group's inventories at the end of the reporting period is disclosed in Note 18 to the financial statements.

(d) *Revenue recognition on development properties*

The Group recognises revenues and costs of certain types of development properties under construction using the percentage of completion method for contracts where the legal terms are such that the construction represents the continuous transfer of work in progress to the purchaser. The stage of completion is measured by reference to the survey of work performed by external architects. Revenue is recognised over time based on project progression and billings to customers based on completion of certain milestones as indicated in contracts with customers.

Significant assumptions are required to estimate the total development costs which are recognised by reference to the stage of completion of a project at the end of the reporting period. In making these estimates, management has relied on costs actually paid or contracted for, and in respect of costs not paid or contracted for, management's estimates of the costs to be incurred taking into consideration historical trends of its project costs.

Management has reviewed the status of all its projects and is satisfied that the estimates are realistic, and the estimates of total project costs and sales proceeds indicate full project recovery. The carrying amounts of the development properties and accrued expenses relating to development properties are disclosed in Note 19(a) and Note 24 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

3.2 Key sources of estimation uncertainty (Continued)

(e) *Estimation of net realisable value for development properties*

Development properties are stated at the lower of cost and net realisable value ("**NRV**").

As at 31 December 2019 and 2018, a proportion of the Group's development properties are in their planning phases, some of which the Group is in the process of obtaining the necessary development permits from the relevant authorities in the respective jurisdictions. NRV in respect of these development properties is assessed based on management's best estimates of expected selling price (taking into account estimated costs to complete construction) based on future property market and economic conditions in the respective markets, with the assumption that the required development permits will be obtained. Management has also made estimates of NRV with references to gross development values as assessed by external appraisers for certain development projects. The gross development value of a development property is derived from estimated sales proceeds less estimated construction costs.

In terms of expected selling prices, management has made the estimates with reference to market prices at the reporting date for similar properties in the respective markets where applicable. Estimated construction costs or costs to complete construction take into account construction contracts entered into or input from project managers.

As at 31 December 2019 and 2018, the carrying amounts of development properties are disclosed in Note 19(a) to the financial statements.

(f) *Estimation of net realisable value for properties held for sale*

Properties held for sale are stated at the lower of cost and NRV.

NRV in respect of properties held for sale is assessed with reference to expected selling price based on current property market and economic conditions in the respective markets or use of external appraisers to support its determination of market prices. As at 31 December 2019 and 2018, the carrying amount of properties held for sale are disclosed in Note 19(b) to the financial statements.

(g) *Fair value of financial instruments*

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgment to select the appropriate valuation model and make assumptions that are mainly based on market conditions existing at the end of each reporting period. The inputs to this model are derived from market data where possible, but where not feasible, a degree of judgment is required in establishing fair values. For details of the valuation method and key assumptions used, refer to Note 36(d).

(h) *Allowance for expected credit losses on quoted debt securities with fixed maturity*

Management has performed impairment assessment of these debt instruments and determined the expected credit loss as at 31 December 2019. The determination of ECLs requires significant management judgment and involved estimation uncertainty as the instruments are issued by corporations operating in various industries and countries, and management's impairment assessment requires consideration of the specific local market risks to which the corporations are subject to.

Management considers actual or expected significant changes in the financial instruments' external credit rating, actual or expected significant changes in the financial performance of the issuer or existing or forecasted adverse changes in the issuer's business, financial or economic conditions that are expected to cause a significant change in the issuer's ability to meet its debt obligations in the ECLs model. The carrying amount of the quoted debt securities with fixed maturity is disclosed in Note 17 to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

3 SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES (CONTINUED)

3.2 Key sources of estimation uncertainty (Continued)

(i) *Impairment of property, plant and equipment*

As at 31 December 2019, the Group's property, plant and equipment amounted to $171,377,000 (31 December 2018: $91,155,000).

Where there are indicators of impairment, management has made estimates of the recoverable amounts based on the current property market and economic conditions in the respective markets, or used external appraisers to support its determination of market prices.

Based on the recoverable amounts, an impairment loss of $4,156,000 (31 December 2018: $Nil) was recognised as at 31 December 2019.

(j) *Leases – estimating the incremental borrowing rate*

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate ("**IBR**") to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (e.g. when leases are not in the subsidiary's functional currency). The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

4. REVENUE

(a) Disaggregation of revenue

Segments	Financial Services		Development properties		Jewellery		Total revenue	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Major product or service								
Interest income from pawnbroking services	43,224	41,109	–	–	–	–	43,224	41,109
Interest income and distribution income from secured lending	7,940	8,944	–	–	–	–	7,940	8,944
Sale of jewellery and branded merchandise	161,676	148,023	–	–	136,520	126,060	298,196	274,083
Sale of development properties	–	–	209,970	571,323	–	–	209,970	571,323
Service income	–	–	912	2,890	–	–	912	2,890
Marketing income	–	–	–	–	–	102	–	102
	212,840	198,076	210,882	574,213	136,520	126,162	560,242	898,451
Timing of transfer of goods or services								
At a point in time	161,676	148,023	205,440	442,032	136,520	126,162	503,636	716,217
Over time	–	–	5,442	132,181	–	–	5,442	132,181
Interest income scoped out of SFRS(I) 15	51,164	50,053	–	–	–	–	51,164	50,053
	212,840	198,076	210,882	574,213	136,520	126,162	560,242	898,451

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

4. REVENUE (CONTINUED)

(b) Contract assets

Information about receivables and contract assets from contracts with customers is disclosed as follows:

	Group	
	2019 $'000	2018 $'000
Contract assets	–	44,918
Trade receivables (Note 20)	318,895	318,945

Contract assets primarily relate to the Group's right to consideration of work completed but not yet billed at reporting date for its development of property. Contract assets are transferred to receivables when the rights become unconditional.

(c) Capitalised contract costs

	Group	
	2019 $'000	2018 $'000
Capitalised incremental costs of obtaining contract		
– commission costs paid to property agents		
At 1 January	–	4,509
Additions	–	1,072
Amortisation	–	(5,581)
At 31 December	–	–

5. EMPLOYEE BENEFITS

	Group	
	2019 $'000	2018 $'000
Employee benefits expense (including executive directors):		
Salaries and bonuses	55,361	52,217
Central Provident Fund contributions	7,300	6,181
	62,661	58,398

6. FINANCE COSTS

	Group	
	2019 $'000	2018 $'000
Interest expense on:		
– Term loans/short-term borrowings	25,371	30,858
– Term notes and bonds	29,233	34,498
– Lease liabilities (Note 27(b))	2,073	–
– Amortisation of prepaid commitment fees	2,637	2,671
– Amortisation of premium on term notes	(57)	(55)
– Others	107	42
	59,364	68,014
Less: Interest expense capitalised in development properties	(25,096)	(36,680)
Total finance costs	34,268	31,334

7. OTHER INCOME

	Group 2019 $'000	Group 2018 $'000
Administrative income	818	705
Corporate charges to a subsidiary of a joint venture	–	360
Corporate charges to an associate	360	–
Dividend income from equity instruments and associates	2,452	4,717
Forfeiture of option fees on sale of development properties	245	203
Foreign exchange gain	726	170
Reversal of impairment in investment securities	–	2,774
Gain on bargain purchase on acquisition of subsidiary	–	1,144
Net gain on remeasuring previously held equity interest in associates to fair value on business combination	–	957
Income from hotel operations	1,196	452
Government grants and other miscellaneous income	1,731	1,808
Net fair value gain on derivatives	974	2,537
	8,502	15,827

8. PROFIT BEFORE TAX

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

	Note	Group 2019 $'000	Group 2018 $'000
Audit fees to:			
– Auditor of the Company		731	713
– Other auditors		115	53
Non-audit fees to:			
– Auditor of the Company		107	113
Amortisation of prepaid rent		4	3
Amortisation of intangible assets	12	1,277	1,086
Directors' fees		266	226
Depreciation of property, plant and equipment	10	5,832	5,458
Depreciation of right-of-use assets	27	21,080	–
Fair value loss on investment property		3,341	1,303
Operating leases:			
– Fixed rental expense on operating leases		–	28,910
– Contingent rental expense on operating leases		–	1,256
Lease expense not capitalised in lease liabilities:			
– Expense relating to short-term leases and leases of low-value assets (Note 27(c))		6,330	–
– Variable lease payment (Note 27(c))		474	–
Allowance for write-down of development properties		1,502	–
Property, plant and equipment written-off		980	818
Allowance for doubtful trade and other receivables, net		209	564
Write-back of inventories	18	(400)	(29)
Net loss on disposal of investment securities		572	1,665
Loss/(gain) on purchase and cancellation of term notes and bonds		3	(67)
Net foreign exchange loss		896	19,850
Financial losses on pledged items not fully covered by insurance		33	13
Impairment loss/ (reversal of impairment) on investment securities		1,959	(2,774)
Impairment loss on intangible assets		99	1,773
Impairment loss on property, plant and equipment	10	4,156	–
Gain on bargain purchase on acquisition of subsidiary		–	(1,144)
Net gain on remeasuring previously held equity interest in associates to fair value on business combination		–	(957)
Interest receivable on pawnshop loans written off		3,946	4,427

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

9. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding (excluding treasury shares) during the financial year.

Diluted earnings per share amounts are calculated by dividing the profit for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding (excluding treasury shares) during the financial year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The weighted average number of shares takes into account the weighted average effect of issue of bonus shares, bonus element in rights issue and changes in treasury shares transactions during the year. Comparatives have been adjusted accordingly, as applicable.

The following table reflects the profit and share data used in the computation of basic and diluted earnings per share for the years ended 31 December:

	Group	
	2019 **$'000**	**2018** **$'000**
Profit for the year attributable to owners of the Company used in the computation of basic and diluted earnings per share	12,695	28,346
Weighted average number of ordinary shares ('000) (excluding treasury shares) for basic and diluted earnings per share computation	1,936,775	1,936,491
Earnings per share (cent)		
– basic	0.66	1.46
– diluted	0.66	1.46

10. PROPERTY, PLANT AND EQUIPMENT

Group	Freehold properties $'000	Leasehold properties $'000	Renovations, electrical fittings, furniture and fittings $'000	Air-conditioners, security equipment, office equipment and electrical equipment $'000	Machinery, tools and equipment $'000	Computers $'000	Motor vehicles $'000	Work-in-progress $'000	Total $'000
Cost:									
At 1 January 2018	15,913	26,618	23,048	5,241	1,683	7,119	707	23,565	103,894
Additions	–	6,935	2,199	401	249	376	216	8,736	19,112
Acquisition of a subsidiary	–	–	470	63	724	100	–	23	1,380
Disposals/write-off	–	–	(3,608)	(380)	(177)	(247)	(65)	(10)	(4,487)
Transfer in/(out)	–	–	1,552	2	53	142	–	(1,749)	–
Transferred from development properties	1,369	427	–	–	–	–	–	–	1,796
Exchange differences	–*	–	(17)	(2)	(28)	(4)	–*	(1)	(52)
At 31 December 2018 and 1 January 2019	17,282	33,980	23,644	5,325	2,504	7,486	858	30,564	121,643
Additions	–	–	862	441	150	291	16	27,652	29,412
Disposals/write-off	–	–	(4,299)	(302)	(27)	(155)	–	(484)	(5,267)
Transfer in/(out)	–	46,384	8,134	1,255	38	226	–	(56,037)	–
Transferred to intangible assets	–	–	–	–	–	–	–	(8)	(8)
Transferred from development properties and investment properties	25,260	36,918	–	–	–	–	–	–	62,178
Transferred from/(to) right-of-use assets	–	116	–	–	(458)	–	(242)	75	(509)
Exchange differences	(1)	–*	(29)	(2)	(10)	(2)	–*	(4)	(48)
At 31 December 2019	42,541	117,398	28,312	6,717	2,197	7,846	632	1,758	207,401

* Less than $1,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Group	Freehold properties $'000	Leasehold properties $'000	Renovations, electrical fittings, furniture and fittings $'000	Air-conditioners, security equipment, office equipment and electrical equipment $'000	Machinery, tools and equipment $'000	Computers $'000	Motor vehicles $'000	Work-in-progress $'000	Total $'000
Accumulated depreciation and impairment:									
At 1 January 2018	414	844	15,495	3,869	1,376	5,990	395	–	28,383
Depreciation charge for the year	9	519	3,350	498	256	733	93	–	5,458
Disposals	–	–	(2,739)	(299)	(50)	(198)	(61)	–	(3,347)
Exchange differences	–*	–	(5)	–*	(1)	–*	–*	–	(6)
At 31 December 2018 and 1 January 2019	423	1,363	16,101	4,068	1,581	6,525	427	–	30,488
Depreciation charge for the year	10	697	3,741	517	214	595	58	–	5,832
Impairment loss	300	3,636	213	4	3	–	–	–	4,156
Disposals	–	–	(3,862)	(273)	(25)	(126)	–	–	(4,286)
Transferred to right-of-use assets	–	–	–	–	(79)	–	(79)	–	(158)
Exchange differences	–	–*	(6)	–*	(2)	–*	–*	–	(8)
At 31 December 2019	733	5,696	16,187	4,316	1,692	6,994	406	–	36,024
Net carrying amount:									
At 31 December 2018	16,859	32,617	7,543	1,257	923	961	431	30,564	91,155
At 31 December 2019	41,808	111,702	12,125	2,401	505	852	226	1,758	171,377

* Less than $1,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

10. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Company	Renovations, electrical fittings, furniture and fittings $'000	Air-conditioners, security equipment, office equipment and electrical equipment $'000	Machinery, tools and equipment $'000	Computers $'000	Work-in-progress $'000	Total $'000
Cost:						
At 1 January 2018	789	423	78	3,970	21	5,281
Additions	–	2	–	8	56	66
Disposal	–	(3)	–	–	–	(3)
Transferred in/(out)	–	–	–	42	(42)	–
At 31 December 2018 and 1 January 2019	789	422	78	4,020	35	5,344
Additions	–	7	–	140	–	147
Disposal	(6)	(7)	–	(4)	(27)	(44)
Transferred to intangible assets	–	–	–	–	(8)	(8)
At 31 December 2019	783	422	78	4,156	–	5,439
Accumulated depreciation and impairment:						
At 1 January 2018	747	405	78	3,653	–	4,883
Depreciation charge for the year	26	9	–	236	–	271
Disposal	–	(1)	–	–	–	(1)
At 31 December 2018 and 1 January 2019	773	413	78	3,889	–	5,153
Depreciation charge for the year	14	6	–	110	–	130
Disposal	(5)	(6)	–	(4)	–	(15)
At 31 December 2019	782	413	78	3,995	–	5,268
Net carrying amount:						
At 31 December 2018	16	9	–	131	35	191
At 31 December 2019	1	9	–	161	–	171

Assets pledged as security

A floating charge has been placed on property, plant and equipment of certain subsidiaries with a carrying amount aggregating $162,494,000 (2018: $82,850,000) as security for bank borrowings (Note 25).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

11. INVESTMENT PROPERTIES

	Group	
	2019 $'000	2018 $'000
Statement of financial position:		
At 1 January	72,523	60,566
Enhancement work incurred during the year	1,864	–
Transferred to property, plant and equipment	(10,228)	–
Transferred from development properties	–	13,235
Net loss from fair value adjustments recognised in profit or loss	(3,341)	(1,303)
Exchange difference	(23)	25
At 31 December	60,795	72,523
Statement of comprehensive income:		
Rental income from investment properties:		
– Minimum lease payments	955	1,115
– Contingent rent based on tenant's turnover	26	23
	981	1,138
Direct operating expenses (including repairs and maintenance) arising from:		
– Rental generating properties	991	925

The Group has no restrictions on the realisability of its investment properties and no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Valuation of investment properties

Investment properties are stated at fair value, which has been determined based on valuations performed as at 31 December 2019 and 31 December 2018. The valuations were performed by Jones Lang LaSalle Property Consultants Pte. Ltd. and Henry Butcher Sdn. Bhd., independent valuers with recognised and relevant professional qualifications and with recent experience in the location and category of the properties being valued. Details of the valuation technique and inputs used are disclosed in Note 36.

Properties pledged as security

As at 31 December 2019, investment properties with a carrying value of $53,706,000 (2018: $65,427,000) are pledged as security for bank borrowings (Note 25).

11. INVESTMENT PROPERTIES (CONTINUED)

The investment properties held by the Group are as follows:

Description and location	Existing use	Tenure	Unexpired lease term
World Class Development (Bedok) Pte. Ltd.			
#01-08, #01-47, #01-48, #01-49, #01-64, #01-65, #01-67, #01-68 East Village, Bedok Road, Singapore	Retail	Freehold	–
World Class Development (North) Pte. Ltd.			
#01-52 and #01-67 The Hillford, Jalan Jurong Kechil, Singapore	Retail	Leasehold	54 years
World Class Land (Georgetown) Sdn. Bhd.			
41, 43 & 51 Gat Jalan Prangin, Penang, Malaysia	Commercial	Freehold	–
WCL (Macallum) Sdn. Bhd.			
206 Jalan C.Y. Choy, Penang, Malaysia	Commercial	Freehold	–
55 Lebuh Cecil, Penang, Malaysia	Commercial	Freehold	–
81 Lebuh Macallum, Penang, Malaysia	Commercial	Freehold	–
WCL (Noordin St) Sdn. Bhd.			
68 Lebuh Presgrave, Penang, Malaysia	Commercial	Freehold	–
69 & 71 Lebuh Presgrave, Penang, Malaysia	Commercial	Freehold	–
95, 97 & 99 Lebuh Noordin, Penang, Malaysia	Commercial	Freehold	–
15 Lebuh Tye Sin, Penang, Malaysia	Commercial	Freehold	–
80 & 82 Lebuh Tye Sin, Penang, Malaysia	Commercial	Freehold	–
34, 36, 38, 38-A, 38-B & 38-C Lebuh Tye Sin, Penang, Malaysia and Lot 711 Seksyen 11W, Bandar Georgetown, Daerah Timur Laut, Penang, Malaysia	Mixed use development	Freehold	–

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

12. INTANGIBLE ASSETS

Group	Brands $'000	Trademark $'000	Goodwill $'000	Computer software and internet domain $'000	Club membership $'000	Industrial rights $'000	Work-in-progress $'000	Total $'000
Cost:								
At 1 January 2018	8,421	723	5,093	1,308	49	–	–	15,594
Addition	–	–	–	1,153	–	–	386	1,539
Acquisition of a subsidiary	–	4,161	–*	102	–	8	–	4,271
Transferred in/(out)	–	–	–	82	–	–	(82)	–
Exchange difference	–	(159)	–	(4)	–	–*	–	(163)
At 31 December 2018 and 1 January 2019	8,421	4,725	5,093	2,641	49	8	304	21,241
Addition	–	–	–	454	–	–	414	868
Write-off	–	–	–	–	–	–	(162)	(162)
Transferred in/(out)	–	–	–	359	–	–	(359)	–
Transferred from property, plant and equipment	–	–	–	8	–	–	–	8
Exchange difference	–	(131)	–	(3)	–	–*	(10)	(144)
At 31 December 2019	8,421	4,594	5,093	3,459	49	8	187	21,811
Accumulated amortisation and impairment:								
At 1 January 2018	7,034	685	–	405	14	–	–	8,138
Amortisation	462	38	–	581	–	5	–	1,086
Impairment loss	–	–	1,773	–	–	–	–	1,773
Exchange difference	–	–	–	–*	–	–*	–	–*
At 31 December 2018 and 1 January 2019	7,496	723	1,773	986	14	5	–	10,997
Amortisation	462	–	–	812	–	3	–	1,277
Impairment loss	–	–	99	–	–	–	–	99
Write-off	–	–	–	(160)	–	–	–	(160)
Exchange difference	–	–	–	(1)	–	–*	–	(1)
At 31 December 2019	7,958	723	1,872	1,637	14	8	–	12,212
Net carrying amount:								
At 31 December 2018	925	4,002	3,320	1,655	35	3	304	10,244
At 31 December 2019	463	3,871	3,221	1,822	35	–	187	9,599

* Less than $1,000

12. INTANGIBLE ASSETS (CONTINUED)

Company	Computer software $'000	Club membership $'000	Work-in-progress $'000	Total $'000
Cost:				
At 1 January 2018	330	49	–	379
Addition	1,094	–	–	1,094
At 31 December 2018 and 1 January 2019	1,424	49	–	1,473
Addition	393	–	264	657
Transferred from property, plant and equipment	8	–	–	8
At 31 December 2019	1,825	49	264	2,138
Accumulated amortisation and impairment:				
At 1 January 2018	66	14	–	80
Amortisation	339	–	–	339
At 31 December 2018 and 1 January 2019	405	14	–	419
Amortisation	486	–	–	486
At 31 December 2019	891	14	–	905
Net carrying amount:				
At 31 December 2018	1,019	35	–	1,054
At 31 December 2019	934	35	264	1,233

Amortisation expense

Except for the trademark related to "Niessing" (acquired in 2018) which useful life is estimated to be indefinite, the brands and trademark acquired are amortised on a straight-line basis over their estimated economic useful lives of 15 years. The remaining amortisation period for the brands and trademark are 2 years and nil (2018: 3 years and 1 year) respectively.

Impairment testing of goodwill

Goodwill is tested for impairment by comparing the carrying amount of goodwill with its recoverable amount.

The recoverable amount of goodwill was determined based on value in use calculations using cash flow projections from financial budgets of the business unit approved by management covering a five-year period. Management has considered and determined the factors applied in these financial budgets which include average growth rates derived based on management's judgment. The growth rate applied ranges from 1.1% to 1.2% (2018: 1.0% to 1.2%) and the pre-tax discount rate applied in the cash flow projections is 11.0% (2018: 10.5%), which reflects management's estimation of the risks specific to the segment.

Impairment loss recognised

During the financial year, an impairment loss was recognised to write-down the carrying amount of the goodwill attributable to the jewellery segment. The impairment loss of $99,000 (2018: $1,773,000) has been recognised in profit or loss in other operating expenses.

