IMPORTANT NOTICE

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

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

Confirmation of Your Representation: In order to be eligible to view the attached information memorandum or make an investment decision with respect to the notes, investors must not be located in the United States ("**U.S.**") or a U.S. person (within the meaning of Regulation S under the Securities Act (as defined below)). The attached information memorandum is being sent at your request and by accepting the e-mail and accessing the attached information memorandum, you shall be deemed to have represented to us (1) that you are not resident in the United States nor a U.S. person, as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the "**Securities Act**") nor are you acting on behalf of a U.S. person, the e-mail address that you gave us and to which the e-mail has been delivered is not located in the United States and, to the extent you purchase the notes described in the attached information memorandum, you will be doing so pursuant to Regulation S under the Securities Act, and (2) that you consent to delivery of the attached information memorandum and any amendments or supplements thereto by electronic transmission. By accepting the e-mail and accessing the attached information memorandum, if you are an investor in Singapore, you (A) represent and warrant that you are either an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore (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 any 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.

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 NTUC Fairprice Co-operative Limited (the "**Issuer**") as issuer of the Notes, 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 notes 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 notes described therein.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF NOTES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND THE NOTES WHICH ARE IN BEARER FORM ARE SUBJECT TO U.S. TAX LAW REQUIREMENTS. THE NOTES MAY NOT BE OFFERED, SOLD OR (IN THE CASE OF NOTES IN BEARER FORM) DELIVERED WITHIN THE UNITED STATES TO, OR FOR THE ACCOUNT OR BENEFIT OF, U.S. PERSONS (AS DEFINED IN REGULATION S UNDER THE SECURITIES ACT ("REGULATION S")), 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. THIS OFFERING IS MADE SOLELY IN OFFSHORE TRANSACTIONS PURSUANT TO REGULATION S UNDER THE SECURITIES ACT, AND IN CERTAIN CASES, ONLY TO NON-U.S. PERSONS.

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

The attached information memorandum or any materials relating to the offering of notes 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 notes 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 notes shall be deemed to be made by the dealers or such affiliate on behalf of the 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 this document, 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 notes 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 notes by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected.

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

You are responsible for protecting against viruses and other destructive items. If you receive 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.

INFORMATION MEMORANDUM DATED 10 MAY 2022

FairPriceGroup
Everything Food Made Easy

NTUC FAIRPRICE CO-OPERATIVE LIMITED

(Registered in the Republic of Singapore on 1 May 1983)
(UEN Registration No. S83CS0191L)

S$1,000,000,000
Multicurrency Medium Term Note Programme
(the "Programme")

This Information Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of notes (the "**Notes**") to be issued from time to time by NTUC Fairprice Co-operative Limited (the "**Issuer**") pursuant to the Programme may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 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 Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

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

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

securities 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 Notes pursuant to an offer made under Section 275 of the SFA except:

(i) to an institutional investor or to a relevant person as defined in Section 275(2) of the SFA, or (in the case of such corporation) where the transfer arises from an offer referred to in Section 276(3)(c)(ii) of the SFA or (in the case of such trust) where the transfer arises from an offer referred to in Section 276(4)(c)(ii) of the SFA;

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

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

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

(v) 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 2001 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 as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

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

Arranger

DBS

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NOTICE

DBS Bank Ltd. (the "**Arranger**") has been authorised by the Issuer to arrange the Programme described herein. Under the Programme, the Issuer may, subject to compliance with all relevant laws, regulations and directives, from time to time issue Notes denominated in Singapore dollars and/or any other currencies.

This Information Memorandum contains information with regard to the Issuer, its subsidiaries and associated companies (if any), the Programme and the Notes. The Issuer accepts responsibility for this Information Memorandum and, having made all reasonable enquiries, confirms that this Information Memorandum contains all information which is material in the context of the Programme or the issue and offering of the Notes, that the information contained herein is true and accurate in all material respects, and that there are no other facts the omission of which in the context of the Programme and the issue and offering of the Notes would make any such information or expressions of opinion, expectation or intention misleading in any material respect.