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13. INVESTMENT IN SUBSIDIARIES

	Company	
	31 December 2019 $'000	**31 December 2018 $'000**
Shares, at cost	227,204	210,738
Acquisition/subscription of shares issued by subsidiaries during the year	–	16,466
Disposal of shares during the year	(2,000)	–
	225,204	227,204

Composition of the Group

The Group has the following material investment in subsidiaries:

	Name of Company	Principal place of business	Principal activities	Proportion of ownership interest 2019 %	2018 %
	Held by the Company				
(a)	Aspial International Pte. Ltd.	Singapore	Jewellery wholesaling	100	100
(a)	World Class Land Pte. Ltd.	Singapore	Property development	90	90
(a)	World Class Global Limited ("**WCG**")	Singapore	Investment holding and provision of management services	81.11	81.11
(a)	Aspial-Lee Hwa Jewellery Singapore Pte. Ltd.	Singapore	Jewellery manufacturing	100	100
(a)	Maxi-Cash Financial Services Corporation Ltd. ("**Maxi-Cash**")	Singapore	Investment holding and provision of management services	64.72	64.72
(a), (l)	Aspial Property Investment Pte. Ltd.	Singapore	Real estate activities	–	100
(a)	Aspial Investment Holding Pte. Ltd.	Singapore	Investment holding	100	100
(a)	Aspial Treasury Pte. Ltd.	Singapore	Provision of financial services	100	100
	Held through subsidiaries Aspial-Lee Hwa Jewellery Singapore Pte. Ltd.				
(a)	Aspial-Lee Hwa Jewellery Pte. Ltd.	Singapore	Jewellery retailing	100	100
(a)	Goldheart Jewelry Pte. Ltd.	Singapore	Jewellery retailing	100	100
(a), (j)	Aspial Capital (Ubi) Pte. Ltd.	Singapore	Property leasing and management	82.36	82.36

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Composition of the Group (Continued)

	Name of Company	Principal place of business	Principal activities	Proportion of ownership interest 2019 %	2018 %
	Held through subsidiaries (Continued) ***Aspial International Pte. Ltd.***				
(a)	Goldheart Bullion Pte. Ltd.	Singapore	Gold bullion brokers and dealers	70	70
(a)	Niessing Group Pte. Ltd.	Singapore	Investment holding and provision of management services	100	100
	Niessing Group Pte. Ltd.				
(a)	Niessing Asia Pacific Pte. Ltd.	Singapore	Jewellery retailing and regional sales office	100	100
(c)	Niessing Manufaktur GmbH & Co. KG	Germany	Jewellery trading and manufacturing	75	75
	Niessing Asia Pacific Pte. Ltd.				
(b)	Niessing (Hong Kong) Limited	Hong Kong	Jewellery retailing	100	100
(h)	Niessing (Australia) Pty. Ltd.	Australia	Jewellery retailing	100	100
	World Class Land Pte. Ltd.				
(d)	World Class Developments Pte. Ltd.	Singapore	Property development	100	100
	World Class Developments Pte. Ltd.				
(a)	World Class Developments (Bedok) Pte. Ltd.	Singapore	Property development	80	80
(a)	World Class Developments (North) Pte. Ltd.	Singapore	Property development	100	100
	World Class Global Limited				
(e)	World Class Land (Malaysia) Sdn. Bhd.	Malaysia	Investment holding	100	100
(g)	World Class Land (Australia) Pty. Ltd.	Australia	Investment holding	100	100

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Composition of the Group (Continued)

	Name of Company	Principal place of business	Principal activities	Proportion of ownership interest 2019 %	2018 %
	Held through subsidiaries (Continued) ***World Class Land (Malaysia) Sdn. Bhd.***				
(e)	World Class Land (Penang) Sdn. Bhd.	Malaysia	Property development	100	100
	World Class Land (Penang) Sdn. Bhd.				
(e)	World Class Land (Georgetown) Holdings Sdn. Bhd.	Malaysia	Property development	95	95
	World Class Land (Georgetown) Holdings Sdn. Bhd.				
(b)	World Class Land (Georgetown) Sdn. Bhd.	Malaysia	Property development	100	100
(b)	WCL (Magazine) Sdn. Bhd.	Malaysia	Property development	100	100
(b)	WCL (Macallum) Sdn. Bhd.	Malaysia	Property development	100	100
(b)	WCL (Noordin St) Sdn. Bhd.	Malaysia	Property development	100	100
(b)	WCL (Bertam R) Sdn. Bhd.	Malaysia	Property development	100	100
(b)	WCL (Bertam L) Sdn. Bhd.	Malaysia	Property development	100	100
(e)	PHC Hotels Sdn. Bhd.	Malaysia	Management and operation of hotels	100	100
	World Class Land (Australia) Pty. Ltd.				
(f), (i)	WCL-Cairns (QLD) Pty. Ltd.	Australia	Property development	100	100
(f), (i)	WCL-Central Park (QLD) Pty. Ltd.	Australia	Property development	100	100
(b)	WCL-Southbank (VIC) Pty. Ltd.	Australia	Property development	100	100
(b)	WCL-A Beckett (VIC) Pty. Ltd.	Australia	Property development	100	100
(i)	WCL (QLD) Holdings Pty. Ltd.	Australia	Property development	100	100
(i), (m)	SBD 102 Pty. Ltd.	Australia	Property development	100	–

13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Composition of the Group (Continued)

	Name of Company	Principal place of business	Principal activities	Proportion of ownership interest 2019 %	2018 %
	Held through subsidiaries (Continued) ***WCL-Cairns (QLD) Pty. Ltd.***				
(i)	Dynamic Ideas Pty. Ltd.	Australia	Property development	100	100
(f), (i)	WCL (CNS) CBD Pty. Ltd.	Australia	Property development	100	100
	WCL (QLD) Holdings Pty. Ltd.				
(f), (i)	WCL (QLD) Albert St Pty. Ltd.	Australia	Property development	100	100
(f), (i)	WCL (QLD) Margaret St Pty. Ltd.	Australia	Property development	65	65
	Maxi-Cash Financial Services Corporation Ltd.				
(a)	Maxi-Cash Group Pte. Ltd.	Singapore	Investment holding and provision of management services	100	100
(a)	Maxi-Cash Jewellery Group Pte. Ltd.	Singapore	Trading and retailing of jewellery and branded merchandise	100	100
(a), (k)	Gold N Gems Pte. Ltd.	Singapore	Trading and retailing of jewellery and branded merchandise	–	100
(a)	Maxi-Cash Property Pte. Ltd.	Singapore	Real estate activities	100	100
(a)	Maxi-Cash Investment Holding Pte. Ltd.	Singapore	Investment holding	100	100
(a)	Maxi-Cash Capital Management Pte. Ltd.	Singapore	Secured lending and investment holding	100	100
(a)	Maxi-Cash International Pte. Ltd.	Singapore	Investment holding and provision of management services	100	100
(a), (k)	Maxi-Cash Retail Pte. Ltd. (previously known as Citigems Pte. Ltd.)	Singapore	Jewellery retailing	100	100
(a), (l)	Aspial Property Investment Pte. Ltd.	Singapore	Real estate activities	100	–

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Composition of the Group (Continued)

	Name of Company	Principal place of business	Principal activities	Proportion of ownership interest 2019 %	2018 %
	Held through subsidiaries (Continued) ***Maxi-Cash Group Pte. Ltd.***				
(a)	Maxi-Cash (North) Pte. Ltd.	Singapore	Pawn brokerage	100	100
(a)	Maxi-Cash (East) Pte. Ltd.	Singapore	Pawn brokerage	100	100
(a)	Maxi-Cash (Central) Pte. Ltd.	Singapore	Pawn brokerage	100	100
(a)	Maxi-Cash (West) Pte. Ltd.	Singapore	Pawn brokerage	100	100
(a)	Maxi-Cash (Clementi) Pte. Ltd.	Singapore	Pawn brokerage	70	70
(a)	Maxi-Cash Capital Pte. Ltd.	Singapore	Pawn brokerage	100	100
(a)	Maxi-Cash Assets Pte. Ltd.	Singapore	Pawn brokerage	100	100
(a)	Maxi-Cash Ventures Pte. Ltd.	Singapore	Pawn brokerage	100	100
(a)	Maxi-Cash (Central 2) Pte. Ltd.	Singapore	Pawn brokerage	100	100
(a)	Maxi-Cash (East 2) Pte. Ltd.	Singapore	Pawn brokerage	100	100
(a)	Maxi-Cash (North East) Pte. Ltd.	Singapore	Pawn brokerage	100	100
	Maxi-Cash International Pte. Ltd.				
(b)	Maxi Cash (Malaysia) Sdn. Bhd.	Malaysia	Investment holding and provision of management services	100	100
(h)	Maxi-Cash (Australia) Pty. Ltd.	Australia	Investment holding and provision of management services	100	100
(b), (m)	Maxi-Cash (Hong Kong) Co. Ltd.	Hong Kong	Investment holding and provision of management services	100	–

13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Composition of the Group (Continued)

	Name of Company	Principal place of business	Principal activities	Proportion of ownership interest 2019 %	2018 %
	Held through subsidiaries (Continued)				
	Maxi Cash (Malaysia) Sdn. Bhd.				
(b)	Maxi Cash (Southern) Sdn. Bhd.	Malaysia	Investment holding and provision of management services	100	90
(b)	LuxeSTYLE (Malaysia) Sdn. Bhd.	Malaysia	Trading and retailing of jewellery and branded merchandise	100	100
	Maxi Cash (Southern) Sdn. Bhd.				
(b)	Maxi Cash (S1) Sdn. Bhd.	Malaysia	Pawn brokerage	99	100
	Maxi-Cash (Australia) Pty. Ltd.				
(h)	Maxi-Cash Melbourne (VIC) Pty. Ltd.	Australia	Pawn brokerage	100	100
(h)	LuxeSTYLE (Australia) Pty. Ltd.	Australia	Trading and retailing of jewellery and branded merchandise	100	100
	Maxi-Cash (Hong Kong) Co. Ltd.				
(b), (m)	Maxi-Cash (HKI) Co. Ltd.	Hong Kong	Pawn brokerage	100	–

(a) Audited by Ernst & Young LLP, Singapore
(b) Audited by a member firm of EY Global
(c) Audited by Reuter Thoben
(d) Audited by CG Alliance, Singapore
(e) Audited by Baker Tilly Monteiro Heng, Malaysia
(f) Audited by Ernst & Young LLP, Singapore for consolidation purposes
(g) Audited by Crowe Horwath NQ
(h) Audited by The Field Group, Melbourne
(i) Exempted from statutory audit
(j) During the financial year ended 31 December 2016, Aspial Capital (Ubi) Pte. Ltd. was incorporated as a joint venture between Maxi-Cash Financial Services Corporation Ltd. and Aspial-Lee Hwa Jewellery Singapore Pte. Ltd., each holding 50% interest in the ownership and voting rights. The proportion of ownership interest of 82.36% represents the effective interest held by the Company.
(k) During the financial year ended 31 December 2019, Maxi-Cash Retail Pte. Ltd. (previously known as Citigems Pte. Ltd.) and Gold N Gems Pte. Ltd. have amalgamated pursuant to Section 215A and Section 215D of the Companies Act (Chapter 50), with Maxi-Cash Retail Pte. Ltd. remaining as the amalgamated entity. The amalgamation took effect on 1 July 2019.
(l) During the financial year ended 31 December 2019, Aspial Property Investment Pte. Ltd. was transferred to Maxi-Cash Financial Services Corporation Ltd. from the Company.
(m) Newly incorporated/established during the financial year ended 31 December 2019.

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13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Interest in subsidiaries with material non-controlling interest ("NCI")

The Group has the following subsidiaries that have NCI that are material to the Group.

Name of subsidiary	Principal 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 reporting period $'000	Dividends paid to NCI $'000
31 December 2019					
Financial service segment	Singapore	35.28%	5,335	51,503	4,931
Real estate segment	Singapore	10.00% – 18.89%	168	42,576	2,740
Niessing Manufaktur GmbH & Co. KG ("**NMK**")	Germany	25%	393	3,673	429
31 December 2018					
Financial service segment	Singapore	35.28%	3,807	51,009	4,058
Real estate segment	Singapore	10.00% – 18.89%	5,020	45,821	1,500
NMK	Germany	25%	170	3,827	322

Summarised financial information about subsidiaries with material NCI

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

	Financial service segment		Real estate segment		NMK	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Current						
Assets	413,485	397,327	751,607	769,480	23,425	21,712
Liabilities	(274,656)	(237,554)	(642,449)	(586,111)	(11,723)	(7,974)
Net current assets	138,829	159,773	109,158	183,369	11,702	13,738
Non-current						
Assets	108,334	63,349	130,659	84,842	8,953	5,903
Liabilities	(108,270)	(81,975)	(64,471)	(68,929)	(6,377)	(4,737)
Net non-current assets/(liabilities)	64	(18,626)	66,188	15,913	2,576	1,166
Net assets	138,893	141,147	175,346	199,282	14,278	14,904

13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Summarised financial information about subsidiaries with material NCI (Continued)

Summarised statement of comprehensive income

	Financial service segment		Real estate segment		NMK	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Revenue	218,478	203,651	210,882	574,213	29,699	20,016
Profit before income tax	17,939	12,066	15,540	56,143	1,795	786
Income tax expense	(3,003)	(1,581)	(9,119)	(17,643)	(216)	(108)
Profit after tax	14,936	10,485	6,421	38,500	1,579	678
Other comprehensive income/(loss)	981	(3,030)	(2,972)	(16,409)	(487)	(543)
Total comprehensive income	15,917	7,455	3,449	22,091	1,092	135

Other summarised information

	Financial service segment		Real estate segment		NMK	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Net cash flows generated from operations	8,469	7,621	10,226	248,356	2,816	876

Acquisition of ownership interest in subsidiary, without loss of control

Citigems

On 19 January 2018, Aspial-Lee Hwa Jewellery Singapore Pte. Ltd. ("**ALHJS**") acquired an additional 14.5% equity interest in Citigems Pte. Ltd. ("**CTG**") from its non-controlling interests for a cash consideration of $1,007,000. As a result of this acquisition, CTG became 100% owned by ALHJS. The carrying value of the additional interest acquired was a deficit of $2,720,000. The difference of $3,727,000 between the consideration and the carrying value of the additional interest acquired has been recognised as "Premium paid on acquisition of non-controlling interests" within equity.

The following summarises the effect of the change in the Group's ownership interest in CTG on the equity attributable to owners of the Company:

	2018 $'000
Consideration for acquisition of non-controlling interests	1,007
Increase in equity attributable to non-controlling interests	2,720
Decrease in equity attributable to owners of the Company	3,727

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13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Acquisition of ownership interest in subsidiary, without loss of control (Continued)

Niessing Manufaktur GmbH & Co. KG

On 18 October 2017, the Group's subsidiary company, Niessing Group Pte. Ltd. ("**NGPL**") entered into an agreement with the remaining limited partners of NMK to acquire an additional aggregate 45% equity interest in its 30% owned associate, NMK, a trader and manufacturer of jewellery in Germany for an aggregate cash consideration of EUR3,793,000 (equivalent to approximately $6,000,000).

On 11 April 2018 (the "**acquisition date**"), NGPL owned 75% equity interest in NMK after the legal completion of registration as partner. Consequent to the acquisition, NMK became a subsidiary of the Group.

The fair value of the identifiable assets and liabilities of NMK as at the acquisition date were:

	Fair value recognised on acquisition $'000
Property, plant and equipment	1,380
Other receivables	3,736
Inventories	17,871
Prepayments	133
Other investments	41
Cash and cash equivalents	3,026
Intangible assets	4,271
	30,458
Trade and other payables	(3,383)
Interest-bearing loan and borrowings	(4,688)
Provision for taxation	(464)
Amount due to partners	(4,031)
Deferred tax liability	(1,764)
	(14,330)
Total identifiable net assets at fair value	16,128
Non-controlling interest measured at the non-controlling interest's proportionate share of NMK's net identifiable assets	(4,032)
Gain on bargain purchase on acquisition	(1,144)
Net gain on remeasuring previously held equity interest in NMK to fair value at acquisition date	(957)
Other adjustments	(114)
	9,881

<u>Effect of the acquisition of NMK on cash flows</u>

Total cash paid in previous years	9,881
Less: Cash and cash equivalents of subsidiary acquired, taken into account in 2018	(3,026)
Net cash outflow on acquisition	6,855

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13. INVESTMENT IN SUBSIDIARIES (CONTINUED)

Acquisition of ownership interest in subsidiary, without loss of control (Continued)

Niessing Manufaktur GmbH & Co. KG (Continued)

Impact of the acquisition on profit or loss

From the acquisition date, NMK has contributed $20,016,000 of revenue and a profit of $135,000 to the Group's profit for the financial year ended 31 December 2018. If the business combination had taken place at the beginning of the year, the Group's revenue would have been $907,633,000 and the Group's profit for the year would have been $37,130,000.

Gain on bargain purchase on acquisition

The Group recognised a gain of $1,144,000 on bargain purchase relating to the subject acquisition mainly due to trademarks and inventories at fair value which were higher than NMK's initial carrying value upon acquisition. The gain in included in the "Other income" line item in the Group's profit or loss for the year ended 31 December 2018.

Gain on remeasuring previously held equity interest in NMK to fair value at acquisition date

The Group recognised a gain of $957,000 as a result of measuring at fair value its 30% equity interest in NMK held before the business combination of $4,838,000. The gain is included in the "Other income" line item in the Group's profit or loss for the year ended 31 December 2018.

Disposal of ownership interest in subsidiary, without loss of control

(a) Ordinary shares issued under scrip dividend scheme, rights issue and share buyback by a subsidiary

On 12 January 2018 and 30 September 2018, Maxi-Cash issued 87,125,632 new shares at an issue price of $0.16 for each rights share, on the basis of one (1) rights share for every ten (10) existing ordinary shares in the capital of Maxi-Cash.

On 13 July 2018, Maxi-Cash issued 36,550,676 new shares at an issue price of $0.14 to eligible Shareholders who elected to participate in the Maxi-Cash's scrip dividend scheme.

On 14 August 2018, 17 August 2018 and 20 August 2018, Maxi-Cash purchased an aggregate of 300,000 shares, which are held as treasury shares in Maxi-Cash.

On 31 August 2018, Maxi-Cash transferred 1,203,700 treasury shares to eligible employees under the Maxi-Cash Performance Share Plan.

Following the issuance, share buyback and share awards in 2018, the Company's ownership interest in Maxi-Cash decreased from 64.92% to 64.72%.

On 22 August 2019, 23 August 2019 and 26 August 2019, Maxi-Cash purchased an aggregate of 911,000 shares, which are held as treasury shares in Maxi-Cash.

On 30 August 2019, Maxi-Cash transferred 941,178 treasury shares to eligible employees under the Maxi-Cash Performance Share Plan.

The Company's ownership interest in Maxi-Cash remains unchanged following the share buyback and share awards.

NOTES TO THE FINANCIAL STATEMENTS

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14. INVESTMENT IN ASSOCIATES

The Group's investments in associates are summarised below:

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Kensington Land Pte. Ltd.	1,997	2,016	–	–
Kensington Village Pte. Ltd.	6,390	7,619	–	–
Silver Bullion Pte. Ltd.	9,380	8,092	–	–
Niessing Schmuck-Kooperation GmbH & Co. KG	1,597	1,597	–	–
AF Global Limited	104,706	–	76,529	–
	124,070	19,324	76,529	–

	Name of Company	Principal place of business	Principal activities	Proportion of ownership interest 2019 %	Proportion of ownership interest 2018 %
	Held through subsidiaries				
i	Kensington Land Pte. Ltd.	Singapore	Property development	40	40
i	Kensington Village Pte. Ltd.	Singapore	Property development	40	40
ii	Silver Bullion Pte. Ltd.	Singapore	Sale and storage of investment precious metals	25.25	25.77
	Niessing Schmuck-Kooperation GmbH & Co. KG	Germany	Jewellery retailing	50	50
ii, iii	AF Global Limited	Singapore	Investment holding and provision of the management services	41.75	–

i Audited by Deloitte & Touche LLP

ii Audited by Ernst & Young LLP, Singapore

iii Acquired during the financial year ended 31 December 2019

14. INVESTMENT IN ASSOCIATES (CONTINUED)

The summarised financial information in respect of Kensington Land Pte. Ltd. ("**KEL**"), Kensington Village Pte. Ltd. ("**KEV**"), Niessing Manufaktur GmbH & Co. KG ("**NMK**"), Silver Bullion Pte. Ltd. ("**SB**") and AF Global Limited ("**AFG**") based on their FRS financial statements and a reconciliation with the carrying amount of investments in the consolidated financial statements are as follows:

Summarised statement of financial position

	KEL		KEV		SB		AFG
	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000	2018 $'000	2019 $'000
Current assets	5,399	5,439	51,227	53,269	25,576	18,156	83,966
Non-current assets	–	–	10,090	10,090	1,205	1,165	285,304
Total assets	5,399	5,439	61,317	63,359	26,781	19,321	369,270
Current liabilities	406	399	41,817	40,788	12,297	9,053	24,874
Non-current liabilities	–	–	3,525	3,525	231	863	34,237
Total liabilities	406	399	45,342	44,313	12,528	9,916	59,111
Net assets	4,993	5,040	15,975	19,046	14,253	9,405	310,159
Less: Non-controlling interest	–	–	–	–	(230)	(59)	(68,302)
Net assets excluding non-controlling interest	4,993	5,040	15,975	19,046	14,023	9,346	241,857
Proportion of Group's ownership	40%	40%	40%	40%	25.25%	25.77%	41.75%
Group's share of net assets	1,997	2,016	6,390	7,619	3,541	2,408	100,963
Goodwill on acquisition	–	–	–	–	5,492	5,492	–
Consolidation adjustments relating to previous interest held indirectly via AF Corporation Pte. Ltd.	–	–	–	–	–	–	11,480#
Effects of adopting SFRS(I) 1	–	–	–	–	–	–	(7,233)
Other adjustments	–	–	–	–	347	192	(504)
Carrying amount of the investment	1,997	2,016	6,390	7,619	9,380	8,092	104,706

On 20 December 2019, AF Corporation Pte. Ltd. ("**AFC**") transferred its equity interests held in AFG to the Company. This amount represents the cumulative consolidation adjustments relating to the Group's investment in AFG recorded up to the date of transfer.

Summarised statement of comprehensive income

	KEL		KEV		NMK	SB		AFG
	2019 $'000	2018 $'000	2019 $'000	2018 $'000	30 April 2018 $'000	2019 $'000	2018 $'000	2019 $'000
Revenue	–	1	674	516	9,182	137,028	95,076	28,266
(Loss)/profit after tax after NCI	(46)	(8)	(868)	(1,105)	24	5,098	1,417	18,949
Total comprehensive (loss)/income after NCI	(46)	(8)	(868)	(1,105)	24	5,096	1,328	28,754

On 11 April 2018, the Group's equity interest in one of its associates, NMK increased from 30% to 75% and NMK became a subsidiary from that date (see Note 13). Accordingly, the information presented in the above table includes the results of NMK only for the period from 1 January 2018 to 30 April 2018.

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14. INVESTMENT IN ASSOCIATES (CONTINUED)

Distribution in specie of shares in AFG by AFC

During the year, a distribution *in specie* (the "**AFC Distribution**") was undertaken to distribute substantially all of the 881,383,569 ordinary shares (the "**AFG Shares**") in the capital of AFG held by AFC to the Company and Fragrance Group Limited ("**Fragrance**") in proportion to their shareholdings in AFC. This was done by way of the following:

(a) AFC capitalising approximately $47,928,452 of its total reserve by allotting and issuing 47,928,452 new ordinary shares in the capital of AFC, credited as fully paid, to the Company and Fragrance on a pro-rata basis (the "**AFC Capitalisation of Reserve**");

(b) Subsequent to the AFC Capitalisation of Reserve, AFC reducing its share capital by the sum of $57,793,916, and such reduction will be effected by AFC distributing an aggregate of 242,796,136 AF Global Shares held by it to the Company and Fragrance in proportion to their shareholdings in AFC (the "**AFC Capital Reduction**");

(c) On or about the date on which the AFC Capital Reduction takes effect, AFC repaying the aggregate shareholders' loan of $152,005,996 to the Company and Fragrance in equal proportion by transferring 638,587,432 AF Global Shares, free of encumbrances and together with all rights attaching thereto on and from the date of transfer, to the Company and Fragrance in equal proportion.

Following the completion of the AFC Distribution on 20 December 2019 and transfer of 1 AFG Share from AFC to the Company on 30 December 2019, the Company has ceased to hold a deemed interest in the 881,383,569 AFG Shares that were previously held by AFC and now holds a direct interest in 440,691,785 AFG Shares, representing approximately 41.75 per cent. of the total number of AFG Shares in issue; and there is no change to the Company's effective interest in AFG.

15. INVESTMENT IN JOINT VENTURES

The Group's investments in joint ventures are summarised below:

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Jewelfest Pte. Ltd.	–	–	–	–
AF Corporation Pte. Ltd.	75	13,321	75	5,000
The Real Insight Company Pte. Ltd.	–	25	–	–
	75	13,346	75	5,000

	Name of Company	Principal place of business	Principal activities	Proportion of ownership interest 2019 %	2018 %
	Held by the Company				
	Jewelfest Pte. Ltd.	Singapore	Management of trade shows and exhibitions	–	40*
(a)	AF Corporation Pte. Ltd. ("**AFC**")	Singapore	Investment holding	50	50
(b)	The Real Insight Company Pte. Ltd. ("**RIC**")	Singapore	Inactive	–	50

(a) Audited by Ernst & Young LLP, Singapore
(b) Voluntarily liquidated during the financial year ended 31 December 2019
* 40% equity interest is held as to 20% by the Company and 20% by Goldheart Jewelry Pte. Ltd.

15. INVESTMENT IN JOINT VENTURES (CONTINUED)

All joint ventures are incorporated in Singapore and are strategic ventures of the business. The Group jointly controls the ventures with other partners under the respective contractual agreements which provide the Group with rights to the net assets of the joint ventures and requires unanimous consent for all major decisions over the relevant activities.

The results of Jewelfest Pte. Ltd. and The Real Insight Company Pte. Ltd. have not been accounted for using the equity method as they are not material to the Group.

The summarised financial information in respect of AFC is based on its separate FRS financial statements prepared in accordance with SFRS(I) 1-27: *Separate Financial Statements* where AFC equity accounts for its investment in AFG. The reconciliation with the carrying amount of the investment in the Group's consolidated financial statements is as follows:

Summarised statement of financial position

	AFC 2018 $'000
Cash and cash equivalents	72
Other current assets	–
Current assets	72
Investment in subsidiary	245,352
Total assets	245,424
Other payables and provisions	170,653
Other current liabilities	20,000
Current liabilities	190,653
Other non-current liability	20,000
Total liabilities	210,653
Net assets	34,771
Purchase price adjustments not taken up in consolidated financial statements	(694)
Impairment of investment in subsidiary, reversed on consolidation	22,190
Adjusted net assets	56,267
Proportion of Group's ownership	50%
Group's share of net assets	28,133
Share of AFG reserves arising from previous interest directly held by the Company	813#
Effects of adopting of SFRS(I) 1	(15,625)
Carrying amount of the investment	13,321

On 31 May 2016, the Company disposed of its 9.52% direct equity interests held in AFG to AFC. This adjustment represents the shares of reserves in AFC transferred.

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15. INVESTMENT IN JOINT VENTURES (CONTINUED)

Summarised statement of comprehensive income

	AFC 2018 $'000
Administrative expenses	(16)
Other operating expenses	(6)
Finance costs	(1,079)
Share of results of subsidiary	774
Loss before tax	(327)
Income tax expense	–
Loss after tax	(327)
Other comprehensive loss	(2,234)
Total comprehensive loss	(2,561)

Subsequent to the AFC distribution, the investment in AFC is not material to the Group. Accordingly, we have not presented the reconciliation with the carrying amount of the investment in the Group's consolidated financial statements.

16. INVESTMENT IN JOINT OPERATIONS

The Group has a 50% (2018: 50%) equity interest in the ownership and voting rights in two joint operations, Bayfront Ventures Pte. Ltd. and Bayfront Realty Pte. Ltd. that are held through a subsidiary, World Class Land Pte. Ltd..

All joint operations are incorporated in Singapore and are strategic ventures of the business. The Company jointly controls the joint operations with the other partner under the contractual agreements which provide the Company with rights to assets and obligations for the liabilities relating to the joint operations and requires unanimous consent for all major decisions over the relevant activities.

Details of the Group's material joint operations as are as follows:

	Name of Company	**Principal place of business**	**Principal activities**	**Proportion of ownership interest 2019 %**	**2018 %**
	Held through a subsidiary				
(a)	Bayfront Ventures Pte. Ltd.	Singapore	Property development	50	50
(a)	Bayfront Realty Pte. Ltd.	Singapore	Property development	50	50

(a) Audited by Ernst & Young LLP, Singapore

17. INVESTMENT SECURITIES

Financial instruments as at 31 December 2019

	Group		Company	
	2019 **$'000**	**2018** **$'000**	**2019** **$'000**	**2018** **$'000**
Current:				
At FVOCI				
– Debt securities (quoted)	9,579	3,452	425	–
At FVPL				
– Equity securities (quoted)	139	227	–	–
	9,718	3,679	425	–
Add:				
Non-current:				
At FVOCI				
– Debt securities (quoted)	3,440	45,629	–	500
– Equity securities (quoted)	3,396	47,454	–	–
– Equity securities (unquoted)	4,812	6,008	–	–
	11,648	99,091	–	500
At FVPL				
– Equity securities (quoted)	224	212	–	–
	11,872	99,303	–	500
Total investment securities measured at FVOCI and FVPL	21,590	102,982	425	500

Investments pledged as security

A floating charge has been placed on investment securities with a carrying value of $16,778,000 (2018: $96,974,000) as security for bank borrowings (Note 25).

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17. INVESTMENT SECURITIES (CONTINUED)

Financial instruments as at 31 December 2019 (Continued)

Investments in equity instruments designated at FVOCI

The fair value of each of the investments in equity instruments designated at FVOCI at the end of the reporting period is as follows:

	Group	
	2019 **$'000**	**2018** **$'000**
At FVOCI		
– Equity securities (quoted)		
ARA Asset Management Limited	–	1,442
ESR-REIT	–	3,764
Frasers Property Treasury Pte. Ltd.	502	15,212
Lippo Malls Indonesia Retail Trust	2,894	6,891
Olam International Limited	–	3,185
Wing Tai Properties Finance Ltd.	–	10,865
Aramark Services Inc	–	721
GLL IHT Pte. Ltd.	–	237
Bank of East Asia Ltd.	–	2,621
HSBC Holdings plc	–	2,516
	3,396	47,454
At FVOCI		
– Equity securities (unquoted)		
True Stats Lab Pte. Ltd.	302	1,500
Trinity House UK Commercial Property Fund 1 IC ("**THUK**")	4,495	4,495
Others	15	13
	4,812	6,008

The Group has elected to measure these equity securities at FVOCI due to the Group's intention to hold these equity instruments for long-term appreciation.

The fair value at the date of derecognition amounted to $46,783,000 (2018: $75,288,000). The cumulative loss arising from the disposal amounted to $1,797,000 (2018: $1,843,000) and was transferred from fair value adjustment reserve to revenue reserves.

The Group recognised a dividend of GBP 175,000 (equivalent to $304,000) (2018: GBP 177,000 (equivalent to $320,000)) from THUK during the year.

18. INVENTORIES

	Group	
	2019 $'000	2018 $'000
Consolidated statement of financial position:		
Finished goods, at cost	106,248	96,915
Finished goods, at net realisable value	22,399	28,359
Raw materials, at cost	20,673	21,734
Packaging materials, at cost	372	405
Total inventories at lower of cost and net realisable value	149,692	147,413
Consolidated statement of comprehensive income:		
Inventories recognised as an expense in profit or loss	206,690	191,715
Inclusive of the following charge:		
Write-back of inventories	(400)	(29)

A floating charge has been placed on inventories with a carrying value of $71,141,000 (2018: $60,004,000) as security for bank borrowings (Note 25).

19. DEVELOPMENT PROPERTIES/PROPERTIES HELD FOR SALE

(a) Development properties

	Group	
	2019 $'000	2018 $'000
Land costs	141,520	184,756
Development charges	381,203	405,579
	522,723	590,335
Allowance for write-down of development properties	(1,502)	–
	521,221	590,335
Relating to development properties:		
– Located outside of Singapore	521,221	590,335

During the financial year ended 31 December 2019, borrowing costs amounting to $28,573,000 (2018: $36,463,000) arising from borrowings obtained specifically for the development properties were capitalised.

A weighted average interest capitalisation rate of 6.66% (2018: 5.92%) per annum was used, representing the actual borrowing cost of the loans used to finance the projects.

Development properties amounting to $483,731,000 (2018: $559,614,000) are pledged as security for bank borrowings (Note 25).

Development properties amounting to $Nil, $Nil and $51,950,000 (2018: $51,066,000, $13,235,000 and $1,796,000) were transferred to properties held for sale, investment properties and property, plant and equipment respectively during the financial year ended 31 December 2019.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

19. DEVELOPMENT PROPERTIES/PROPERTIES HELD FOR SALE (CONTINUED)

(a) Development properties (Continued)

Details of development properties held by the Group are as follows:

Location	Description and use	Land area (in square metres)	Estimated gross floor area (in square metres)	Tenure	Stage of completion/ development
WCL-Southbank (VIC) Pty. Ltd.					
Australia 108 68-82 Southbank Boulevard, Southbank, Melbourne, Victoria, Australia	Residential	2,642	138,282	Freehold	Construction works commenced in November 2015. Expected completion for the last phase: 2020
WCL-Central Park (QLD) Pty. Ltd.					
Nova City 81-83 Spence Street and 112-114 Bunda Street, Cairns, Queensland, Australia	Mixed use development	25,874	115,510	Freehold	Planning and designing
WCL (CNS) CBD Pty. Ltd.					
17 Hartley Street and 6 Kenny Street, Cairns, Queensland, Australia	Mixed use development	16,351	88,295	Freehold	Planning and designing
WCL (QLD) Margaret St Pty. Ltd.					
240 Margaret Street, Brisbane, Queensland, Australia	Residential	1,715	61,252	Freehold	Planning and designing
WCL (QLD) Albert St Pty. Ltd.					
30 Albert Street and 131A Margaret Street, Brisbane, Queensland, Australia	Residential	2,007	76,301	Freehold	Planning and designing

19. DEVELOPMENT PROPERTIES/PROPERTIES HELD FOR SALE (CONTINUED)

(a) Development properties (Continued)

Location	Description and use	Land area (in square metres)	Estimated gross floor area (in square metres)	Tenure	Stage of completion/ development
World Class Land (Georgetown) Sdn. Bhd.					
240, 242, 244, 246, 248, 250, 252 & 254 Jalan Dato Kramat and 1, 3, 5, 7, 9, 9A & 9B Lebuh Melaka, Penang, Malaysia	Mixed use development	2,067	12,037	Freehold	Planning and designing
57, 59, 61, 63 & 65 Jalan Tan Sri Teh Ewe Lim and 1, 3, 5, 7, 9 & 11 Lorong Juru, Penang, Malaysia	Commercial	859	1,478	Freehold	Planning and designing
WCL (Magazine) Sdn. Bhd.					
Lots 18, 479, 480 & 10026 Seksyen 11W, Bandar Georgetown, Daerah Timur Laut and 119 Lebuh Noordin, Penang, Malaysia	Mixed use development	2,966	17,496	Freehold	Planning and designing
WCL (Macallum) Sdn. Bhd.					
1, 3, 5 & 7 Lebuh Macallum and 170, 172, 174, 176, 178, 180, 182, 184, 186, 188, 190, 192, 194 & 196 Jalan C.Y. Choy, Penang, Malaysia	Mixed use development	2,703	15,651	Freehold	Planning and designing
4, 6, 8, 10, 12, 14, 16 & 18 Lebuh Katz, Penang, Malaysia	Mixed use development	1,470	7,415	Freehold	Planning and designing

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19. DEVELOPMENT PROPERTIES/PROPERTIES HELD FOR SALE (CONTINUED)

(b) Properties held for sale

	Group	
	2019 $'000	**2018 $'000**
At cost		
At 1 January	76,135	22,313
Transferred from development properties	1,161	51,066
Properties sold during the year	(13,062)	–
Enhancement works incurred	33	2,662
Exchange differences	(30)	94
At 31 December	64,237	76,135

Details of the properties held for sale by the Group are as follows:

Location	Description and use	Land area (in square metres)	Estimated gross floor area (in square metres)	Tenure	Unexpired lease term
Bayfront Realty Pte. Ltd.					
Urban Vista Lot 10765A MK27 at Tanah Merah Kechil Link	Commercial	113	113	Leasehold	93 years
Bayfront Ventures Pte. Ltd.					
CityGate 371 Beach Road Singapore^	Residential/ commercial units	7,269	3,212[(a)]	Leasehold	95 years
World Class Land (Georgetown) Sdn. Bhd.					
Ropewalk Piazza 134, 136, 138, 140, 142, 144, 146, 148, 150, 152, 154 & 156 Jalan Pintal Tali, Penang, Malaysia	Commercial	1,085	1,712	Freehold	–
Bahari Parade 69, 71, 73, 75, 77, 79 & 81 Jalan Sri Bahari, Penang, Malaysia	Commercial	846	1,102	Freehold	–
128, 128A, 128B, 128C, 128D, 128E, 128F and 128G Jalan Transfer, Penang, Malaysia	Commercial	487	776	Freehold	–
2, 4, 6, 8 & 10 Jalan Hutton, Penang, Malaysia	Commercial	568	897	Freehold	–

19. DEVELOPMENT PROPERTIES/PROPERTIES HELD FOR SALE (CONTINUED)

(b) Properties held for sale (Continued)

Location	Description and use	Land area (in square metres)	Estimated gross floor area (in square metres)	Tenure	Unexpired lease term
WCL (Magazine) Sdn. Bhd.					
237, 239, 241 & 243 Jalan Magazine and 2-G, 2-H & 2-I Jalan Gurdwara, Penang, Malaysia	Commercial	646	979	Freehold	–
WCL (Macallum) Sdn. Bhd.					
Macallum Central 51, 53, 55, 57, 59, 61, 63, 65, 67 & 69 Lebuh Macallum Penang, Malaysia	Commercial	694	1,152	Freehold	–

(a) Pertains to the gross floor area of units available for sale, whilst the land area represents the area covered by the CityGate development.

(b) Pertains to the gross floor area of units available for sale, whilst the land area represents the area covered by the AVANT development.

As at 31 December 2019, properties held for sale with a carrying value of $55,851,000 (2018: $24,401,000) are pledged as security for bank borrowings (Note 25).

20. TRADE AND OTHER RECEIVABLES

	Note	Group 2019 $'000	Group 2018 $'000	Company 2019 $'000	Company 2018 $'000
Trade and other receivables (current)					
Trade receivables		318,895	318,945	–	–
Other debtors		8,342	2,867	7,766	2,021
Deposits		4,056	4,417	60	181
		331,293	326,229	7,826	2,202
Trade and other receivables (non-current)					
Trade receivables		–	3,517	–	–
Unquoted debt securities at FVPL		9,430	9,625	–	–
Deposits		4,852	3,544	–	–
		14,282	16,686	–	–

20. TRADE AND OTHER RECEIVABLES (CONTINUED)

		Group		Company	
	Note	**2019 $'000**	**2018 $'000**	**2019 $'000**	**2018 $'000**
Total trade and other receivables (current and non-current)		345,575	342,915	7,826	2,202
Add:					
Due from subsidiaries (non-trade)		–	–	27,434	211,712
Due from associates (non-trade)		1,278	276	385	–
Due from a joint venture (non-trade)		1	86,099	1	86,093
Cash and bank balances	23	146,194	59,020	337	164
Less:					
Unquoted debt securities at FVPL		(9,430)	(9,625)	–	–
Total financial assets at amortised cost		483,618	478,685	35,983	300,171

Trade receivables of the Group's financial service business comprise pawnshop loans, interest receivables on pawnshop loans, secured lending receivables and trade receivables from retail and trading of jewellery and branded merchandise. Other trade receivables relate to trade receivables of the Group's jewellery, real estate and other businesses.

Pawnshop loans are loans to customers extended under the pawnbroking business, which are interest-bearing, ranging between 1.0% to 1.5% for the first month and 1.5% for the subsequent 6 months (2018: 1.0% to 1.5% for the first month and 1.5% for the subsequent 6 months). The quantum of loans granted to customers is based on a fraction of the value of the collaterals pledged to the Group.

Secured lending receivables are measured at amortised cost using the effective interest rate method which are interest-bearing ranging between 5.0% to 22.5% (2018: interest-bearing ranging between 5.0% to 22.5%) per annum and are secured by way of collateralised real estate held by the investment trustee, and have remaining maturities ranging between 1 to 6 months (2018: 6 to 18 months).

Included in non-current financial assets held at FVPL is an amount of $9,430,000 (2018: $9,625,000), extended through a fund which extends interest-bearing loans to borrowers and provided a return of approximately 9% (2018: 11%) per annum for the financial year ended 31 December 2019. This financial asset is secured by way of collateralised real estate held by the fund and has a remaining maturity of 17 months (2018: 29 months), with an option by the fund to extend the maturity by a further 12 months.

All other trade receivables are non-interest bearing and are generally on 30 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

A floating charge has been placed on trade and other receivables with a carrying value of $288,134,000 (2018: $268,456,000) as security for bank borrowings (Note 25).

20. TRADE AND OTHER RECEIVABLES (CONTINUED)

Trade and other receivables denominated in foreign currencies are as follows:

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
United States Dollar	405	299	–	–
Australian Dollar	26,034	52,134	–	–
Euro	10,143	–	–	–

Expected credit losses

The movement in allowance for expected credit losses of trade receivables are as follows:

	Group	
	2019 $'000	2018 $'000
Movement in allowance accounts:		
At 1 January	760	790
Charge for the year	4,155	5,017
Written-back	–	(26)
Written-off	(4,155)	(5,021)
At 31 December	760	760

Receivables that are past due

The Group has no receivables that are past due as at 31 December 2019 and 2018.

21. DUE FROM/(TO) SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

The amounts due from/(to) subsidiaries, associates and joint ventures are unsecured, receivable/repayable on demand and are to be settled in cash. These amounts are non-interest bearing except for amounts due from subsidiaries of $11,091,000 (2018: $190,923,000) which bear interest ranging from 3.33% to 6.67% (2018: 4.38% to 6.67%) per annum and amount due to a subsidiary of $6,420,000 (2018: 177,463,000) which bear interest ranging from 5.05% to 6.44% (2018: 6.37% to 7.12%) per annum.

22. DERIVATIVES

	Group 31 December 2019		
	$'000 Contract notional amount	$'000 Assets	$'000 Liabilities
Forward currency contracts	299,947	2,033	–
Add:			
Trade receivables held at FVPL (Note 20)		9,430	–
Equity securities (quoted) (Note 17)		363	–
Total financial assets at FVPL		11,826	–

22. DERIVATIVES (CONTINUED)

	Group 31 December 2018		
	$'000 Contract notional amount	$'000 Assets	$'000 Liabilities
Forward currency contracts	148,223	2,537	–
Add:			
Trade receivables held at FVPL (Note 20)		9,625	–
Equity securities (quoted) (Note 17)		439	–
Total financial assets at FVPL		12,601	–

As at 31 December 2019, the Group entered into foreign currency forward contracts mainly in Australian Dollar and Euro, maturing within the next 12 months to reduce its exposure to foreign currency risks on Australian Dollar and Euro receivables.