Notes may be issued in Series (as defined herein) 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 in 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 (as defined herein) on the same or different issue dates.

The Notes will be issued in bearer or registered form and may be listed on a stock exchange. The Notes will initially be represented by either a Temporary Global Note (as defined herein) in bearer form or a Permanent Global Note (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 Issuer and the relevant Dealer(s) (as defined herein). Interests in a Temporary Global Note will be exchangeable, in whole or in part, for interests in a Permanent Global Note or Definitive Notes (as indicated in the applicable Pricing Supplement (as defined herein)) on or after the date 40 days after the later of the commencement of the offering and the relevant issue date, upon certification as to non-U.S. beneficial ownership. Subject to compliance with all relevant laws, regulations and directives, the Notes may have maturities of such tenor as may be agreed between the Issuer and the relevant Dealer(s), and may be subject to redemption or purchase in whole or in part. The Notes may bear interest at a fixed, floating, variable or hybrid rate or may not bear interest or may be such other notes as may be agreed between the Issuer and the relevant Dealer(s). The Notes will be repayable at par, at a specified amount above or below par or at an amount determined by reference to a formula, in each case with terms as specified in the Pricing Supplement (as defined herein) issued in relation to each Series or Tranche of Notes. Details applicable to each Series or Tranche of Notes will be specified in the applicable Pricing Supplement which is to be read in conjunction with this Information Memorandum.

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

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

The Notes have not been, and will not be, registered under the Securities Act (as defined herein) or with any securities regulatory authority of any state or other jurisdiction of the United States and Notes may include Notes in bearer form that are subject to U.S. tax law requirements and restrictions. Subject to certain exceptions, the Notes may not be offered, sold or (in the case of Notes in bearer form) delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) unless an exemption from the registration requirements of the Securities Act is available and in accordance with all applicable securities laws of any state of the United States and any other jurisdiction. Registered Notes are subject to certain restrictions on transfer. See the section titled "*Subscription, Purchase and Distribution*" of this Information Memorandum.

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

This Information Memorandum and any other documents or materials in relation to the issue, offering or sale of the Notes have been prepared solely for the purpose of the initial sale by the relevant Dealer(s) of the Notes 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 Notes 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 (including copies thereof) in any manner whatsoever.

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

The Arranger, the Dealer(s), the Trustee and the Agents have not separately verified the information contained in this Information Memorandum. None of the Arranger, the Dealer(s), the Trustee, the Agents and their respective officers, employees and agents is making any representation, warranty or undertaking express or implied as to the merits of the Notes or the subscription for, purchase or acquisition thereof or the creditworthiness or financial condition or otherwise of the Issuer or its subsidiaries or associated companies (if any). Further, none of the Arranger, the Dealer(s), the Trustee and the Agents makes any representation, warranty or undertaking express or implied and no responsibility or liability is accepted by the Arranger, any of the Dealer(s), the Trustee or any of the Agents or any of their respective officers, employees or agents as to the Issuer or its subsidiaries or associated companies (if any) or as to the accuracy, reliability or completeness of the information set out herein (including the legal and regulatory requirements pertaining to Sections 274, 275 and 276 or any other provisions of the SFA) and the documents which are referred to in or incorporated by reference in, and form part of, this Information Memorandum.

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

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

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

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

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

The distribution of this Information Memorandum and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Information Memorandum comes are required by the Issuer, the Arranger and the Dealer(s) to inform themselves about and to observe any such restrictions. The attention of recipients of this Information Memorandum is drawn to the restrictions on the resale of the Notes set out in the section "Subscription, Purchase and Distribution" on pages 133 to 138 of this Information Memorandum.

Any person(s) who is/are invited to purchase or subscribe for the Notes or to whom this Information Memorandum is sent shall not make any offer or sale, directly or indirectly, of any Notes or distribute or cause to be distributed any document or other material in connection therewith, including this Information Memorandum, 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 Notes consult their own legal, financial and other advisers before purchasing or acquiring the Notes.

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

Prospective investors should pay attention to the risk factors set out in the section titled "Risk Factors".

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

Unless otherwise stated in the Pricing Supplement in respect of any Notes, all Notes 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) 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).

MiFID II PRODUCT GOVERNANCE/TARGET MARKET – The applicable Pricing Supplement in respect of any Notes may include a legend titled "MiFID II Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, "**MiFID II**") is responsible for undertaking its own target market assessment in respect of the Notes (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 Notes is a manufacturer in respect of such Notes, 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.

UK MiFIR PRODUCT GOVERNANCE/TARGET MARKET – The applicable Pricing Supplement in respect of any Notes may include a legend titled "UK MiFIR Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "**distributor**") should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "**UK MiFIR Product Governance Rules**") is responsible for undertaking its own target market assessment in respect of the Notes (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 UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MIFIR Product Governance Rules.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – If the applicable Pricing Supplement in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Notes 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**"). 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 Directive 2014/65/EU (as amended, "**MiFID II**"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, 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, the "**Prospectus Regulation**"). Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS – If the applicable Pricing Supplement in respect of any Notes includes a legend entitled "Prohibition of Sales to UK Retail Investors", the Notes 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 United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA. Consequently no key information document required by Regulation (EU) No 1286/2014 as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

FORWARD-LOOKING STATEMENTS

Certain statements in this Information Memorandum may be deemed to be 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 "anticipates", "estimates", "projects", "expects", "believes", "intends", "plans", "aims", "seeks", "may", "will", "would", "should", "could" or other similar expressions. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the plans, objectives, goals, strategies, future operations, expected financial positions, prospects and performance of the Issuer and/or the Group (as defined herein) including statements as to the Issuer's and/or the Group's revenue and profitability, prospects, future plan and other matters discussed in this Information Memorandum regarding matters that are not historical facts and including statements as to the expansion plans of the Issuer and/or the Group, expected growth of the Issuer and/or the Group and other related matters), if any, are forward-looking statements and accordingly, are only predictions. These forward-looking statements are contained in the sections entitled "Risk Factors" and "Description of the Issuer" and other sections of this Information Memorandum. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance and/or achievements of the Issuer and/or the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These factors include, among others:

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

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

If one or more of the risks or uncertainties materialise, or if any of the underlying assumptions of the Issuer and/or the Group prove to be incomplete or inaccurate, the actual results, performance or achievements of the Issuer and/or the Group may vary from those expected, expressed or implied by the forward-looking statements. Given the risks and uncertainties that may cause the actual future results, performance or achievements of the Issuer and/or the Group to be materially different from the results, performance or achievements expected, expressed or implied by the forward-looking statements in this Information Memorandum, undue reliance must not be placed on such statements. None of the Issuer, the Arranger, the Dealer(s), the Trustee and the Agents represents or warrants that the actual future results, performance or achievements of the Issuer and/or the Group will be as discussed in those statements.

Any forward-looking statements contained in this Information Memorandum speak only as at the date of this Information Memorandum. Each of the Issuer, the Arranger, the Dealer(s), the Trustee and the Agents expressly disclaims any obligation or undertaking to disseminate publicly or otherwise after the date of this Information Memorandum any updates or revisions to any forward-looking statements contained herein to reflect any change in expectations thereof or any change in events, conditions or circumstances on which any such forward-looking statement is based.

DOCUMENTS INCORPORATED BY REFERENCE

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:

(a) any annual reports of the Issuer;

(b) any audited consolidated financial statements of the Group;

(c) any unaudited consolidated financial statements of the Group; and

(d) any supplement or amendment to this Information Memorandum issued by the Issuer.

This Information Memorandum is to be read in conjunction with all such documents which are incorporated by reference herein and, with respect to any Series or Tranche of Notes, any Pricing Supplement in respect of such Series or Tranche. Any statement contained in this Information Memorandum or in a document deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Information Memorandum to the extent that a statement contained in this Information Memorandum or in such subsequent document that is also deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Information Memorandum.

Copies of all documents deemed incorporated by reference herein are available for inspection during normal business hours at the specified office of the CDP Issuing and Paying Agent (as defined herein) or, as the case may be, the Non-CDP Issuing and Paying Agent (as defined herein).