23. CASH AND BANK BALANCES

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Cash at banks and on hand	132,997	59,020	337	164
Restricted cash	13,197	–	–	–
	146,194	59,020	337	164

Cash at banks earns interest at floating rates based on daily bank deposit rates.

Cash and bank balances denominated in foreign currencies are as follows:

	Group	
	2019 $'000	2018 $'000
United States Dollar	577	81
Australian Dollar	436	2,202
British Pound	172	218
Euro	194	102

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	Group	
	2019 $'000	2018 $'000
Cash held under "Project Account (Amendment) Rules – 1997"	–	6,647
Cash at banks and on hand	146,194	52,373
Cash and cash equivalents	146,194	59,020

A floating charge has been placed on cash and bank balances with a carrying value of $14,256,000 (2018: $17,343,000) as security for bank borrowings (Note 25).

An amount of $13,197,000 (2018: $Nil) in restricted cash relates to reserve accounts held in escrow by third parties which will only be released upon repayment of the loan, interest and related development expenditures.

23. CASH AND BANK BALANCES (CONTINUED)

Cash and cash equivalents (Continued)

Purchasers' deposit monies of AUD 38,717,000 (equivalent to approximately $36,567,000) (2018: AUD 67,436,000 (equivalent to approximately $64,833,000)) pertaining to the development projects for which sale has commenced are placed in escrow held by a third party. In addition, purchasers' deposits in the form of bankers' guarantees of AUD 7,219,000 (equivalent to approximately $6,813,000) (2018: AUD 8,537,000 (equivalent to approximately $8,208,000)) pertaining to the development projects for which sale has commenced are placed in escrow held by a third party. These balances are not included as assets of the Group as at 31 December 2019 and 2018. The Group will only have access to these funds upon completion and handover of the development projects to the purchasers.

24. TRADE AND OTHER PAYABLES

		Group		Company	
	Note	**2019 $'000**	**2018 $'000**	**2019 $'000**	**2018 $'000**
Current:					
Trade payables		7,878	5,812	–	–
Other payables		13,872	8,770	381	374
Accrued operating expenses					
– payroll related		13,135	13,311	4,418	1,192
– property development		9,599	16,799	–	–
– others		20,407	19,367	1,730	1,748
Deferred revenue		19	82	–	–
Deposits received		2,951	1,578	3	3
Withholding tax payable		202	1,910	–	–
Dividend payable		11,514	6,258	9,688	4,841
		79,577	73,887	16,220	8,158
Non-current:					
Other payables					
– amount due to non-controlling shareholders of a subsidiary		5,830	3,047	–	–
– others		109	74	–	–
		5,939	3,121	–	–
Total trade and other payables (current and non-current)		85,516	77,008	16,220	8,158
Add:					
Due to subsidiaries (non-trade)		–	–	53,296	185,665
Due to an associate (non-trade)		1,508	2,028	–	–
Due to a joint venture		–	25	–	–
Interest-bearing loans and borrowings	25	591,427	566,001	–	–
Lease liabilities	27(b)	98,140	–	–	–
Term notes and bonds	26	499,982	587,872	–	83,000
Less:					
Accrued operating expenses					
– payroll related		(1,610)	(1,548)	(178)	(206)
Deferred revenue		(19)	(82)	–	–
Withholding tax payable		(202)	(1,910)	–	–
Total financial liabilities carried at amortised cost		1,274,742	1,229,394	69,338	276,617

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24. TRADE AND OTHER PAYABLES (CONTINUED)

Trade and other payables are unsecured, non-interest bearing and repayment is based on payment terms and conditions agreed.

Amount due to non-controlling shareholders of a subsidiary is unsecured, interest-free and not expected to be repaid in the next 12 months.

Trade and other payables denominated in foreign currencies are as follows:

	Group	
	2019 $'000	2018 $'000
United States Dollar	3,139	2,536
Hong Kong Dollar	1,093	602
Australian Dollar	188	417

25. INTEREST-BEARING LOANS AND BORROWINGS

	Note	Group		Company	
		2019 $'000	2018 $'000	2019 $'000	2018 $'000
Secured borrowings					
Current					
Obligation under finance lease		–	169	–	–
Bank borrowings		245,851	289,741	–	–
Term loans		240,585	171,745	–	–
		486,436	461,655	–	–
Non-current					
Obligation under finance lease		–	391	–	–
Term loans		104,991	103,955	–	–
		591,427	566,001	–	–
Add:					
Term notes and bonds	26	499,982	587,872	–	83,000
Total loans and borrowings		1,091,409	1,153,873	–	83,000

(a) Details of securities granted for the secured borrowings are as follows:

Subsidiaries/Joint operations

Interest-bearing loans and borrowings comprise bank borrowings of $306,892,000 (2018: $328,536,000) and term loans of $284,535,000 (2018: $236,905,000).

(i) Bank borrowings of $214,975,000 (2018: $203,491,000) are secured by way of a fixed and floating charge on all assets of certain subsidiaries and corporate guarantees by the Company and/or subsidiaries.

(ii) Revolving loans of $30,876,000 (2018: $86,250,000) bear interest ranging from 2.34% to 3.63% (2018: 1.73% to 3.56%) per annum and are secured by way of a fixed and floating charge on all assets of certain subsidiaries or corporate guarantees by the Company and/or subsidiaries. These loans are repayable on demand.

25. INTEREST-BEARING LOANS AND BORROWINGS (CONTINUED)

(a) Details of securities granted for the secured borrowings are as follows: (Continued)

Subsidiaries/Joint operations (Continued)

(iii) Term loans of $62,271,000 (2018: $51,336,000) bear interest ranging from 1.58% to 4.94% (2018: 1.58% to 4.64%) per annum and are secured by way of legal mortgage over the leasehold properties. These loans are repayable in 2032 to 2041.

(iv) Term loans of $184,000 (2018: $284,000) bear interest at 1.70% per annum (2018: 1.70%) and are secured by way of corporate guarantees by the associate.

(v) Term loans of $3,421,000 (2018: $3,016,000) bear interest ranging from 2.00% to 2.35% per annum (2018: 2.00% to 2.35%) and are secured by way of charge on trade receivables and inventories.

(vi) Term loans and revolving loans of $279,507,000 (2018: $220,818,000) bear interest ranging from 2.34% to 8.25% (2018: 2.20% to 6.39%) per annum and are secured by way of:

– legal mortgages over subsidiaries' property, plant and equipment (Note 10), development properties (Note 19(a)), properties held for sale (Note 19(b)) and investment properties (Note 11);

– legal assignments of subsidiaries' interest under the Sale and Purchase agreements and tenancy agreements in respect of the development properties or investment properties units therein which includes the assignment of all the sale and rental proceeds;

– legal assignments of subsidiaries' interest in the Project Account and Rental Account, and a charge over such sales proceeds and rentals and all sums in credit in such accounts; and

– corporate guarantees by the Company and/or subsidiaries.

The loans relating to the respective development projects outside of Singapore are repayable via monthly instalments or one lump sum by their respective maturity dates.

The loans include financial covenants which require the subsidiaries/joint operations to achieve certain cumulative sales targets and to maintain aggregate outstanding debt secured against the properties not exceeding 50.0% to 80.0% of the security value of the relevant development properties at all times.

(b) Maturity of borrowings

Loans due after one year are estimated to be repayable as follows:

	Group	
	2019	**2018**
	$'000	**$'000**
Years after end of reporting period:		
After one year but within two years	10,853	30,503
After two years but within five years	34,991	24,693
After five years	59,147	49,150
	104,991	104,346

26. TERM NOTES AND BONDS

			Aggregate principal amount outstanding			
			Group		Company	
Date issued	Interest rate %	Maturity dates	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Current						
12 June 2014[(1)]	5.05	12 June 2019	–	37,750	–	38,000
3 July 2014[(1)]	5.05	12 June 2019	–	45,000	–	45,000
28 August 2015[(2)]	5.25	28 August 2020	148,201	–	–	–
1 April 2016[(3)]	5.30	1 April 2020	184,281	–	–	–
27 April 2017[(4)]	5.50	27 April 2020	5,500	–	–	–
9 October 2017[(4)]	5.50	27 April 2020	20,000	–	–	–
			357,982	82,750	–	83,000
Non-current						
28 August 2015[(2)]	5.25	28 August 2020	–	148,716	–	–
1 April 2016[(3)]	5.30	1 April 2020	–	194,906	–	–
27 April 2017[(4)]	5.50	27 April 2020	–	49,000	–	–
9 October 2017[(4)]	5.50	27 April 2020	–	20,000	–	–
19 April 2018[(5)]	5.90	19 April 2021	47,500	47,500	–	–
11 October 2018[(5)]	6.25	11 October 2021	45,000	45,000	–	–
22 July 2019[(4)(6)]	6.35	22 July 2022	49,500	–	–	–
			142,000	505,122	–	–
Total term notes and bonds			499,982	587,872	–	83,000

Notes:

(1) During the financial year ended 31 December 2014, unsecured term notes were issued by the Group and the Company under the Multicurrency Debt Issuance Programme ("**MDI Programme**"). During the financial year ended 31 December 2018, unsecured term notes amounting to $34,250,000 issued under the MDI Programme were purchased and cancelled by the Group and the Company. On 27 November 2018, $51,000,000 unsecured term notes were redeemed by the Group and the Company. As at 31 December 2018, $250,000 term notes had been purchased and held by a subsidiary of the Company. During the financial year ended 31 December 2019, unsecured term notes amounting to $20,250,000 were purchased and cancelled by the Group and the Company. On 12 June 2019, $62,750,000 unsecured term notes issued under the MDI Programme were redeemed by the Group and the Company. Under the MDI Programme, the Group and the Company may issue both multicurrency medium term notes and perpetual securities. As at 31 December 2019 and 2018, no perpetual securities have been issued.

(2) During the financial year ended 31 December 2015, unsecured bonds issued by a subsidiary of the Company amounted to $150,000,000. As at 31 December 2019, $1,799,000 (2018: $1,284,000) bonds had been purchased and held by the Company and subsidiaries of the Company.

(3) During the financial year ended 31 December 2016, unsecured bonds issued by a subsidiary of the Company amounted to $200,000,000. During the financial year ended 31 December 2019, unsecured bonds amounting to $10,000,000 were purchased and cancelled by the subsidiary of the Company. As at 31 December 2019, $5,719,000 (2018: $4,094,000) bonds had been purchased and held by the Company and subsidiaries of the Company.

(4) During the financial year ended 31 December 2017, unsecured term notes issued by a subsidiary of the Company under the Multicurrency Medium Term Note Programme ("**MTN Programme**") amounted to $70,000,000. On 1 July 2019, the subsidiary issued a Notice of Tender and Exchange Offer Exercise to note holders on the Series 001 notes. Upon completion of the Tender Offer, $14,000,000 principal amount of its existing notes were offered for sale and accepted by the subsidiary. $26,500,000 principal amount of existing notes were offered for exchange for Series 002 New Notes. As at 31 December 2019, $4,000,000 (2018: $1,000,000) term notes had been purchased and held by the subsidiary of the Company. Following the cancellation of Tender offered notes and the purchase of term notes, the aggregate outstanding existing notes is $25,500,000.

(5) During the financial year ended 31 December 2018, unsecured term notes issued by a subsidiary of the Company under the MDI Programme amounted to $100,000,000. As at 31 December 2019, $7,500,000 (2018: $7,500,000) term notes had been purchased and held by a subsidiary of the Company.

(6) A subsidiary of the Company issued $50,000,000 6.35% term notes due 2022 on 22 July 2019. As at 31 December 2019, $500,000 term notes had been purchased and held by a subsidiary of the Company.

26. TERM NOTES AND BONDS (CONTINUED)

Interest is payable semi-annually. Unless previously redeemed or purchased and cancelled, the term notes are redeemable at the principal amounts on their respective maturity dates.

A reconciliation of liabilities arising from financing activities is as follows:

	2018	Net cash flows from financing activities	Non-cash changes			2019
			Foreign exchange movement	Loss on purchase and cancellation of term notes and bonds	Amortisation of premium on term notes	
	$'000	$'000	$'000	$'000	$'000	$'000
Trade and other payables – premium on term notes	73	–	–	–	(57)	16
Term notes and bonds	587,872	(87,893)	–	3	–	499,982
Interest-bearing loans and borrowings	566,001	28,522	(3,096)	–	–	591,427
Total	1,153,946	(59,371)	(3,096)	3	(57)	1,091,425

	2017	Net cash flows from financing activities	Changes arising from obtaining control of a subsidiary	Non-cash changes			2018
				Foreign exchange movement	Gain on purchase and cancellation of term notes and bonds	Amortisation of premium on term notes	
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Trade and other payables – premium on term notes	128	–	–	–	–	(55)	73
Term notes and bonds	639,500	(51,561)	–	–	(67)	–	587,872
Interest-bearing loans and borrowings	845,058	(264,779)	4,688	(18,966)	–	–	566,001
Total	1,484,686	(316,340)	4,688	(18,966)	(67)	(55)	1,153,946

NOTES TO THE FINANCIAL STATEMENTS

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27. LEASES

Group as a lessee

The Group has lease contracts for land, leased properties, motor vehicles, machinery, tools & equipment, security equipment & office equipment and computer software. Leased properties generally have lease terms between 2 and 10 years. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets and some contracts require the Group to maintain certain financial ratios. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

The Group also has certain leases of leased properties and motor vehicles with lease terms of 12 months or less and leases of vehicles with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

(a) Carrying amounts of right-of-use assets

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

Group	Land $'000	Leased properties $'000	Motor vehicles $'000	Machinery, tools & equipment $'000	Security equipment & office equipment $'000	Computer software $'000	Total $'000
Cost:							
At 1 January 2019	7,819	50,371	53	897	59	135	59,334
Additions	–	57,948	162	410	–	–	58,520
Transferred (to)/from property, plant and equipment	(191)	–	163	379	–	–	351
Exchange difference	–	(115)	(1)	(42)	(2)	(4)	(164)
At 31 December 2019	7,628	108,204	377	1,644	57	131	118,041
Accumulated depreciation:							
At 1 January 2019	–	–	–	–	–	–	–
Depreciation	17	20,518	82	418	14	31	21,080
Exchange difference	–	(5)	(1)	(5)	–*	–*	(11)
At 31 December 2019	17	20,513	81	413	14	31	21,069
Net carrying amount:							
At 31 December 2019	7,611	87,691	296	1,231	43	100	96,972

* Less than $1,000

27. LEASES (CONTINUED)

Group as a lessee (Continued)

(b) Lease liabilities

Set out below are the carrying amounts of lease liabilities and the movements during the period:

	2019 $'000
As at 1 January	59,802
Additions	58,520
Accretion of interest (Note 6)	2,073
Interest expenses reclassed to property, plant and equipment	282
Payments	(22,374)
Exchange difference	(163)
As at 31 December	98,140
Current portion	22,591
Non-current portion	75,549
	98,140

The maturity analysis of lease liabilities is disclosed in Note 35(a).

(c) Amounts recognised in profit or loss

The following are the amounts recognised in profit or loss:

	2019 $'000
Depreciation of right-of-use assets	21,080
Interest expense on lease liabilities	2,073
Expense relating to short-term leases and leases of low-value assets (included in other operating expenses) (Note 8)	6,330
Variable lease payments (included in other operating expenses) (Note 8)	474
Total amount recognised in profit or loss	29,957

(d) Total cash outflow

The Group had total cash outflows for leases amounting to $29,178,000 in 2019.

(e) Extension options

The Group has several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised (Note 3.1).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

27. LEASES (CONTINUED)

Group as a lessor

The Group has entered into commercial property leases on its leasehold building and standing property at the development site acquired for development properties. The non-cancellable leases on its standing property have remaining lease terms of less than 8 years.

Future minimum rental receivable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2019	**2018**
	$'000	**$'000**
Not later than one year	1,465	1,873
Later than one year but not later than five years	2,136	1,443
Later than five years	205	371
	3,806	3,687

28. INCOME TAX EXPENSE

(a) Major components of income tax expense

The major components of income tax expense for the years ended 31 December 2019 and 2018 are:

	Group	
	2019	**2018**
	$'000	**$'000**
Consolidated statement of comprehensive income		
Current income tax		
– Current income taxation	18,910	13,284
– (Over)/under provision in respect of previous years	(7,381)	418
– Withholding tax	873	741
	12,402	14,443
Deferred income tax		
– Origination and reversal of temporary differences	(363)	11,198
– Benefits from previously unrecognised tax losses	–	(6,320)
– (Over)/under provision in respect of previous years	(194)	128
	(557)	5,006
Income tax expense recognised in profit or loss	11,845	19,449
Deferred tax credit related to other comprehensive income		
– Net gain/(loss) on fair value changes on equity instruments	929	(524)
– Net gain on fair value changes on debt instruments	170	755
	1,099	231

28. INCOME TAX EXPENSE (CONTINUED)

(b) Relationship between tax expense and profit before tax

The reconciliation between tax expense and the product of profit before tax multiplied by the applicable corporate tax rate for the years ended 31 December 2019 and 2018 are as follows:

	2019 $'000	2018 $'000
Profit before tax	30,405	56,555
Tax at the domestic rates applicable to profits in the countries where the Group operates	7,200	15,724
Adjustments:		
– Non-deductible expenses	3,768	12,540
– Income not subject to taxation	72	(5,053)
– Deferred tax assets not recognised	1,136	2,473
– Effect of partial tax exemption and tax relief	(638)	(912)
– (Over)/under provision in respect of previous years	(509)	546
– Benefits from previously unrecognised tax losses	(560)	(6,320)
– Share of results of associates and a joint venture	212	75
– Prior year deferred tax asset over recognised	152	–
– Unutilised tax losses	221	–
– Disposal of equity instruments carried at FVOCI, which are not recycled to profit or loss	(59)	(313)
– Withholding tax	873	741
– Others	(23)	(52)
Income tax expense recognised in profit or loss	11,845	19,449

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction.

(c) Deferred income tax

	Group	
	2019 $'000	2018 $'000
Balance at 1 January	12,274	5,276
Tax charged to profit or loss	421	5,006
Tax charged to other comprehensive income	1,099	231
Deferred tax liability recorded on business combination	–	1,763
Translation difference	(228)	(2)
Balance at 31 December	13,566	12,274

28. INCOME TAX EXPENSE (CONTINUED)

(c) Deferred income tax (Continued)

Deferred income tax relates to the following:

Deferred tax liabilities, net

	Group		Company	
	2019 $'000	**2018 $'000**	**2019 $'000**	**2018 $'000**
Differences in depreciation for tax purposes	517	307	–	–
Business combination	–	1,763	–	–
Attributable profits from development properties	–	1,874	–	–
Uncompleted project expenses	10,734	15,885	–	–
Revaluations to fair value:				
– Investment properties	4,220	4,778	–	–
Provisions	1,328	(278)	–	–
Unutilised tax losses	(2)	(8,460)	–	–
Others	(50)	(65)	–	–
	16,747	15,804	–	–

Deferred tax assets, net

	Group		Company	
	2019 $'000	**2018 $'000**	**2019 $'000**	**2018 $'000**
Differences in depreciation for tax purposes	(327)	(316)	71	1
Unremitted foreign interest income, net	(54)	132	–	–
Provisions	(355)	(580)	(65)	(35)
Unutilised tax losses	(2,132)	(722)	(1,013)	(53)
Revaluations to fair value:				
– Debt and equity securities held at FVOCI	(216)	(1,395)	–	–
Unutilised capital allowance	(21)	(654)	–	–
Allowance for doubtful receivables	(88)	(88)	–	–
Others	12	93	(32)	–
	(3,181)	(3,530)	(1,039)	(87)

At the end of the reporting period, the Group has unutilised tax losses and unabsorbed capital allowances of approximately $62,261,000 (2018: $61,223,000) and $7,466,000 (2018: $6,912,000) that are available for offset against future taxable profits of the Group, for which no deferred tax asset is recognised due to uncertainty of its recoverability. The use of these balances is subject to the agreement of the tax authorities and compliance with the relevant provisions of the tax legislation of the respective countries in which the companies operate.

Tax consequences of proposed dividends

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

29. SHARE CAPITAL, TREASURY SHARES AND OTHER RESERVES

(a) Share capital

	Group and Company			
	2019		2018	
	No. of shares '000	$'000	No. of shares '000	$'000
Issued and fully paid ordinary shares				
At 1 January and 31 December	1,945,896	226,930	1,945,896	226,930

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

(b) Treasury shares

	Group and Company			
	2019		2018	
	No. of shares '000	$'000	No. of shares '000	$'000
At 1 January	9,405	2,589	9,405	2,589
Treasury shares reissued pursuant to Aspial Performance Share Plan(1)	(1,086)	(299)	–	–
Balance at 31 December	8,319	2,290	9,405	2,589

Treasury shares relate to ordinary shares of the Company that are held by the Company.

Note:

(1) On 29 August 2019 and 10 October 2019, the Company transferred 321,222 and 764,706 treasury shares respectively to eligible employees under the Aspial Performance Share Plan.

(c) Other reserves

	Group		Company	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Gain on reissuance of treasury shares	1,302	1,413	1,302	1,413
Premium on dilution of interests in subsidiary	13,384	13,384	–	–
Foreign currency translation reserve	(10,505)	(15,496)	–	–
Premium paid on acquisition of non-controlling interests	(13,642)	(13,642)	–	–
Fair value adjustment reserve	(8,861)	(14,158)	–	–
Change in ownership interest in subsidiary without a change in control	700	723	–	–
	(17,622)	(27,776)	1,302	1,413

<u>Gain on reissuance of treasury shares</u>

This represents the gain arising from the 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

29. SHARE CAPITAL, TREASURY SHARES AND OTHER RESERVES (CONTINUED)

(c) Other reserves (Continued)

Premium on dilution of interests in subsidiary

This represents the difference between the consideration received and the carrying value of non-controlling interests adjusted upon dilution of interests in subsidiary.