DEFINITIONS

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

"**Agency Agreement**"	:	The agency agreement dated 10 May 2022, made between (a) the Issuer, as issuer, (b) The Bank of New York Mellon, Singapore Branch, as CDP Issuing and Paying Agent, CDP Transfer Agent and CDP Registrar and (where appointed as contemplated therein) CDP Calculation Agent, (c) The Bank of New York Mellon, London Branch, as Non-CDP Issuing and Paying Agent and (where appointed as contemplated therein) Non-CDP Calculation Agent, (d) The Bank of New York Mellon SA/NV, Dublin Branch, as Non-CDP Transfer Agent and Non-CDP Registrar, and (e) the Trustee, as Trustee, as amended, modified or supplemented from time to time.
"**Agents**"	:	The CDP Issuing and Paying Agent, the CDP Registrar, the CDP Transfer Agent, the CDP Calculation Agent, the Non-CDP Issuing and Paying Agent, the Non-CDP Transfer Agent, the Non-CDP Registrar and the Non-CDP Calculation Agent and shall include such other agent or agents as may be appointed from time to time under the Agency Agreement or, as the case may be, the relevant Calculation Agency Agreement, and "**Agent**" means any of them.
"**Arranger**"	:	DBS Bank Ltd.
"**Bearer Notes**"	:	Notes in bearer form.
"**Board**"	:	The board of directors of the Issuer.
"**business day**"	:	In respect of each Note, (i) a day (other than a Saturday, Sunday or gazetted public holiday) on which Euroclear, Clearstream, Luxembourg and CDP, as applicable, are operating; (ii) a day (other than a Saturday, Sunday or gazetted public holiday) 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 payment is to be made on that day) (1) (in the case of Notes denominated in Singapore dollars) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in Singapore, (2) (in the case of Notes denominated in Euro) a day (other than a Saturday, Sunday or gazetted public holiday) on which the TARGET System is open for settlement in Euro and (3) (in the case of Notes denominated in a currency other than Singapore dollars and Euro) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in the principal financial centre for that currency.

"**By-Laws**"	:	The by-laws of the Issuer and any amendment thereof as registered under the Co-operative Societies Act.
"**Calculation Agents**"	:	The CDP Calculation Agent and the Non-CDP Calculation Agent, and the "**Calculation Agent**" means either of them.
"**CDP**" or the "**Depository**"	:	The Central Depository (Pte) Limited.
"**CDP Calculation Agent**"	:	The Bank of New York Mellon, Singapore Branch.
"**CDP Issuing and Paying Agent**"	:	The Bank of New York Mellon, Singapore Branch.
"**CDP Registrar**"	:	The Bank of New York Mellon, Singapore Branch.
"**CDP Transfer Agent**"	:	The Bank of New York Mellon, Singapore Branch.
"**Certificate**"	:	A registered certificate representing one or more Registered Notes of the same Series and, save as provided in the Conditions, comprising the entire holding by a Noteholder of Registered Notes of that Series.
"**Clearstream, Luxembourg**"	:	Clearstream Banking S.A., and includes a reference to its successors and permitted assigns.
"**Co-operative Societies Act**"	:	The Co-operative Societies Act 1979 of Singapore, as amended or modified from time to time.
"**Co-operative Societies Rules**"	:	The Co-operative Societies Rules 2009, as amended or modified from time to time.
"**Common Depositary**"	:	In relation to a Series of the Notes, a depositary common to Euroclear and Clearstream, Luxembourg.
"**Companies Act**"	:	The Companies Act 1967 of Singapore, as amended or modified from time to time.
"**Conditions**"	:	In relation to the Notes of any Series, the terms and conditions applicable thereto, which shall be substantially in the form set out in Part III of Schedule 1 to the Trust Deed, as modified, with respect to any Notes represented by a Global Note or a Global Certificate, by the provisions of such Global Note or, as the case may be, Global Certificate, and which 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 Notes or, as the case may be, Certificates subject to amendment and completion as referred to in the first paragraph appearing after the heading "Terms and Conditions of the Notes" as set out in Part III of Schedule 1 to the Trust Deed, and any reference to a particularly numbered Condition shall be construed accordingly.
"**Couponholders**"	:	The holders of the Coupons.