Premium paid on acquisition of non-controlling interests

This represents the difference between the consideration paid and the carrying value of non-controlling interests adjusted upon acquisition of interests in subsidiary.

Foreign currency translation reserve

The foreign currency translation reserve represents 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.

Fair value adjustment reserve

Fair value adjustment reserve represents the cumulative fair value changes, net of tax, of financial assets until they are disposed of or impaired.

30. DIVIDENDS

	Group $'000
Dividends on ordinary shares declared and payable/paid during the year:	
Financial year ended 31 December 2019	
– Final exempt (one-tier) dividend for FY2018: 0.25 cent per share on 1,936,491,176 shares	4,841
– Interim exempt (one-tier) dividend for FY2019: 0.38 cent per share on 1,937,577,104 shares	7,363
– Interim exempt (one-tier) dividend for FY2019: 0.12 cent per share on 1,937,577,104 shares	2,325
	14,529
Financial year ended 31 December 2018	
– Final exempt (one-tier) dividend for FY2017: 0.25 cent per share on 1,936,491,176 shares	4,841
– Interim exempt (one-tier) dividend for FY2018: 0.25 cent per share on 1,936,491,176 shares	4,841
– Interim exempt (one-tier) dividend for FY2018: 0.25 cent per share on 1,936,491,176 shares	4,841
	14,523

	Group	
	2019 $'000	2018 $'000
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at AGM:		
– Final exempt (one-tier) dividend for FY2019: 0.25 cent per share on 1,937,577,104 shares	4,844	–
– Final exempt (one-tier) dividend for FY2018: 0.25 cent per share on 1,936,491,176 shares	–	4,841
	4,844	4,841

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

31. RELATED PARTY TRANSACTIONS

(a) Sale and purchase of goods, services and shares

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place on terms agreed between the parties during the financial year:

	Group	
	2019 $'000	2018 $'000
Goods purchased from an affiliated company	451	138
Rental paid/payable to a director-related company	608	608
Rental received from an associate	168	114
Purchase of goods from an associate	4,038	4,190
Marketing income received from an associate	–	102
Marketing income paid to an associate	78	193
Management fee received from a subsidiary of a joint venture	–	360
Management fee received from an associate	360	–
Interest receivable from an associate	–	18
Sales of goods to an associate	5,501	5,777
Sale of properties to a director-related company	3,714	–

(b) Compensation of key management personnel

	Group	
	2019 $'000	2018 $'000
Short-term employee benefits	6,182	7,819
Central Provident Fund contributions	152	123
Share-based payments	130	–
Total compensation paid to key management personnel	6,464	7,942
Comprise amounts paid to:		
Directors of the Company	2,170	3,241
Directors of the subsidiaries	1,830	3,277
Other key management personnel	2,464	1,424
	6,464	7,942

32. COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group	
	2019 $'000	2018 $'000
Capital commitments in respect of property development expenditure	57,154	139,451
Capital commitments in respect of property, plant and equipment	22,515	20,879
	79,669	160,330

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

32. COMMITMENTS (CONTINUED)

(b) Operating lease commitments – As lessee

As at the end of the reporting period, the Group and the Company had lease commitments in respect of office, retail outlet premises and movable assets. Certain of the leases contain escalation clauses and provide for contingent rentals based on a percentage of sales derived. Lease terms do not contain restrictions on the Group's activities concerning dividends, additional debt or further leasing.

Operating lease payments recognised as an expense in the consolidated statement of comprehensive income for the financial year ended 31 December 2018 amounted to $30,166,000.

Future minimum rental payable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group 2018 $'000
Not later than one year	21,580
Later than one year but not later than five years	17,860
Later than five years	12,817
	52,257

As disclosed in Note 2.2, the Group has adopted SFRS(I) 16 on 1 January 2019. These lease payments have been recognised as right-of-use assets and lease liabilities on the statement of financial position as at 31 December 2019, except for short-term and low-value leases.

33. CONTINGENCIES

Guarantees

The Company has provided the following guarantees at the end of the reporting period:

- It has guaranteed its interest in its share of the bank loans of joint operations and joint venture amounting to $10,180,000 (2018: $10,000,000).
- It has guaranteed part of the loans and borrowings of the associates to a maximum amount of $14,134,000 (2018: $15,800,000), of which it is severally liable for in the event of default by the associates.
- It has guaranteed the obligations of a subsidiary for bonds amounting to total principal amount of $340,000,000 (2018: $350,000,000).
- It has guaranteed the obligations of a subsidiary for notes amounting to total principal amount of $100,000,000 (2018: $100,000,000).

The Company has provided corporate guarantees to banks for an aggregate of $113,045,000 (2018: $157,623,000) in respect of bank borrowings drawn down by certain subsidiaries, joint operations and associates (Note 25).

34. SEGMENT INFORMATION

Business segments

The segment reporting format is determined to be business segments as the Group's risks and rates of return are affected predominantly by differences in the products and services offered. The operating businesses are organised and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

The Group is organised into three main operating business segments, namely:

(a) Manufacture and sale of jewellery;

(b) Real estate business; and

(c) Financial service business.

Other operations include rental of properties and provision of other support services.

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 comprise mainly tax liabilities, corporate assets, liabilities and expenses.

Transfer prices between business segments are on an arm's length basis in a manner similar to transactions with third parties. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

Capital expenditure comprises additions to property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

34. SEGMENT INFORMATION (CONTINUED)

	Jewellery $'000	Real estate $'000	Financial service $'000	Others $'000	Elimination $'000	Group $'000	Note
2019							
Revenue	136,924	210,882	212,840	–	(404)	560,242	
Inter-segment revenue	2,840	–	5,639	558	(9,037)	–	A
Results							
Segment results	1,319	23,563	31,035	26,742	(33,990)	48,669	
Unallocated expenses	–	–	–	–	–	(266)	
Share of results of a joint venture	(226)	–	(226)	12,193	452	12,193	
Share of results of associates	1,287	(1,247)	–	–		40	
Interest income	4	2,403	425	36,366	(35,161)	4,037	
Finance costs	(2,771)	(9,179)	(13,295)	(40,575)	31,552	(34,268)	
(Loss)/profit before tax from operations	(387)	15,540	17,939	34,726		30,405	
Segment assets	176,568	873,605	514,971	799,049	(768,031)	1,596,162	B
Investment in joint ventures	6,415	–	6,415	75	(12,830)	75	
Investment in associates	10,977	8,387	–	104,706		124,070	
Unallocated assets	–	–	–	–		3,181	
Total assets	193,960	881,992	521,386	903,830		1,723,488	
Segment liabilities	150,001	676,606	379,168	602,613	(531,815)	1,276,573	C
Unallocated liabilities	–	–	–	–		36,467	
Total liabilities						1,313,040	
Capital expenditure	4,165	236	2,152	22,934	–	29,487	
Depreciation and amortisation	15,484	212	11,555	925	17	28,193	
Other significant non-cash expenses	347	6,774	839	3,000	–	10,960	D

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34. SEGMENT INFORMATION (CONTINUED)

	Jewellery $'000	Real estate $'000	Financial service $'000	Others $'000	Elimination $'000	Group $'000	Note
2018							
Revenue	126,162	574,213	198,076	–	–	898,451	
Inter-segment revenue	9,657	–	5,575	958	(16,190)	–	A
Results							
Segment results	(3,146)	55,278	20,387	21,013	(19,338)	74,194	
Unallocated expenses	–	–	–	–	–	(226)	
Share of results of a joint venture	(141)	–	(141)	(427)	282	(427)	
Share of results of associates	920	(283)	–	–	–	637	
Interest income	20	4,902	2,842	45,044	(39,097)	13,711	
Finance costs	(1,891)	(3,469)	(11,022)	(49,111)	34,159	(31,334)	
(Loss)/profit before tax from operations	(4,238)	56,428	12,066	16,519		56,555	
Segment assets	132,550	844,362	459,991	1,129,443	(932,995)	1,633,351	B
Investment in joint ventures	–	–	–	13,346	–	13,346	
Investment in associates	9,689	9,635	–	–	–	19,324	
Unallocated assets	–	–	–	–	–	3,530	
Total assets	142,239	853,997	459,991	1,142,789		1,669,551	
Segment liabilities	96,858	629,684	317,285	892,435	(703,328)	1,232,934	C
Unallocated liabilities	–	–	–	–	–	30,054	
Total liabilities						1,262,988	
Capital expenditure	3,699	384	9,169	5,860	–	19,112	
Depreciation and amortisation	3,373	154	2,116	867	37	6,547	
Other significant non-cash expenses	907	(145)	(945)	207	–	24	D

Notes

A Inter-segment revenues are eliminated on consolidation.

B The following items are deducted from segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2019 $'000	2018 $'000
Inter-segment assets	780,861	932,995

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34. SEGMENT INFORMATION (CONTINUED)

C The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2019 $'000	2018 $'000
Inter-segment liabilities	531,815	703,328

D Other non-cash expenses comprises mainly write-off of property, plant and equipment, net fair value loss on investment properties, impairment loss on investment securities, allowance for write-down of inventories, development properties and properties held for sale, and allowance for/(write-back of) doubtful receivables as presented in the respective notes to the financial statements.

	2019 $'000	2018 $'000
Property, plant and equipment written-off	980	818
Net fair value loss on investment properties	3,341	1,303
Impairment loss on investment in an associate	–	31
Impairment loss/ (reversal of impairment) on investment securities, net	1,959	(2,774)
Interest receivable written-off	11	81
Write-back of inventories	(400)	(29)
Allowance for write-down of development properties	1,502	–
Allowance for doubtful receivables, net	209	564
Fair value loss on investment securities	77	2,895
Impairment loss on intangible assets	99	1,773
Impairment loss on property, plant and equipment	4,156	–
Net fair value gain on derivatives	(974)	(2,537)
Gain on bargain purchase on acquisition of subsidiary	–	(1,144)
Net gain on remeasuring previously held equity interest in associate to fair value on business combination	–	(957)
	10,960	24

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	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Singapore	316,386	428,094	243,390	139,781
Australia	212,965	451,121	5,994	670
Malaysia	79	–	78,263	27,425
Hong Kong	775	507	2,200	182
Germany	28,729	18,729	8,896	5,864
Ireland	1,308	–	–	–
	560,242	898,451	338,743	173,922

Non-current assets information presented above consist of property, plant and equipment, right-of-use assets, investment properties and intangible assets.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include liquidity risk, interest rate risk, foreign currency risk, credit risk and market price risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Chief Financial Officer. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

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.

(a) 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 for its business other than the real estate business. As for the real estate business there is no liquidity risk as loans and borrowings are repayable upon TOP whereupon receipts exceed the repayment of loans and borrowings. 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.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	1 year or less $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
31 December 2019				
Group				
Financial assets:				
Investment securities	9,718	7,935	3,937	21,590
Trade and other receivables	332,075	14,283	–	346,358
Due from associates (non-trade)	1,278	–	–	1,278
Due from a joint venture (non-trade)	1	–	–	1
Derivative financial instruments	2,033	–	–	2,033
Cash and bank balances	146,194	–	–	146,194
Total undiscounted financial assets	491,299	22,218	3,937	517,454
Financial liabilities:				
Trade and other payables	71,741	5,939	–	77,680
Due to an associate (non-trade)	1,508	–	–	1,508
Interest-bearing loans and borrowings	507,084	60,711	66,762	634,557
Term notes and bonds	374,741	149,893	–	524,634
Lease liabilities	24,795	62,134	15,004	101,933
Total undiscounted financial liabilities	979,869	278,677	81,766	1,340,312
Total net undiscounted financial liabilities	(488,570)	(256,459)	(77,829)	(822,858)

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35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Liquidity risk (Continued)

Analysis of financial instruments by remaining contractual maturities (Continued)

	1 year or less $'000	1 to 5 years $'000	Over 5 years $'000	Total $'000
31 December 2018				
Group				
Financial assets:				
Investment securities	3,679	50,124	49,179	102,982
Trade and other receivables	337,140	17,824	–	354,964
Due from associates (non-trade)	276	–	–	276
Due from a joint venture (non-trade)	86,099	–	–	86,099
Cash and bank balances	59,020	–	–	59,020
Total undiscounted financial assets	486,214	67,948	49,179	603,341
Financial liabilities:				
Trade and other payables	63,810	3,292	–	67,102
Due to an associate (non-trade)	2,028	–	–	2,028
Due to a joint venture	25	–	–	25
Interest-bearing loans and borrowings	481,130	66,963	67,556	615,649
Term notes and bonds	111,564	523,386	–	634,950
Total undiscounted financial liabilities	658,557	593,641	67,556	1,319,754
Total net undiscounted financial liabilities	(172,343)	(525,693)	(18,377)	(716,413)

	1 year or less $'000	1 to 5 years $'000	Total $'000
31 December 2019			
Company			
Financial assets:			
Trade and other receivables	7,826	–	7,826
Due from subsidiaries (non-trade)	27,434	–	27,434
Cash and bank balances	337	–	337
Total undiscounted financial assets	35,597	–	35,597
Financial liabilities:			
Trade and other payables	16,171	–	16,171
Due to subsidiaries (non-trade)	53,296	–	53,296
Total undiscounted financial liabilities	69,467	–	69,467
Total net undiscounted financial assets	(33,870)	–	(33,870)

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(a) Liquidity risk (Continued)

Analysis of financial instruments by remaining contractual maturities (Continued)

	1 year or less $'000	1 to 5 years $'000	Total $'000
31 December 2018			
Company			
Financial assets:			
Investment securities	–	500	500
Trade and other receivables	2,202	–	2,202
Due from subsidiaries (non-trade)	211,712	–	211,712
Due from a joint venture (non-trade)	86,093	–	86,093
Cash and bank balances	164	–	164
Total undiscounted financial assets	300,171	500	300,671
Financial liabilities:			
Trade and other payables	8,132	–	8,132
Due to subsidiaries (non-trade)	185,665	–	185,665
Term notes	84,860	–	84,860
Total undiscounted financial liabilities	278,657	–	278,657
Total net undiscounted financial assets	21,514	500	22,014

(b) 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 exposure to interest rate risk arises primarily from their loans and borrowings. Other than the term notes and bonds and certain bank borrowings which are at fixed rates, the Group's loans and borrowings are at floating rates which are contractually repriced at intervals of less than 6 months from the end of the reporting period.

The Group's policy is to manage interest cost by using a mix of fixed and floating rate debts. At the end of the reporting period, term notes and bonds of $499,982,000 (2018: $587,872,000) and bank borrowings of $591,427,000 (2018: $566,001,000) are at fixed rates of interest.

Sensitivity analysis for interest rate risk

For the Group's financial service business, at the end of the reporting period, if SGD interest rates had been 50 (2018: 50) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been $137,000 (2018: $54,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate term loans.

For the real estate business, at the end of the reporting period, if Malaysia Ringgit ("**MYR**") and Australian Dollar ("**AUD**") interest rates had been 100 (2018: 100) basis points lower/higher with all other variables held constant, the Group's development properties would have been $248,000 (2018: $335,000) and $885,000 (2018: $1,368,000) lower/higher respectively, arising mainly as a result of lower/higher capitalised borrowing cost on floating rate loans and borrowings. If at the end of the reporting period, SGD interest rates had been 100 (2018: 100) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been $610,000 (2018: $388,000), higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

For the Group's other businesses, at the end of the reporting period, if SGD interest rates had been 50 (2018: 50) basis points lower/higher with all other variables held constant, the Group's profit net of tax would have been $151,000 (2018: $159,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings.

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35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(c) Foreign currency risk

The jewellery business has transactional currency exposures arising from purchases that are denominated in a currency other than the respective functional currencies of the Group entities, primarily SGD and EURO ("**EUR**"). The foreign currencies in which these transactions are denominated are mainly United States Dollars ("**USD**"), Hong Kong Dollars ("**HKD**"), Japanese Yen ("**JPY**") and EUR. Approximately 32% (2018: 47%) of the jewellery business purchases are denominated in foreign currencies. Trade payable balances at the end of the reporting period have similar exposures.

The real estate business has transactional currency exposures arising from loans extended by WCG, a subsidiary of the Group, to WCG's subsidiaries in Malaysia and Australia. These loans are denominated in MYR and AUD, whereas WCG's functional currency is SGD.

The Group's financial service business has transactional currency exposures arising from investments that are denominated in a currency other than the respective functional currencies of the Group entities, primarily SGD. The foreign currencies in which these transactions are denominated are mainly AUD and EUR.

The Group also holds cash and bank balances denominated in foreign currencies for working capital purposes.

The Group is also exposed to currency translation risk arising from its net investments in foreign operations, including Malaysia and Australia. As disclosed in Note 22, the Group entered into forward currency contracts during the financial year for reducing its exposure to foreign currency risks on Australian Dollar. The Group's net investments in Malaysia are not hedged as currency positions in MYR are considered to be long-term in nature.

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, HKD, MYR and AUD exchange rates (against SGD), with all other variables held constant.

		Profit before tax 2019 $'000 (lower)/higher	Profit before tax 2018 $'000 (lower)/higher
USD	– strengthened 5% (2018: 5%)	(108)	(108)
	– weakened 5% (2018: 5%)	108	108
HKD	– strengthened 5% (2018: 5%)	(54)	(30)
	– weakened 5% (2018: 5%)	54	30
MYR	– strengthened 5% (2018: 5%)	6,416	5,789
	– weakened 5% (2018: 5%)	(6,416)	(5,789)
AUD	– strengthened 5% (2018: 5%)	7,005	6,694
	– weakened 5% (2018: 5%)	(7,005)	(6,694)

(d) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables and cash and bank balances. Secured lending receivables has no significant exposure to credit risk as these receivables are secured by way of collateralised real estate by investment at a conservative loan-to-valuation ratio. No other financial asset carries a significant exposure to credit risk.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Credit risk (Continued)

The Group considers "low risk" to be an investment grade credit rating with at least one major rating agency. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Group considers available reasonable and supportive forwarding-looking information which includes the following indicators:

– External credit rating;

– Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;

– Actual or expected significant changes in the operating results of the borrower;

– Significant increases in credit risk on other financial instruments of the same borrower;

– Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements; and

– Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrower in the group and changes in the operating results of the borrower.

The Group determined that its financial assets are credit-impaired when:

– There is significant difficulty of the issuer or the borrower;

– A breach of contract, such as a default or past due event;

– It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; and

– There is a disappearance of an active market for that financial asset because of financial difficulty.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. Where loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The following are classes of financial assets that are exposed to credit risk:

Trade receivables from the Group's financial service business

(i) *Secured lending receivables*

Secured lending receivables are secured by way of collateralised real estate held by the investment trustee. Although the collateral does not influence whether the financial instrument has a low credit risk, the expected cash flows in the assessment of net lifetime expected credit losses will include cash flows from the sale of collateral held.

(ii) *Pawnshop loans*

Pawnshop loans are collateralised whereby the quantum of loans granted to customers is based on a fraction of the value of the collaterals pledged to the Group. Although the collateral does not influence whether the financial instrument has a low credit risk, the expected cash flows in the assessment of net lifetime expected credit losses will include cash flows from the sale of collateral held.

NOTES TO THE FINANCIAL STATEMENTS

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35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Credit risk (Continued)

Trade receivables from the Group's financial service business (Continued)

(iii) *Pawnshop loans and interest receivables on pawnshop loans expected credit losses*

The Group uses a provision matrix to estimate the allowance for ECLs on pawnshop loans and interest receivables on pawnshop loans. The key inputs of the Group's ECLs model are the probability of default and loss given default. The Group has estimated the probability of default being the forfeiture of the customers' pledges based on historical non-redemption data of its pawnshop outlets. The Group has estimated the loss exposure at default after considering the expected realisable value of the customers' pledges.

Significant judgment and estimation is involved in using the historical non-redemption data to derive the probability of default as the pawnshop loans age as well as considering any forward-looking economic information.

Trade receivables from the Group's jewellery and real estate businesses, and contract assets

The Group applies a simplified approach in calculating ECLs relating to the trade receivables from the Group's jewellery and real estate businesses, and contract assets. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date.

Quoted debt instruments

For those quoted debt instruments that are assessed to be of low credit risk and externally rated, the Group applied the low credit operational simplification and determined that no significant increase in credit risk has occurred. There is no significant impact arising from estimation of loss allowance based on a 12-month probability of default and loss given default, which would result in impairment losses to be recognised in profit or loss.

For those quoted debt instruments that are assessed to be of high credit risk and externally rated, the Group applies the lifetime ECLs approach and records impairment losses to profit or loss.

For debt instruments at FVOCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the external credit rating of the debt instrument.

Amounts due from a joint venture

The Group uses the general approach and estimates the 12-month expected credit losses when there is no indication of significant deterioration in credit risk based on the financial performance of its related entities. When a significant increase in credit risk has occurred, the Group estimates the lifetime ECLs for such financial assets.

Amounts due from subsidiaries and joint ventures

The Company uses the general approach and estimates the 12-month expected credit losses when there is no indication of significant deterioration in credit risk based on the financial performance of its related entities. When a significant increase in credit risk has occurred, the Company estimates the lifetime ECLs for such financial assets.

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Credit risk (Continued)

The loss allowance provision as at 31 December 2019 reconciles to the opening loss allowance for that provision as follows:

	Group			Company
	Trade receivables at amortised cost $'000	**Debt securities at FVOCI $'000**	**Amounts due from joint ventures at amortised cost $'000**	**Amounts due from subsidiaries and joint ventures at amortised cost $'000**
As at 1 January 2019	760	624	24	1,053
Loss allowance measured at:				
Lifetime ECLs				
– Credit risk has increased significantly since initial recognition	4,155	1,006	–	–
– Written-back	–	–	–	(12)
– Written-off	(4,155)	(245)	–	–
As at 31 December 2019	760	1,385	24	1,041

	Group			Company
	Trade receivables at amortised cost $'000	**Debt securities at FVOCI $'000**	**Amounts due from joint ventures at amortised cost $'000**	**Amounts due from subsidiaries and joint ventures at amortised cost $'000**
As at 1 January 2018	790	10,920	24	4,929
Loss allowance measured at:				
Lifetime ECLs				
– Credit risk has increased significantly since initial recognition	5,017	262	–	–
– Net reversal of ECLs upon settlement via share conversion	–	(3,036)	–	–
– Written-back	(26)	–	–	(3,876)
– Written-off	(5,021)	(7,522)	–	–
As at 31 December 2018	760	624	24	1,053

Excessive risk concentration

Concentration arises 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.

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

35. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

(d) Credit risk (Continued)

Excessive risk concentration (Continued)

In order to avoid excessive concentration of risk, the Group focuses on maintaining a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. As at 31 December 2019 and 2018, there was no significant concentration of credit risk.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 20.

Financial assets that neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and bank balances that are neither past due nor impaired are placed with reputable financial institutions 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 20.

(e) 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 price risk arising from its investment in quoted debt securities. These debt securities are quoted on the SGX-ST in Singapore and are classified as available-for-sale financial assets. The Group does not have exposure to commodity price risk.

Sensitivity analysis for market price risk

At the end of the reporting period, if the quoted market price of the debt securities held at FVOCI had been 2% (2018: 2%) higher/lower with all other variables held constant, the Group's other comprehensive income would have been $260,000 (2018: $982,000) higher/lower, arising as a result of an increase/decrease in the fair value of debt securities classified as FVOCI.

At the end of the reporting period, if the quoted market price of the equity securities held at FVOCI and FVPL had been 2% (2018: 2%) higher/lower with all other variables held constant, the Group's other comprehensive income and net profit before tax would have been $68,000 (2018: $949,000) and $7,000 (2018: $9,000) higher/lower respectively, arising as a result of an increase/decrease in the fair value of equity securities classified as FVOCI and FVPL respectively.

36. FAIR VALUE OF ASSETS AND LIABILITIES

(a) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 – Quoted prices (unadjusted) in active market 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 or indirectly, and

Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety at the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(b) Assets measured at fair value

The following table shows an analysis of each class of assets measured at fair value at the end of the reporting period:

	Group 2019			
	Quoted prices in active markets for identical assets (Level 1) $'000	**Significant observable inputs other than quoted prices (Level 2) $'000**	**Significant unobservable inputs (Level 3) $'000**	**Total $'000**
Assets measured at fair value				
Financial assets				
At FVOCI				
Debt securities (quoted) (Note 17)	13,019	–	–	13,019
Equity securities (quoted) (Note 17)	3,396	–	–	3,396
Equity securities (unquoted) (Note 17)	–	–	4,797	4,797
At FVPL				
Debt securities (unquoted) (Note 20)	–	–	9,430	9,430
Equity securities (quoted) (Note 17)	363	–	–	363
Derivatives (Note 22)	–	2,033	–	2,033
	16,778	2,033	14,227	33,038
Assets measured at fair value				
Non-financial assets				
Investment properties				
Singapore (Note 11)	–	–	44,070	44,070
Malaysia (Note 11)	–	–	16,725	16,725
	–	–	60,795	60,795

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36. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(b) Assets measured at fair value (Continued)

	Group 2018			
	Quoted prices in active markets for identical assets (Level 1) $'000	**Significant observable inputs other than quoted prices (Level 2) $'000**	**Significant unobservable inputs (Level 3) $'000**	**Total $'000**
Assets measured at fair value				
Financial assets				
At FVOCI				
Debt securities (quoted) (Note 17)	49,081	–	–	49,081
Equity securities (quoted) (Note 17)	47,454	–	–	47,454
Equity securities (unquoted) (Note 17)	–	–	5,995	5,995
At FVPL				
Debt securities (unquoted) (Note 20)	–	–	9,625	9,625
Equity securities (quoted) (Note 17)	439	–	–	439
Derivatives (Note 22)	–	2,537	–	2,537
	96,974	2,537	15,620	115,131
Assets measured at fair value				
Non-financial assets				
Investment properties				
Singapore (Note 11)	–	–	47,350	47,350
Malaysia (Note 11)	–	–	25,173	25,173
	–	–	72,523	72,523

(c) Level 2 fair value measurements

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

Derivatives

Forward currency contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing, using present value calculations. The models incorporate various inputs including the foreign exchange spot and forward rates, and forward rate curves.

36. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(d) Level 3 fair value measurements (Continued)

(i) *Information about significant unobservable inputs used in Level 3 fair value measurements*

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3).

Description	Fair value at 31 December 2019 $'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs $
Recurring fair value measurements				
Investment securities:				
Equity securities (unquoted) (Note 17)	302	Net asset value	Note 1	Not applicable
Equity securities (unquoted) (Note 17)	4,495	Net asset value	Note 1	Not applicable
Investment properties:				
Singapore	44,070	Market comparison approach	Price per square feet	881 – 4,646
Malaysia	16,725	Market comparison approach	Price per square feet	292 – 428
Trade receivables:				
Unquoted debt securities at FVPL (Note 20)	9,430	Net asset valuation	Note 1	Not applicable

Description	Fair value at 31 December 2018 $'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs $
Recurring fair value measurements				
Investment securities:				
Equity securities (unquoted) (Note 17)	1,500	Discounted cash flow	Cost of equity	9.0% to 10.5%
Equity securities (unquoted) (Note 17)	4,495	Net asset value	Note 1	Not applicable
Investment properties:				
Singapore	47,350	Market comparison approach	Price per square feet	881 – 4,646
Malaysia	25,173	Market comparison approach	Price per square feet	284 – 738
Trade receivables:				
Unquoted debt securities at FVPL (Note 20)	9,625	Net asset valuation	Note 1	Not applicable

For unquoted equity securities with carrying value of $Nil (2018: $1,500,000), a significant decrease/(increase) in the cost of equity would result in a significantly higher/(lower) fair value measurement.

For investment properties, a significant increase/(decrease) in price per square feet based on management's assumptions would result in a significantly higher/(lower) fair value measurement.

36. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(d) Level 3 fair value measurements (Continued)

(i) *Information about significant unobservable inputs used in Level 3 fair value measurements* (Continued)

Note 1 – Unquoted equity securities at FVOCI and unquoted debt securities at FVPL

Where the underlying investment is in a fund, valuation of the fund is performed on a periodic basis by an independent professional investment manager. The investment manager provides management with periodic investment reports, distribution statements, half yearly unaudited financial statements and annual audited accounts, audited by a reputable auditor.

The valuation of the investment by the fund in debt instruments, secured by real estate, is the responsibility of the investment manager. The net asset valuation, provided on a periodic basis, is the value that approved transfers will be based on. The valuation, which is based on the reported net asset value of the fund (comprising mainly monetary assets), is not publicly available as it is provided by the investment manager to the investors of the fund.

Where the underlying investment is in equity shares of an entity, management relies on half yearly unaudited financial statements and annual audited accounts, audited by a reputable auditor, for the determination of fair value. The underlying assets and liabilities are mainly short-term in nature, hence management has determined that the carrying value approximates fair value.

(ii) *Movements in Level 3 assets measured at fair value*

The following table presents the reconciliation for all assets measured at fair value based on significant unobservable inputs (Level 3):

	Fair value measurements using significant unobservable inputs (Level 3)				
	Unquoted equity securities at FVOCI	**Unquoted debt securities at FVPL**	**Investment properties**		**Total**
			Singapore	**Malaysia**	
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
Group					
2019					
Opening balance	5,995	9,625	47,350	25,173	88,143
Transfer to development properties	–	–	–	(8,364)	(8,364)
Net loss on fair value adjustments of investment properties, representing total gains or losses for the year included in profit or loss	–	–	(3,280)	(61)	(3,341)
Impairment loss on unquoted equity securities at FVOCI, representing total gains or losses for the year included in profit or loss	(1,198)	–	–	–	(1,198)
Exchange differences	–	(195)	–	(23)	(218)
Closing balance	4,797	9,430	44,070	16,725	75,022

36. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(d) Level 3 fair value measurements (Continued)

(ii) *Movements in Level 3 assets measured at fair value* (Continued)

	Fair value measurements using significant unobservable inputs (Level 3)				
	Unquoted equity securities at FVOCI	Unquoted debt securities at FVPL	Investment properties		Total
			Singapore	Malaysia	
	$'000	$'000	$'000	$'000	$'000
Group					
2018					
Opening balance	4,495	10,364	48,730	11,836	75,425
Purchase	1,500	224	–	–	1,724
Transfer from development properties	–	–	–	13,235	13,235
Net (loss)/gain on fair value adjustments of investment properties, representing total gains or losses for the year included in profit or loss	–	–	(1,380)	77	(1,303)
Exchange differences	–	(963)	–	25	(938)
Closing balance	5,995	9,625	47,350	25,173	88,143

(iii) *Valuation policies and procedures*

The Group's Chief Financial Officer oversees the Group's financial reporting valuation process and is responsible for setting and documenting the Group's 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 who possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies and SFRS(I) 13 Fair Value Measurement guidance to perform the valuation.

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 non-observable 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 is reasonably available. Management has also considered the reports and representations provided by the investment manager.

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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

36. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(e) Assets and liabilities not carried at fair value but for which fair value is disclosed

The following table shows an analysis of the Group's assets and liabilities not measured at fair value but for which fair value is disclosed:

	Quoted prices in active markets for identical assets (Level 1) $'000	Significant unobservable inputs (Level 3) $'000	Fair value Total $'000	Carrying amount $'000
Group				
2019				
Assets:				
Non-current:				
Other receivables	–	4,639	4,639	4,853
Liabilities:				
Current:				
Term notes	25,633	–	25,633	25,500
Bonds	326,938	–	326,938	332,482
Non-current:				
Term notes	136,006	–	136,006	142,000
Other payables	–	5,537	5,537	5,830
Group				
2018				
Assets:				
Non-current:				
Trade receivables	–	3,515	3,515	3,517
Other receivables	–	3,376	3,376	3,544
Liabilities:				
Current:				
Term notes	73,571	–	73,571	82,750
Non-current:				
Term notes	159,202	–	159,202	161,500
Bonds	335,902	–	335,902	343,622
Other payables	–	2,964	2,964	3,121

36. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(e) Assets and liabilities not carried at fair value but for which fair value is disclosed (Continued)

	Quoted prices in active markets for identical assets (Level 1) $'000	Significant unobservable inputs (Level 3) $'000	Fair value Total $'000	Carrying amount $'000
Company				
2019				
Assets:				
Non-current:				
Investment in quoted subsidiaries	197,120	–	197,120	180,204
Investment in a quoted associate	66,104	–	66,104	80,936
Company				
2018				
Assets:				
Non-current:				
Investment in quoted subsidiaries	231,581	–	231,581	180,204
Current:				
Term notes	73,793	–	73,793	83,000

Determination of fair value

Trade and other receivables/Other payables

The fair values as disclosed in the table above are estimated by discounting expected future cash flows at market incremental lending rates for similar types of lending, borrowing or leasing arrangements at the end of the reporting period.

Term notes

The fair values as disclosed in the table above are determined directly by reference to the bid price quotation of the term notes at the end of the reporting period.

Bonds

The fair values as disclosed in the table above are determined directly by reference to the quoted price of the bonds at the end of the reporting period.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

36. FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

(f) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not a reasonable approximation of fair value

The fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not a reasonable approximation of fair value are as follows:

	Carrying amount		Fair value	
	2019 $'000	2018 $'000	2019 $'000	2018 $'000
Group				
Financial assets:				
Non-current:				
Trade receivables	–	3,517	–	3,515
Other receivables	4,853	3,544	4,639	3,376
Financial liabilities:				
Current:				
Term notes and bonds	357,982	82,750	32,571	73,571
Non-current:				
Other payables	5,830	3,121	5,537	2,964
Term notes and bonds	142,000	505,122	136,006	495,104
Company				
Financial liabilities:				
Current:				
Term notes and bonds	–	83,000	–	73,793

* Investment in unquoted equity shares carried at cost

Fair value information has not been disclosed for the Group's investments in unquoted equity shares that are carried at cost because fair value cannot be measured reliably. The investee companies are not quoted on any market and does 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 these investments in the foreseeable future.

37. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or procedures during the years ended 31 December 2019 and 31 December 2018.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, interest-bearing loans and borrowings, term notes and bonds, trade and other payables, lease liabilities, less cash and bank balances. The gearing ratios for the jewellery segment, real estate segment and financial service segment are 69% (2018: 45%), 54% (2018: 56%) and 72% (2018: 68%) respectively. The table below shows the capital and net debt for the Group.

	Note	2019 $'000	2018 $'000
Interest-bearing loans and borrowings	25	591,427	566,001
Term notes and bonds	26	499,982	587,872
Trade and other payables	24	85,516	77,008
Lease liabilities	27(b)	98,140	–
Less: Cash and bank balances	23	(146,194)	(59,020)
Net debt		1,128,871	1,171,861
Equity attributable to owners of the Company		312,723	305,900
Capital and net debt		1,441,594	1,477,761
Gearing ratio		78%	79%

38. EVENTS OCCURING AFTER THE REPORTING PERIOD

*Disposal of Goldheart Bullion Pte. Ltd. ("**GB**")*

On 1 January 2020, the Group's subsidiary, Aspial International Pte. Ltd., disposed 19% equity interest (equivalent to 285,000 shares) in GB to its associate, Silver Bullion Pte. Ltd..

COVID-19 Outbreak

With widespread concerns about the ongoing COVID-19 outbreak, the Group currently anticipates some negative impact on travel demand which may affect the financial performance of Group's hospitality business and expects consumer sentiments in its retail business to be affected and remain weak in the near term. However, the financial service business is expected to remain fairly stable as it is in a relatively recession-proof sector. While the estimate of the financial impact cannot be reasonably determined at this juncture in view of, inter alia, the portfolio and geographical spread of the business of the Group, the duration and severity of the COVID-19 outbreak and the level of government support for our business in the countries we operate, we will use this opportunity to enhance our operational effectiveness and efficiency so as to be well-poised for the impending recovery.

39. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 31 December 2019 were authorised for issue in accordance with a resolution of the directors on 27 March 2020.

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS OF ASPIAL CORPORATION LIMITED AND ITS SUBSIDIARIES FOR THE HALF YEAR ENDED 30 JUNE 2020

The information contained in this Appendix IV has been reproduced from the unaudited half year financial statements and dividend announcement of Aspial Corporation Limited and its subsidiaries for the financial period ended 30 June 2020 and has not been specifically prepared for inclusion in this Information Memorandum. Investors should read the financial statements in conjunction with the related notes.

Aspial
Corporation Ltd
Company Registration No: 197001030G
(Incorporated in Singapore)

UNAUDITED HALF YEAR FINANCIAL STATEMENTS AND DIVIDEND ANNOUNCEMENT FOR THE FINANCIAL PERIOD ENDED 30 JUNE 2020

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1. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

1(i) Consolidated Statement of Comprehensive Income For The Financial Period Ended 30 June 2020 ("1H 2020")

	Group		Change
	1H 2020 S$'000	1H 2019 S$'000	%
Revenue	**234,204**	**312,464**	**-25%**
Materials and subcontract costs	(144,657)	(202,663)	**-29%**
Employee benefits	(28,223)	(30,493)	**-7%**
Depreciation and amortisation	(16,371)	(12,192)	**34%**
Finance costs	(14,860)	(19,095)	**-22%**
Other operating expenses	(28,098)	(40,848)	**-31%**
Interest income	1,112	2,847	**-61%**
Rental income	1,331	1,211	**10%**
Other income	14,854	4,245	**250%**
Share of results of associates and joint ventures	1,463	11,984	**-88%**
Profit before tax	**20,755**	**27,460**	**-24%**
Taxation	(10,536)	(9,364)	**13%**
Profit for the period	**10,219**	**18,096**	**-44%**
Other comprehensive income			
Net fair value changes on debt and equity instruments at fair value through other comprehensive income	1,468	3,341	**-56%**
Foreign currency translation	4,217	(2,405)	**n.m**
Share of other comprehensive income of associates and a joint venture	49	6,764	**-99%**
Other comprehensive income for the period, net of tax	**5,734**	**7,700**	**-26%**
Total comprehensive income for the period	**15,953**	**25,796**	**-38%**
<u>Profit attributable to:</u>			
Owners of the Company	5,504	14,765	**-63%**
Non-controlling interests	4,715	3,331	**42%**
	10,219	**18,096**	**-44%**
<u>Total comprehensive income attributable to:</u>			
Owners of the Company	10,320	22,668	**-54%**
Non-controlling interests	5,633	3,128	**80%**
	15,953	**25,796**	**-38%**
Earnings per ordinary share (cents)			
-Basic	**0.28**	**0.76**	**-63%**
-Diluted	**0.28**	**0.76**	**-63%**

1. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

Other information :-

	Group		Change
	1H 2020 S$'000	1H 2019 S$'000	%
Other Income			
Foreign exchange gain	1,419	39	n.m
Net fair value gain on derivatives	-	923	n.m
Government grants and other miscellaneous income	13,314	2,119	528%
Dividend income from equity instruments	121	1,164	-90%
	14,854	**4,245**	
Other operating expenses	**(28,098)**	**(40,848)**	
Included in other operating expenses			
Sales and marketing expenses	(9,756)	(17,211)	-43%
Rental expenses	(979)	(5,100)	-81%
Net fair value loss on derivatives	(5,811)	-	n.m
Repair and maintenance	(3,571)	(2,718)	31%
Net foreign exchange loss	(309)	(3,589)	-91%

n.m - means "not meaningful"

NOTES:

1a. The Group recognises all inventories, including trade-in stock and sales return stock at their cost values. For finished stocks aged 2 years and above, partial provisions for stock obsolescence were made to take into consideration labour costs for designing and rework.

1b. The decrease in materials and subcontract costs in 1H 2020 was mainly due to lower revenue for the real estate and jewellery businesses.

1c. The decrease in employee benefits for 1H 2020 was mainly due to lower staff costs for jewellery business.

1d. The significant increase in depreciation and amortisation for 1H 2020 was mainly attributable to the right-of-use (ROU) assets arising from adoption of SFRS(I) 16 *Leases* and the increase in depreciation of property, plant and equipment.

1e. The lower finance costs for 1H 2020 was mainly due to the decrease in term notes and bonds.

1f. The decrease in other operating expenses in 1H 2020 was mainly due to lower sales and marketing expenses for real estate and jewellery businesses, lower rental expenses arising from the adoption of SFRS(I) 16 *Leases* and lower foreign exchange loss. However, the lower operating expenses was partially offset by the net fair value loss on derivatives and higher repair and maintenance costs.

1g. Lower interest income in 1H 2020 was mainly due to decrease in investment securities and lower interest-bearing bank deposits.

1h. The increase in other income in 1H 2020 was mainly attributable to rental rebates from landlords and the grant provided by Singapore government for wages under the Jobs Support Scheme.

1i. The decrease in share of results of associates and joint ventures in 1H 2020 was largely due to one-time gain on sale of Crowne Plaza London Kensington in 1H 2019 by AF Global Limited.

1j. The higher effective tax rate in 1H 2020 was mainly due to the higher tax rate for the overseas real estate business, unutilised tax losses for which deferred tax assets had not been recognised for the period and the net fair value loss on derivatives which was not tax deductible.

2. STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	30-Jun-20 S$'000	31-Dec-19 S$'000	30-Jun-20 S$'000	31-Dec-19 S$'000
Non-current assets				
Property, plant and equipment	194,633	171,377	49	171
Intangible assets	9,490	9,599	984	1,233
Investment properties	60,606	60,795	-	-
Investment in subsidiaries	-	-	235,204	225,204
Investment in associates	125,517	124,070	76,529	76,529
Investment in joint ventures	414	75	75	75
Investment securities	12,085	11,872	-	-
Trade and other receivables	4,479	14,282	-	-
Right-of-use assets	89,189	96,972	-	-
Prepayments	6	-	-	-
Deferred tax assets	2,123	3,181	-	1,039
	498,542	**492,223**	**312,841**	**304,251**
Current assets				
Inventories	149,264	149,692	-	-
Development properties	501,119	521,221	-	-
Properties held for sale	63,325	64,237	-	-
Trade and other receivables	296,383	331,293	69	7,826
Prepayments	3,661	5,598	339	319
Due from subsidiaries (non-trade)	-	-	67,619	27,434
Due from joint ventures (non-trade)	1,672	1	1	1
Due from associates (non-trade)	1,079	1,278	6	385
Investment securities	4,755	9,718	-	425
Derivatives	-	2,033	-	-
Cash and bank balances	64,990	146,194	6,873	337
	1,086,248	**1,231,265**	**74,907**	**36,727**
Total assets	**1,584,790**	**1,723,488**	**387,748**	**340,978**
Current liabilities				
Trade and other payables	67,631	79,577	10,864	16,220
Due to subsidiaries (non-trade)	-	-	45,163	53,296
Due to an associate (non-trade)	980	1,508	-	-
Provision for taxation	28,188	19,720	11	-
Derivatives	2,302	-	-	-
Lease liabilities	21,542	22,591	-	-
Term notes and bonds	189,128	357,982	-	-
Interest-bearing loans and borrowings	478,674	486,436	14,200	-
	788,445	**967,814**	**70,238**	**69,516**
Net current assets	**297,803**	**263,451**	**4,669**	**(32,789)**
Non-current liabilities				
Interest-bearing loans and borrowings	138,448	104,991	3,000	-
Term notes and bonds	145,750	142,000	50,000	-
Other payables	5,984	5,939	-	-
Lease liabilities	68,917	75,549	-	-
Deferred tax liabilities	16,917	16,747	6	-
	376,016	**345,226**	**53,006**	**-**
Total liabilities	**1,164,461**	**1,313,040**	**123,244**	**69,516**
Net assets	**420,329**	**410,448**	**264,504**	**271,462**
Equity attributable to shareholders of the Company				
Share capital	226,930	226,930	226,930	226,930
Treasury shares	(2,290)	(2,290)	(2,290)	(2,290)
Other reserves	(12,798)	(17,622)	1,302	1,302
Revenue reserves	106,357	105,705	38,562	45,520
	318,199	**312,723**	**264,504**	**271,462**
Non-controlling interests	102,130	97,725	-	-
Total equity	**420,329**	**410,448**	**264,504**	**271,462**
Net asset value per ordinary share (in cents)	**16.42**	**16.14**	**13.65**	**14.01**

2. STATEMENTS OF FINANCIAL POSITION (CONTINUED)

2a. - Review of Financial Position

Group shareholders' funds increased from S$410.4 million as at 31 December 2019 to S$420.3 million as at 30 June 2020. This was mainly contributed by increase in other reserves, non-controlling interests and revenue reserves. The increase in other reserves was mainly due to the foreign currency translation gain.