“**Coupons**”	:	The interest coupons appertaining to an interest bearing Bearer Note.
“**Dealer(s)**”	:	Person(s) appointed as dealers under the Programme.
“**Definitive Note**”	:	A definitive Bearer Note, being substantially in the form set out in Part I of Schedule 1 to the Trust Deed and having, where appropriate, Coupons and/or a Talon attached on issue.
“**Depositors**”	:	At any time, persons (including Depository Agents) having any Notes standing to the credit of their Securities Accounts at that time.
“**Depository Agent**”	:	A corporation authorised by the Depository to maintain Sub-Accounts.
“**Directors**”	:	The directors (including alternate directors, if any) of the Issuer as at the date of this Information Memorandum.
“**Euro**”	:	The currency of the member states of the European Union that adopt the single currency in accordance with the treaty establishing the European Community, as amended from time to time.
“**Euroclear**”	:	Euroclear Bank SA/NV, and includes a reference to its successors and permitted assigns.
“**FY**” or “**financial year**”	:	Financial year ended or ending 31 December.
“**Global Certificate**”	:	A global Certificate representing Registered Notes of one or more Tranches of the same Series that are registered in the name of, or in the name of a nominee of, (1) CDP, (2) a common depositary for Euroclear and/or Clearstream, Luxembourg and/or (3) any other clearing system.
“**Global Note**”	:	A global Note representing Bearer Notes of one or more Tranches of the same Series, being a Temporary Global Note and/or, as the context may require, a Permanent Global Note, in each case without Coupons or a Talon.
“**Group**” or “**FairPrice Group**”	:	The Issuer and its subsidiaries and “**member of the Group**” shall be construed accordingly.
“**HDB**”	:	Housing & Development Board.
“**IRAS**”	:	Inland Revenue Authority of Singapore.
“**Issuer**” or “**NTUC FairPrice**”	:	NTUC Fairprice Co-operative Limited.

"**Issuing and Paying Agents**"	:	The CDP Issuing and Paying Agent and the Non-CDP Issuing and Paying Agent, and the "Issuing and Paying Agent" means either of them.
"**ITA**"	:	The Income Tax Act 1947 of Singapore, as amended or modified from time to time.
"**Latest Practicable Date**"	:	31 March 2022.
"**MAS**"	:	The Monetary Authority of Singapore.
"**Non-CDP Calculation Agent**"	:	The Bank of New York Mellon, London Branch.
"**Non-CDP Issuing and Paying Agent**"	:	The Bank of New York Mellon, London Branch.
"**Non-CDP Registrar**"	:	The Bank of New York Mellon, SA/NV, Dublin Branch.
"**Non-CDP Transfer Agent**"	:	The Bank of New York Mellon, SA/NV, Dublin Branch.
"**Note**"	:	The multicurrency medium term notes of the Issuer to be issued by the Issuer under the Programme pursuant to the Programme Agreement and constituted by the Trust Deed (and shall, where the context so admits, include the Global Notes, the Definitive Notes and any related Coupons and Talons, the Global Certificates and the Certificates).
"**Noteholders**"	:	The holders of the Notes.
"**NTUC**"	:	National Trades Union Congress.
"**Paying Agents**"	:	The CDP Issuing and Paying Agent and the Non-CDP Issuing and Paying Agent, and the "Paying Agent" means either of them.
"**Permanent Global Note**"	:	A Global Note representing Bearer Notes of one or more Tranches of the same Series, either on issue or upon exchange of interests in a Temporary Global Note, being substantially in the form set out in Schedule 3 to the Trust Deed.
"**Pricing Supplement**"	:	In relation to a Series or Tranche, a pricing supplement supplemental to the Information Memorandum, issued by the Issuer specifying the relevant issue details in relation to such Series or, as the case may be, Tranche.
"**Programme**"	:	The S$1,000,000,000 Multicurrency Medium Term Note Programme established by the Issuer pursuant to the Programme Agreement.