The Group's total assets of S$1,584.8 million as at 30 June 2020 was S$138.7 million lower as compared to 31 December 2019. This was mainly attributable to the decrease in cash and bank balances, trade and other receivables, development properties, right-of-use assets, and investment securities, partially offset by the increase in property, plant and equipment. The decrease in cash and bank balances was mainly due to the repayment of interest-bearing loans and borrowings and the redemptions of the Group's outstanding S$177.3 million bonds and S$24.5 million term notes which were due in April 2020. The decrease in trade and other receivables was mainly due to the decrease in pledge book and secured loans for the Group's financial service business. The decrease in development properties was mainly due to recognition of costs relating to the settlement of units sold for Australia 108, partially offset by development expenditures incurred for on-going projects.

The Group's total liabilities of S$1,164.5 million as at 30 June 2020 was S$148.6 million lower than that as at 31 December 2019. This was largely due to the decrease in trade and other payables and the redemptions of the Group's outstanding S$177.3 million bonds and S$24.5 million term notes due in April 2020, cancellation of S$25.9 million bonds and term notes due in April and August 2020 and open market purchases of bonds and term notes.

3. CONSOLIDATED STATEMENT OF CASH FLOWS

	1H 2020 S$'000	1H 2019 S$'000
Operating activities		
Profit before tax	20,755	27,460
Adjustments for:		
Property, plant and equipment written-off	85	458
Impairment loss on property, plant and equipment	-	439
Allowance for write-down of development properties	-	1,246
Loss on disposal of property, plant and equipment	-	86
Net fair value loss/(gain) on derivatives	5,811	(923)
Impairment loss on investment securities	169	-
Depreciation of property, plant and equipment	3,779	2,800
Depreciation of right-of-use assets	11,844	8,779
Write-back of inventories	(68)	(240)
Interest receivables written-off	-	11
Allowance for amounts due from a joint venture	-	13
Interest expense	13,780	17,827
Interest income	(1,112)	(2,847)
Amortisation of prepaid rent	1	2
Amortisation of intangible assets	747	611
Amortisation of prepaid commitment fees	1,032	1,296
Amortisation of premium on term notes	48	(28)
Net loss on disposal of investment securities	55	329
Dividend income from equity instruments	(121)	(1,164)
Loss on purchase and cancellation of term notes and bonds	99	-
Gain on termination of lease contracts	(3)	-
Share of results of associates and joint ventures	(1,463)	(11,984)
Unrealised foreign exchange differences	(3,696)	2,839
Operating profit before changes in working capital	**51,742**	**47,010**
Decrease/(increase) in:		
Inventories	214	(8,999)
Development properties, investment properties and properties held for sale	31,688	64,382
Contract assets, trade and other receivables	44,250	22,142
Prepayments	456	1,309
Restricted cash	3,186	-
Decrease in:		
Trade and other payables	(3,026)	(8,339)
Net cash flows generated from operations	**128,510**	**117,505**
Interest paid	(15,323)	(19,491)
Income taxes paid	(1,272)	(7,726)
Net cash flows generated from operating activities	**111,915**	**90,288**
Investing activities		
Purchase of property, plant and equipment	(28,659)	(9,782)
Acquisition of intangible assets	(97)	(262)
Interest received	2,279	3,262
Purchase of investment securities	-	(1,497)
Dividend income from equity instruments	121	1,164
Proceeds from disposal of investment securities	5,970	59,994
Disposal of investment in a subsidiary, net of cash	(958)	-
Due from associates (non-trade), net	(329)	(308)
Due (from)/to joint ventures (non-trade), net	(1,670)	19,985
Net cash flows (used in)/generated from investing activities	**(23,343)**	**72,556**

3. CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	1H 2020 S$'000	1H 2019 S$'000
Financing activities		
Dividends paid to shareholders of the Company	(9,688)	(4,841)
Dividends paid to non-controlling interests of subsidiaries	(3,104)	(2,374)
Proceeds from issuance of term notes	50,000	-
Repayment of term notes and bonds	(215,203)	(89,378)
Proceeds from term loans	76,954	33,408
Repayment of term loans	(70,715)	(69,164)
Proceeds/(repayment) of short-term bank borrowings, net	17,256	(17,884)
Repayment of principal portion of lease liabilities	(12,939)	(9,162)
Repayment of finance lease obligations	-	(84)
Term notes and bonds commitment fee paid	367	-
Net cash flows used in financing activities	**(167,072)**	**(159,479)**
Net (decrease)/increase in cash and cash equivalents	(78,500)	3,365
Cash and cash equivalents at beginning of period	132,997	59,020
Effect of exchange rate changes on cash and cash equivalents	482	(175)
Cash and cash equivalents at end of period	**54,979**	**62,210**

Cash and cash equivalents

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following amounts:-

	1H 2020 S$'000	1H 2019 S$'000
Amounts held under the "Project Account (Amendment) Rules - 1997" withdrawals of which are restricted to payments for expenditure incurred on projects	-	13,173
Cash at bank	54,979	49,037
Cash and cash equivalents	**54,979**	**62,210**

As at 30 June 2020, an amount of S$10.0 million (1H FY2019: S$Nil) has not been included in cash and cash equivalents of the Group as the amount relates to a reserve account held in escrow by a third party which will only be released upon repayment of the loan, interest and related development expenditures.

3a. - Cashflow Analysis

1H 2020

Net cash generated from operating activities for 1H 2020 was S$111.9 million as compared to S$90.3 million in 1H 2019. This was mainly due to decrease in trade and other receivables, development properties and restricted cash, partially offset by decrease in trade and other payables. The decrease in development properties was mainly due to recognition of costs relating to the settlement of units sold for Australia 108, partially offset by development expenditures incurred for on-going projects.

Net cash used in investing activities of S$23.3 million in 1H 2020 was largely attributable to increase in property, plant and equipment, partially offset by proceeds from disposal of investment securities.

Net cash used in financing activities was S$167.1 million in 1H 2020 as compared to S$159.5 million for 1H 2019. The net cash used in financing activities was mainly due to the redemptions of the Group's outstanding S$177.3 million bonds and S$24.5 million term notes which were due in April 2020, and buy-back and cancellation of term notes and bonds due in April and August 2020, partially offset by proceeds from new issuance of term notes.

As a result, cash and cash equivalent balances increased to S$55.0 million as at 30 June 2020 from S$133.0 million as at 31 December 2019.

4. STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company				Non-controlling interests	Total
	Share capital S$'000	Treasury shares S$'000	Revenue reserves S$'000	Other reserves S$'000	S$'000	S$'000
<u>Group</u>						
Balance as at 1 January 2020	**226,930**	**(2,290)**	**105,705**	**(17,622)**	**97,725**	**410,448**
Profit for the period	-	-	5,504	-	4,715	**10,219**
Other comprehensive income for the period						
Net fair value changes on debt and equity instruments at FVOCI	-	-	-	1,493	(25)	**1,468**
Foreign currency translation	-	-	-	3,274	943	**4,217**
Share of other comprehensive income of associates	-	-	-	49	-	**49**
Other comprehensive income, net of tax	-	-	-	4,816	918	**5,734**
Contributions by and distributions to owners						
Dividends on ordinary shares - Cash dividends	-	-	(4,844)	-	(1,277)	**(6,121)**
Total contributions by and distributions to owners	-	-	(4,844)	-	(1,277)	**(6,121)**
Changes in ownership interests in subsidiaries						
Change in ownership interest in subsidiaries without a change in control	-	-	-	-	26	**26**
Change in ownership interest in subsidiaries with a change in control	-	-	-	-	23	**23**
Total changes in ownership interests in subsidiaries	-	-	-	-	49	**49**
<u>Others</u>						
Transfer of fair value reserves of equity instruments at FVOCI upon disposal	-	-	(8)	8	-	**-**
Total Others	-	-	(8)	8	-	**-**
Balance as at 30 June 2020	**226,930**	**(2,290)**	**106,357**	**(12,798)**	**102,130**	**420,329**
Balance as at 1 January 2019	226,930	(2,589)	109,335	(27,776)	100,663	**406,563**
Profit for the period	-	-	14,765	-	3,331	**18,096**
Other comprehensive income for the period						
Net fair value changes on debt and equity instruments at FVOCI	-	-	-	2,986	355	**3,341**
Foreign currency translation	-	-	-	(1,847)	(558)	**(2,405)**
Share of other comprehensive income of an associate and a joint venture	-	-	-	6,764	-	**6,764**
Other comprehensive income, net of tax	-	-	-	7,903	(203)	**7,700**
Contributions by and distributions to owners						
Dividend on ordinary shares - Cash dividends	-	-	(4,841)	-	(2,607)	**(7,448)**
Total contributions by and distributions to owners	-	-	(4,841)	-	(2,607)	**(7,448)**
<u>Others</u>						
Transfer of fair value reserves of equity instruments at FVOCI upon disposal	-	-	(613)	613	-	**-**
Total Others	-	-	(613)	613	-	**-**
Balance as at 30 June 2019	**226,930**	**(2,589)**	**118,646**	**(19,260)**	**101,184**	**424,911**

4. STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

	Attributable to shareholders of the Company				Non-controlling interests	Total
	Share capital S$'000	Treasury shares S$'000	Revenue reserves S$'000	Other reserves S$'000	S$'000	S$'000
<u>Company</u>						
Balance as at 1 January 2020	**226,930**	**(2,290)**	**45,520**	**1,302**	**-**	**271,462**
Loss for the period, representing total comprehensive income for the period	-	-	(2,114)	-	-	**(2,114)**
Contributions by and distributions to owners						
Dividends on ordinary shares - Cash dividends	-	-	(4,844)	-	-	**(4,844)**
Total contributions by and distributions to owners	-	-	(4,844)	-	-	**(4,844)**
Balance as at 30 June 2020	**226,930**	**(2,290)**	**38,562**	**1,302**	**-**	**264,504**
Balance as at 1 January 2019	**226,930**	**(2,589)**	**31,861**	**1,413**	**-**	**257,615**
Loss for the period, representing total comprehensive income for the period	-	-	(1,809)	-	-	**(1,809)**
Contributions by and distributions to owners						
Dividends on ordinary shares - Cash dividends	-	-	(4,841)	-	-	**(4,841)**
Total contributions by and distributions to owners	-	-	(4,841)	-	-	**(4,841)**
Balance as at 30 June 2019	**226,930**	**(2,589)**	**25,211**	**1,413**	**-**	**250,965**

5. CHANGES IN SHARE CAPITAL

	Company	
	No. of shares '000	S$ '000
Issued and fully paid share capital (excluding treasury shares)		
Balance at 1 January and 30 June 2020	1,937,577	224,640

6. CHANGES IN TREASURY SHARES

There were no (30 June 2019: nil) treasury shares transferred to employees under the Aspial Share Award Scheme during the financial period.

	Company	
	No. of shares '000	S$ '000
Balance at 1 January and 30 June 2020	8,319	2,290

7. CHANGES IN SUBSIDIARY HOLDINGS

Not applicable. The company does not have any subsidiary holdings.

8. GROUP BORROWINGS AND DEBT SECURITIES

Amount repayable in one year or less, or on demand

As at 30-Jun-2020		As at 31-Dec-19	
Secured S$'000	Unsecured S$'000	Secured S$'000	Unsecured S$'000
455,019	212,783	464,295	380,123

Amount repayable after one year

As at 30-Jun-2020		As at 31-Dec-19	
Secured S$'000	Unsecured S$'000	Secured S$'000	Unsecured S$'000
133,276	150,922	104,755	142,236

Details of collateral

The Group's borrowings and debt securities are secured as follows:-
i) legal mortgages over subsidiaries' development properties;
ii) legal assignment of subsidiaries' interest under the Sale and Purchase agreements and tenancy agreements in respect of development properties or units;
iii) legal assignment of subsidiaries' interest in the Project Account and Rental Account;
iv) corporate guarantee by the Company; and
v) fixed and floating charge on all current assets of certain subsidiaries.

9. AUDITOR'S REPORT

The figures have not been audited nor reviewed by the auditors.

10. AUDIT OPINION

Not applicable. The Group’s latest audited financial statements for the financial year ended 31 December 2019 are not subject to adverse opinion, qualified opinion or disclaimer of opinion issued by the auditors.

11. ACCOUNTING POLICIES

The Group has applied the same accounting policies and methods of computation in the half year results announcement for the current financial period ended 30 June 2020 as those of the audited financial statements for the financial year ended 31 December 2019, as well as all applicable new and revised Singapore Financial Reporting Standards (International) ("SFRS(I)") which became effective for financial years beginning on or after 1 January 2020.

The adoption of these new and revised SFRS(I) and Interpretations of SFRS(I) relevant to the Group's operations which are effective for annual periods beginning on or after 1 January 2020 does not have a material impact on the financial statements.

12. EARNINGS PER SHARE

	Group	
	1H 2020	1H 2019
i) Basic earnings per share (cents)	0.28	0.76
ii) Diluted earnings per share (cents)	0.28	0.76
-Weighted average number of shares (excluding treasury shares) ('000)	1,937,577	1,936,491

13. NET ASSET VALUE PER SHARE

	Group		Company	
	30-Jun-20	31-Dec-19	30-Jun-20	31-Dec-19
Net asset value per ordinary share (in cents)	16.42	16.14	13.65	14.01
Number of ordinary shares in issue (excluding treasury shares) ('000)	1,937,577	1,937,577	1,937,577	1,937,577

14. VARIANCE FROM FORECAST STATEMENT

No forecast for the period ended 30 June 2020 was previously provided.

15. REVIEW OF CORPORATE PERFORMANCE

Group revenue of S$234.2 million for 1H 2020 was S$78.3 million or 25.1% lower than the corresponding period in 2019. The lower revenue was due to the decrease in contribution from Real Estate Business and Jewellery Business, partly offset by higher revenue from Financial Service Business.

Revenue from the Real Estate Business of S$98.7 million in 1H 2020 declined by 38.6% from S$160.7 million in 1H 2019. The revenue was mainly contributed by Australia 108 as the project will achieve full completion in 2020.

Revenue from the Financial Service Business of S$102.8 million in 1H 2020 increased by S$10.8 million or 11.7% from the corresponding period in 2019. This was mainly due to higher revenue from the pawnbroking business and the trading of jewellery business, partially offset by lower revenue from the retail of jewellery and branded merchandise in Singapore and the secured lending business.

The Jewellery Business reported revenue of S$34.0 million in 1H 2020 as compared to S$63.4 million in 1H 2019. The lower revenue was mainly due to closure of retail shops in Singapore during the Circuit Breaker period.

The Group's pre-tax profit of S$20.8 million for 1H 2020 was 24.4% lower than the S$27.5 million recorded in 1H 2019.

Pre-tax profit of S$12.6 million in 1H 2020 for the Real Estate Business decreased by S$4.2 million or 25.0% compared to 1H 2019 and was due mainly to lower revenue in 1H 2020.

The Financial Service Business registered a pre-tax profit of S$12.1 million for 1H 2020, which was 76.9% higher than 1H 2019. The increase in pre-tax profit was mainly due to higher profit contributions from pawnbroking and trading business partially offset by lower profit contribution from the retail of jewellery and branded merchandise and the secured lending business. Grants and rebates relating to staff and rental costs helped to defray some of the operating costs and loss of retail sales during the Circuit Breaker period.

The Jewellery Business recorded a small pre-tax profit of $0.1 million in 1H 2020 as compared to a pre-tax loss of S$2.1 million in 1H 2019. This was mainly due to profit recorded by its bullion business and grants and rebates relating to staff and rental costs that helped to defray some of the operating costs and loss of revenue due to the closure of retail shops during the Circuit Breaker period.

16. BUSINESS OUTLOOK

Real Estate Business

In Singapore, the Group will continue to market the remaining commercial units in its CityGate project for rent and sale.

As at the date of this announcement, the Group has completed 98% of the construction of Australia 108 and targets to achieve full completion by the third quarter of FY 2020. The Australia 108 project is expected to contribute positively to the Group's revenue and profitability for FY 2020.

The Group has temporarily ceased its hotel operations and building works for four of its properties in Penang during the lockdown period imposed by the Malaysian government from 18 March 2020 to 3 May 2020. After the lifting of the lockdown period in May 2020, building works and some of the Group's hotel operations in Penang have resumed.

Financial Service Business

The Covid-19 pandemic has led to major disruptions in supply chain and cross-border travel, affecting the economy, employment and retail sentiments. Although the governments have provided various short-term subsidies and support, the Group will need to strengthen its product and service innovation and leverage on its network of stores and technology to increase synergy and efficiencies in the delivery of product and services.

Jewellery Business

The Group expects consumer sentiments to remain weak with the ongoing Covid-19 pandemic and will work on improving the operational effectiveness and efficiency of its Jewellery Business.

AF Global Limited

The core business of AF Global Limited, namely the hotel and serviced residence business, is expected to be affected by the Covid-19 pandemic, which has significantly reduced global travel demand. The operating environment will remain challenging and the Group is exercising prudence in capital, cash flow management and taking initiatives to reduce operating expenses and defer non-essential capital expenditure.

In China, the intended financing for the purchase of our entire shareholding interest in the joint venture company by the Xuzhou joint venture partner did not materialize in accordance with a key financing milestone of the agreement. The Group will provide the necessary update when there is any further material development.

Debt Analysis

Group total debt has declined substantially in 1H 2020. Total debt decreased by S$139.4 million to S$952.0 million as at 30 June 2020. Group cash and cash equivalents was S$65.0 million as at 30 June 2020 as compared to S$146.2 million as at 31 December 2019.

Total loans and borrowings of S$617.1 million as at 30 June 2020 was S$25.7 million higher than 31 December 2019 mainly due to the additional loan for the Financial Service Business. Of the total loans and borrowings, property-related loans was about S$265.2 million for the Real Estate Business and the balance of S$351.9 million was mainly working capital and mortgage loan for its Financial Service Business and Jewellery Business.

As at 30 June 2020, the Group has outstanding term notes and bonds of S$334.9 million, which was S$165.1 million lower than the amount as at 31 December 2019 due to the redemption of the 5.3% bonds for the Company and the 5.5% term notes for its Finance Service Business in April 2020, cancellation of some bonds due in 2020, open market purchases of bonds and term notes, which is partially offset by the issue of new term notes of S$50.0 million in March 2020. In June 2020, the Group has also cancelled S$8.1 million of its 5.25% bonds due August 2020.

In relation to the outstanding bonds due in 2020, the Group intends to finance the repayment through a combination of (i) the existing cash balance and bank facilities available; (ii) the current expected proceeds from the ongoing settlements and handovers of Australia 108 units; (iii) the expected cashflow for the Company from its operations and potential divestments of investment assets and properties and; and (iv) the Company's assessment of the availability of external financing based on current market conditions.

The Group may purchase some of its remaining term notes and bonds, which may include, but are not limited to those due in 2020, prior to the maturity dates. The purchase of its term notes and bonds may be done via various channels such as open market purchase and tender offer and will enable the Group to improve its debt position and reduce negative carry.

Barring unforeseen circumstances such as unfavourable changes in Australian and Malaysian currencies and a more severe impact on the economy arising from the Covid-19 pandemic, the Group expects to be profitable in FY 2020.

17. INTERESTED PERSON TRANSACTIONS

No interested persons transactions (“IPT”) were conducted under the Company’s IPT mandate for the period ended 30 June 2020.

18. DIVIDEND

(i) Any dividend declared for the current financial period reported on?
No

(ii) Any dividend declared for the preceding financial period?
Yes

Name of dividend	1H 2019
Name of dividend	Interim
Dividend Type	Cash
Dividend Rate	0.38 cent per ordinary share
Tax Rate	One-tier tax exempt
Book closure date	23 December 2019
Payment date	8 January 2020

(iii) If no dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.
No dividend has been declared or recommended as the Group intends to retain its cash for its working capital, reduce its borrowings and to fund future growth. As such, no dividend has been declared or recommended for the period.

19. CONFIRMATION THAT THE ISSUER HAS PROCURED UNDERTAKINGS FROM ALL ITS DIRECTORS AND EXECUTIVE OFFICERS PURSUANT TO RULE 720 (1) OF THE LISTING MANUAL

The Company confirms that all the required undertakings under Rule 720 (1) of the Listing Manual have been obtained from all its directors and executive officers in the format set out in Appendix 7.7.

20. CONFIRMATION PURSUANT TO THE RULE 705(5) OF THE LISTING MANUAL

On behalf of the Board of Directors of the Company, we hereby confirm to the best of our knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the unaudited financial statements for the six months ended 30 June 2020 to be false or misleading in any material respect.

On behalf of the Board of Directors,

Koh Wee Seng
CEO

Koh Lee Hwee
Director

30 July 2020

AUDITED FINANCIAL STATEMENTS OF ASPIAL TREASURY PTE. LTD. FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

The information contained in this Appendix V has not been specifically prepared for inclusion in this Information Memorandum. Investors should read the financial statements in conjunction with the related notes.

Company Registration No. 201527868M

Aspial Treasury Pte. Ltd.

Annual Financial Statements
31 December 2019

EY
Building a better working world

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The directors are pleased to present their statement to the member together with the audited financial statements of Aspial Treasury Pte. Ltd. (the "Company") for the financial year ended 31 December 2019.

Opinion of the directors

In the opinion of the directors,

(i) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2019 and the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date, and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

Koh Wee Seng
Koh Lee Hwee
Ko Lee Meng

Arrangements to enable directors to acquire shares or debentures

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

Directors' interests in shares or debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Chapter 50, an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest held by directors		Other shareholdings in which directors are deemed to have an interest	
Name of director	**At the beginning of financial year**	**At the end of financial year**	**At the beginning of financial year**	**At the end of financial year**
Ultimate holding company MLHS Holdings Pte. Ltd. ***(Ordinary shares)***				
Koh Wee Seng	1,410,000	1,410,000	–	–
Koh Lee Hwee	607,500	727,500	–	–
Ko Lee Meng	772,500	772,500	–	–

Directors' interests in shares or debentures (cont'd)

Name of director	Direct interest held by directors: At the beginning of financial year	Direct interest held by directors: At the end of financial year	Other shareholdings in which directors are deemed to have an interest: At the beginning of financial year	Other shareholdings in which directors are deemed to have an interest: At the end of financial year
Immediate holding company				
Aspial Corporation Limited				
(Ordinary shares)				
Koh Wee Seng	373,463,357	373,463,357	1,142,907,178	1,142,907,178
Koh Lee Hwee	30,890,888	30,890,888	1,156,999,571	1,156,999,571
Ko Lee Meng	33,639,865	33,639,865	1,138,979,974	1,138,979,974
Fellow subsidiaries				
World Class Land Pte. Ltd.				
(Ordinary shares)				
Koh Wee Seng	250,000	250,000	4,500,000	4,500,000
Koh Lee Hwee	–	–	4,500,000	4,500,000
Ko Lee Meng	–	–	4,500,000	4,500,000
World Class Global Limited				
(Ordinary shares)				
Koh Wee Seng	22,750,000	22,750,000	742,828,700	742,828,700
Koh Lee Hwee	–	–	742,828,700	742,828,700
Ko Lee Meng	–	–	742,828,700	742,828,700
Maxi-Cash Financial Services Corporation Ltd.				
(Ordinary shares)				
Koh Wee Seng	96,181,017	96,181,017	727,571,074	727,571,074
Koh Lee Hwee	14,288,888	14,288,888	734,687,805	734,687,805
Ko Lee Meng	2,813,326	2,813,326	728,765,805	728,765,805
Related company				
AF Global Limited				
(Ordinary shares)				
Koh Wee Seng	–	–	881,383,569	881,383,569
Koh Lee Hwee	–	–	881,383,569	881,383,569
Ko Lee Meng	4,754,000	4,754,000	881,383,569	881,383,569

By virtue of Section 7 of the Singapore Companies Act, Chapter 50, Koh Wee Seng, Koh Lee Hwee and Ko Lee Meng are deemed to have an interest in the shares of all the subsidiaries to the extent held by Aspial Corporation Limited.

As at the end of the financial year, Koh Wee Seng, Koh Lee Hwee and Ko Lee Meng held bonds in the Company amounting to \$16,500,000, \$3,150,000 and \$6,597,000 (2018: \$17,474,000, \$3,400,000 and \$8,097,000) respectively. The bonds bear fixed interest rates of 5.25% to 5.30% (2018: 5.25% and 5.30%) per annum and are due in 2020 while the term notes bear fixed interest rates of 5.90% to 6.25% (2018: 5.90% and 6.25%) per annum and are due in 2021 respectively.

Options

No options were issued by the Company during the financial year. As at 31 December 2019, there are no options on the unissued shares of the Company or any other body corporate which were outstanding.

Auditor

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

On behalf of the Board of Directors:

Koh Wee Seng
Director

Koh Lee Hwee
Director

Singapore
28 April 2020

Independent auditor's report to the member of Aspial Treasury Pte. Ltd.

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Aspial Treasury Pte. Ltd. (the "Company"), which comprise the statement of financial position as at 31 December 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the financial position of the Company as at 31 December 2019 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the *Accounting and Corporate Regulatory Authority* ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Report on the audit of the financial statements (cont'd)

Key audit matters (cont'd)

Allowance for expected credit losses on amounts due from the immediate holding company and fellow subsidiaries (collectively, the "Related Parties")

As at 31 December 2019, the amounts due from the immediate holding company, Aspial Corporation Limited, and fellow subsidiaries within the Aspial Group (comprising Aspial Corporation Limited and its subsidiaries) amounted to $22,799,000 and $418,924,000 respectively. The amounts represented, in aggregate, 99% of the Company's total assets. The amounts advanced to the Related Parties were mainly used for their working capital needs.

As significant management judgment and estimation is involved in estimating the expected credit losses ("ECL") on the amounts due from the Related Parties as required by SFRS(I) 9 *Financial Instruments*, we have identified this as a key audit matter.

Our audit procedures included, amongst others, reviewing the underlying loan agreements, evaluating whether the ECL model applied by the Company is consistent with the requirements of SFRS(I) 9. We examined the appropriateness of the key inputs and assumptions used by management in the ECL model, where management has assessed for any significant increase in credit risk criteria since initial recognition by considering actual or expected significant changes in the credit rating, where applicable, actual or expected significant changes in the financial performance of the respective Related Party and/or existing or forecasted adverse changes in the respective Related Party's business, financial or economic conditions that are expected to cause a significant change in the respective Related Party's ability to meet its debt obligations. We held discussions with management and corroborated the assumptions used in the ECL model using historical data and publicly available information, where available, in relation to the estimation of default rate. For the estimation of loss exposure at default, we considered the liquidity of the Related Parties' assets, including the availability of cash flows and forward-looking adjustments determined by the Company.

Furthermore, we assessed the adequacy of disclosures related to trade receivables in Note 6 to the financial statements.

Other information

Management is responsible for other information. The other information comprises the General Information and the Directors' Statement sections of these financial statements.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independent auditor's report to the member of Aspial Treasury Pte. Ltd.

Responsibilities of management and directors 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 Act and SFRS(I), 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.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Independent auditor's report to the member of Aspial Treasury Pte. Ltd.

Auditor's responsibilities for the audit of the financial statements (cont'd)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Max Loh Khum Whai.

Ernst . Young LLP

Ernst & Young LLP

Public Accountants and
Chartered Accountants
Singapore

28 April 2020

Aspial Treasury Pte. Ltd.

Statement of comprehensive income
For the financial year ended 31 December 2019

	Note	2019	2018
		$'000	$'000
Interest income		26,456	23,986
Other operating expenses		(259)	(187)
Finance costs	4	(26,104)	(23,063)
Operating profit		93	736
Other operating income		–	29
Profit before tax		93	765
Income tax expense	5	(396)	(407)
(Loss)/profit for the year, representing total comprehensive income for the year		(303)	358

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

Aspial Treasury Pte. Ltd.

Statement of financial position
As at 31 December 2019

	Note	2019	2018
		$'000	$'000
Current assets			
Prepayments		1,253	3,379
Due from immediate holding company (trade)	6	22,799	185,995
Due from fellow subsidiaries (trade)	6	418,924	266,104
Cash and cash equivalents	7	1,363	82
		444,339	455,560
Total assets		444,339	455,560
Current liabilities			
Accrued operating expenses		7,151	6,669
Due to a fellow subsidiary (non-trade)	6	–	460
Term notes and bonds	8	335,435	–
Provision for taxation		360	586
		342,946	7,715
Net current assets		101,393	447,845
Non-current liability			
Term notes and bonds	8	100,000	446,149
Total liabilities		442,946	453,864
Net assets		1,393	1,696
Equity attributable to the owner of the Company			
Share capital	9	2,000	2,000
Accumulated losses		(607)	(304)
Total equity		1,393	1,696

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

Aspial Treasury Pte. Ltd.

Statement of changes in equity
For the financial year ended 31 December 2019

	Share capital (Note 9) $'000	Accumulated losses $'000	Total $'000
At 1 January 2018	2,000	(662)	1,338
Profit for the year, representing total comprehensive income for the year	–	358	358
At 31 December 2018 and 1 January 2019	2,000	(304)	1,696
Loss for the year, representing total comprehensive income for the year	–	(303)	(303)
At 31 December 2019	2,000	(607)	1,393

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

Aspial Treasury Pte. Ltd.

Statement of cash flows
For the financial year ended 31 December 2019

	Note	2019	2018
		$'000	$'000
Operating activities			
Profit before tax		93	765
Adjustments for:			
Finance costs		26,104	23,063
Interest income		(26,456)	(23,986)
Operating cash flows before changes in working capital		(259)	(158)
Changes in working capital			
Increase in prepayments		–	(9)
Decrease/(increase) in amounts due from immediate holding company (trade)		163,196	(24,918)
Increase in amounts due from fellow subsidiaries (trade)		(151,296)	(1,616)
Increase in accrued operating expenses		482	1,275
(Decrease)/increase in amounts due to a fellow subsidiary(non-trade)		(920)	189
Cash flows generated from/(used in) operations		11,203	(25,237)
Interest paid		(23,978)	(21,122)
Interest received		24,932	6,645
Income taxes paid		(162)	(188)
Net cash flows generated from/(used in) operating activities		11,995	(39,902)
Financing activities			
Proceeds from issuance of bonds		–	44,750
Bonds commitment fee paid		–	(976)
Repayment of bonds		(10,714)	(3,851)
Net cash flows (used in)/generated from financing activities		(10,714)	39,923
Net increase in cash and cash equivalents		1,281	21
Cash and cash equivalents at beginning of year		82	61
Cash and cash equivalents at end of year	7	1,363	82

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

1. Corporate information

Aspial Treasury Pte. Ltd. (the "Company") is a private limited company incorporated and domiciled in Singapore. The Company's immediate holding company and ultimate holding company are Aspial Corporation Limited and MLHS Holdings Pte. Ltd. respectively. Both companies are incorporated in Singapore.

The address of the Company's registered office is 55 Ubi Avenue 3, #01-01, Singapore 408864.

The principal activity of the Company is provision of financial services.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The financial statements of the Company 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 (International) ("SFRS(I)").

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 *Adoption of new and amended standards and interpretations*

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Company has adopted all the new and amended standards which are relevant to the Company and are effective for annual financial periods beginning on or after 1 January 2019. The adoption of these standards did not have any material effect on the financial performance or position of the Company.

2.3 *Standards issued but not yet effective*

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

Description	Effective for annual periods beginning on or after
Amendments to SFRS(I) 3 *Definition of a Business*	1 January 2020
Amendments to SFRS(I) 1-1 and SFRS(I) 1-8 *Definition of Material*	1 January 2020
Amendments to SFRS(I) 10 and SFRS(I) 1-28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

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

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

2.4 *Functional currency*

Management has determined the currency of the primary economic environment in which the Company operates, i.e. functional currency, to be SGD.

2.5 *Financial instruments*

(a) *Financial assets*

Initial recognition and measurement

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

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Subsequent measurement

Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through amortisation process.

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

(b) *Financial liabilities*

Initial recognition and measurement

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

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

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

2.5 *Financial instruments (cont'd)*

(b) *Financial liabilities (cont'd)*

Subsequent measurement

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

De-recognition

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

2.6 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank.

2.7 *Impairment of financial assets*

The Company recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at FVPL and financial assets at amortised costs. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECLs). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECLs).

For amounts due from immediate holding company (trade) and amounts due from fellow subsidiaries (trade), the Company uses the general approach and estimates for 12-months when there is no indication of significant deterioration in credit risk based on the financial performance of its related entities. When a significant increase in credit risk has occurred, the Company estimates the lifetime ECLs for such financial assets.

The Company considers a financial asset in default when there is significant deterioration in credit rating. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

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

2.8 *Revenue*

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Company satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

Interest income

Interest income is recognised using the effective interest method. Interest income is earned from amount due from fellow subsidiaries and amount due from immediate holding company.

2.9 *Taxes*

(a) *Current income tax*

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

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

(b) *Deferred tax*

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

Deferred tax liabilities are recognised for all taxable 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 accounting profit nor taxable profit or loss.

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 accounting profit nor taxable profit or loss.

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

2.9 *Taxes (cont'd)*

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

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

2.10 *Share capital and share issuance expenses*

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

3. Significant accounting judgments and estimates

The preparation of the Company's financial statements requires management to make judgments, 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. 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.

Allowance for expected credit losses on amounts due from Related Parties

Management has performed impairment assessment of these amounts due from Related Parties and determined the expected credit loss as at 31 December 2019. The determination of ECLs requires significant management judgment and involved estimation uncertainty and management's impairment assessment requires consideration of the default rate and estimation of loss exposure at default.

Management considers actual or expected significant changes in the credit rating, where applicable, actual or expected significant changes in the financial performance of the respective Related Parties and/or existing or forecasted adverse changes in the respective Related Parties' business, financial or economic conditions that are expected to cause a significant change in the respective Related Parties' ability to meet its debt obligations.

The carrying amount of the Company's receivables at the end of the reporting period is disclosed in Note 6 to the financial statements.

4. Finance costs

	2019	2018
	$'000	$'000
Interest expense on:		
– Term notes and bonds	23,978	21,122
– Amortisation of prepaid commitment fees	2,126	1,941
Total finance costs	26,104	23,063

5. Income tax expense

(a) *Major components of income tax expense*

The major components of income tax expense for the years ended 31 December 2019 and 2018 are:

	2019	2018
	$'000	$'000
Statement of comprehensive income:		
Current income tax		
- Current income taxation	360	424
- Under/(over) provision in respect of previous year	36	(17)
	396	407

(b) *Relationship between tax expense and profit before tax*

The reconciliation between tax expense and the product of profit before tax multiplied by the Singapore statutory tax rate for the years ended 31 December 2019 and 2018 is as follows:

	2019	2018
	$'000	$'000
Profit before tax	93	765
Tax at statutory tax rate of 17%	16	130
Adjustments:		
- Non-deductible expenses	361	330
- Effect of partial tax exemption and tax relief	(17)	(36)
- Under/(over) provision in respect of previous year	36	(17)
	396	407

6. Due from/(to) immediate holding company and fellow subsidiaries

Amounts due from immediate holding company (trade) and a fellow subsidiary (trade) are interest-bearing at non-compounding rates ranging from 2.12% to 7.14% (2018: 2.12% to 7.14%) per annum. The amounts due are unsecured, receivable on demand and are to be settled in cash.

Amount due to a fellow subsidiary (non-trade) is unsecured, non-interest bearing, repayable on demand and is to be settled in cash.

7. Cash and cash equivalents

	2019	2018
	$'000	$'000
Cash at bank, representing total cash and cash equivalents	1,363	82
Add:		
Due from immediate holding company (trade)	22,799	185,995
Due from fellow subsidiaries (trade)	418,924	266,104
Total financial assets carried at amortised cost	443,086	452,181

As at 31 December 2019 and 2018, all financial assets are denominated in the functional currency of the Company.

8. Term notes and bonds

Date issued	Interest rate	Maturity dates	2019	2018
	%		$'000	$'000
Current				
28 August 2015 (1)	5.25	28 August 2020	148,899	–
1 April 2016 (2)	5.30	1 April 2020	186,536	–
			335,435	–
Non-current				
28 August 2015 (1)	5.25	28 August 2020	–	149,414
1 April 2016 (2)	5.30	1 April 2020	–	196,735
19 April 2018 (3)	5.90	19 April 2021	50,000	50,000
11 October 2018 (3)	6.25	11 October 2021	50,000	50,000
			100,000	446,149

Note:

(1) During the financial period ended 31 December 2015, unsecured bonds issued by the Company amounted to $150,000,000. As at 31 December 2019, unsecured bonds amounting to $1,101,000 (2018: $586,000) had been purchased and held by the Company.

8. Term notes and bonds (cont'd)

Note: (cont'd)

(2) During the financial year ended 31 December 2016, unsecured bonds issued by the Company amounted to $200,000,000. During the financial year ended 31 December 2019, unsecured bonds amounting to $10,000,000 were purchased and cancelled by the Company. As at 31 December 2019, unsecured bonds amounting to $3,464,000 (2018: $3,265,000) had been purchased and held by the Company.

(3) During the financial year ended 31 December 2018, unsecured term notes issued by the Company under the Multicurrency Debt Issuance Programme ("MDI Programme") amounted to $100,000,000.

Interest is payable semi-annually. Unless previously redeemed or purchased and cancelled, the bonds are redeemable at the principal amounts on its maturity dates. The Company's obligations under the term notes and bonds are guaranteed by the immediate holding company, Aspial Corporation Limited.

A reconciliation of liabilities arising from financing activities is as follows:

	2018	Net cash flows	Non-cash changes Other	2019
	$'000	$'000	$'000	$'000
Term notes and bonds	446,149	(10,714)	–	435,435

	2017	Net cash flows	Non-cash changes Other*	2018
	$'000	$'000	$'000	$'000
Term notes and bonds	350,000	40,899	55,250	446,149

* The "other" column pertains to the exchange offer that took place for the $100,000,000 term notes issued by the Company under the MDI programme with its immediate holding company for notes issued by the immediate holding company under the same programme. These notes exchanged by the immediate holding company comprised $29,750,000 of the 5.5% notes due November 2018 and $25,500,000 of the 5.05% notes due in June 2019.

9. Share capital

	2019	2018
	$'000	$'000
Issued and fully paid ordinary shares:		
At beginning and end of year 2,000,000 ordinary shares	2,000	2,000

The holder of ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions. The ordinary shares have no par value.

10. Related party transactions

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Company and related parties took place on terms agreed between the parties during the financial year:

	2019	2018
	$'000	$'000
Interest income received/receivable from immediate holding company	8,055	8,660
Interest income received/receivable from fellow subsidiaries	18,401	15,326
Management fees paid to immediate holding company	128	128

11. Financial risk management objectives and policies

The Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk and liquidity risk. The Board of Directors reviews and agrees policies and procedures for the management of these risks. It is, and has been throughout the current and previous financial year, the Company's policy that no derivatives shall be undertaken. The Company does not apply hedge accounting.

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objectives, policies and procedures for the management of these risks.

There has been no change to the Company's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) ***Credit risk***

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Company's exposure to credit risk arises primarily from amounts due from fellow subsidiaries (trade) and cash and cash equivalents. No other financial asset carries a significant exposure to credit risk.

11. Financial risk management objectives and policies (cont'd)

(a) *Credit risk (cont'd)*

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Company considers "low risk" to be an investment grade credit rating with at least one major rating agency. To assess whether there is significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition. The Company considers available reasonable and supportive forwarding-looking information which includes the following indicators:

- External credit rating;
- Actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations;
- Actual or expected significant changes in the operating results of the borrower;
- Significant increases in credit risk on other financial instruments of the same borrower;
- Significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements; and
- Significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrower in the Company and changes in the operating results of the borrower.

The Company determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the borrower
- A breach of contract, such as a default or past due event
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation
- There is disappearance of an active market for that financial asset because of financial difficulty.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. Where loans and receivables have been written off, the Company continues to engage enforcement activity to attempt to recover the receivable due. When recoveries are made, these are recognised in profit or loss.

The following are classes of financial assets that are exposed to credit risk:

Amounts due from immediate holding company and fellow subsidiaries (trade)

The Company uses the general approach and estimates the 12-month expected credit losses when there is no indication of significant deterioration in credit risk based on the financial performance of its immediate holding company and fellow subsidiaries. When a significant increase in credit risk has occurred, the Company estimates the lifetime ECLs for such financial assets.

11. Financial risk management objectives and policies (cont'd)

(a) *Credit risk (cont'd)*

Exposure to credit risk

At the end of the reporting period, the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

Financial assets that are neither past due nor impaired

Cash and cash equivalents are placed with reputable financial institutions or companies with high credit ratings and no history of default. They are neither past due nor impaired.

(b) *Liquidity risk*

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities.

The immediate holding company, Aspial Corporation Limited, monitors the overall liquidity management of Aspial Corporation Limited and its subsidiaries (the "Aspial Group") to ensure that Aspial Group, including the Company maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations.

In particular, the Company's obligations under the bonds are guaranteed by the immediate holding company, Aspial Corporation Limited.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Company's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	1 year or less	**1 to 5 years**	**Total**
	$'000	$'000	$'000
2019			
Financial liabilities:			
Accrued operating expenses	7,151	–	7,151
Term notes and bonds	349,115	103,296	452,411
Total undiscounted financial liabilities	356,266	103,296	459,562
2018			
Financial liabilities:			
Accrued operating expenses	6,669	–	6,669
Term notes and bonds	24,346	463,277	487,623
Total undiscounted financial liabilities	31,015	463,277	494,292

12. Fair value of assets and liabilities

(a) *Fair value hierarchy*

The Company categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Company 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 or indirectly, and

Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety at the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(b) *Assets and liabilities not carried at fair value but for which fair value is disclosed*

The following table shows an analysis of the Company's liabilities not measured at fair value but for which fair value is disclosed:

	Quoted prices in active markets for identical assets (Level 1) $'000	**Carrying amount** $'000
2019		
Liabilities:		
Current:		
Term notes and bonds	326,938	332,482
Non-current:		
Term notes and bonds	86,835	92,500
2018		
Liabilities:		
Non-current:		
Term notes and bonds	436,146	446,149

Determination of fair value

Term notes and bonds

The fair values as disclosed in the table above are determined directly by reference to the quoted price of the term notes and bonds at the end of the reporting period.

13. Capital management

The Company's primary objectives when managing capital are to safeguard the Company's ability to continue as a going concern. As the Company is part of the Aspial Group, the Company's sources of additional capital and policies for distribution of excess capital are affected by Aspial Group's capital management objectives, which are managed on an overall group basis. No changes were made in the objectives, policies or processes for the financial years ended 31 December 2019 and 2018.

In particular, the Company's obligations under the term notes and bonds are guaranteed by the immediate holding company, Aspial Corporation Limited.

14. Authorisation of financial statements for issue

The financial statements for the financial year ended 31 December 2019 were authorised for issue in accordance with a resolution of the directors on 28 April 2020.