"**Programme Agreement**"	:	The programme agreement dated 10 May 2022 made between (a) the Issuer, as issuer, (b) the Arranger, as arranger, and (c) DBS Bank Ltd., as dealer, as amended, restated or supplemented from time to time.
"**Registered Notes**"	:	Notes in registered form.
"**Registrars**"	:	The CDP Registrar and the Non-CDP Registrar, and the "**Registrar**" means either of them.
"**relevant Dealer(s)**"	:	In relation to any Series or Tranche, the Dealer or Dealers with whom the Issuer has concluded or is negotiating an agreement on the issue of such Series or Tranche.
"**S$**", "**$**" or "**Singapore dollars**" and "**cents**"	:	Singapore dollars and cents respectively, being the lawful currency of Singapore.
"**Securities Accounts**"	:	The securities accounts of the Depositors maintained with the Depository (but does not include Sub-Accounts).
"**Securities Act**"	:	Securities Act of 1933 of the United States, as amended or modified from time to time.
"**Series**"	:	(1) (in relation to Notes other than Variable Rate Notes) a Tranche, together with any further Tranche or Tranches, which are (a) expressed to be consolidated and forming a single series and (b) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of interest and (2) (in relation to Variable Rate Notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest.
"**SFA**"	:	The Securities and Futures Act 2001 of Singapore, as amended or modified from time to time.
"**SFRS**"	:	Singapore Financial Reporting Standards.
"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited.
"**Shares**"	:	Ordinary shares in the capital of the Issuer.
"**SORA**"	:	Singapore Overnight Rate Average.
"**Sub-Accounts**"	:	The securities sub-accounts maintained by each Depository Agent for its own account and for the account of its clients.

"**subsidiary**"	:	Any company which is, for the time being, a subsidiary within the meaning of Section 5 of the Companies Act, and in relation to the Issuer, means any company, co-operative, corporation, trust, fund, or other entity (whether or not a body corporate): (a) which is controlled, directly or indirectly, by the Issuer; (b) more than half of the voting power of which is beneficially owned, directly or indirectly, by the Issuer; or (c) which is a subsidiary of any company, co-operative, corporation, trust, fund or other entity (whether or not a body corporate) to which paragraph (a) or paragraph (b) above applies, and, for these purposes, a company, co-operative, corporation, trust, fund or other entity (whether or not a body corporate) shall be treated as being controlled by a person if that person is able to direct its affairs and/or to control the composition of its board of directors or equivalent body.
"**Talons**"	:	Talons for further Coupons or, as the context may require, a specific number of them and includes any replacement Talons issued pursuant to the relevant Conditions.
"**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 Note**"	:	A Global Note representing Bearer Notes of one or more Tranches of the same Series on issue.
"**Tranche**"	:	Notes which are identical in all respects (including as to listing).
"**Transfer Agents**"	:	The CDP Transfer Agent and the Non-CDP Transfer Agent, and the "Transfer Agent" means either of them.
"**Trust Deed**"	:	The trust deed dated 10 May 2022 made between (a) the Issuer, as issuer, and (b) the Trustee, as trustee, as amended, restated or supplemented from time to time.
"**Trustee**"	:	The Bank of New York Mellon, Singapore Branch.
"**United States**" or "**U.S.**"	:	United States of America.
"**US$**" or "**US dollars**"	:	United States dollars, being the lawful currency of the United States of America.
"**%**"	:	Per cent.

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

CORPORATE INFORMATION

Board of Directors	:	Bobby Chin Yoke Choong (Chairman) Seah Kian Peng (Deputy Chairman) Ronald Ong Whatt Soon (Director) Albert Cheng Yong Kim (Director) Lim Sau Hoong (Director) Kristy Tan Ruyan (Director) Lee Seow Hiang (Director) Ho Wah Lee (Director) Kee Teck Koon (Director) Ong Hwee Liang (Director) Tan Hwee Bin (Director) Robert Yap Min Choy (Director)
Registered Office	:	1 Joo Koon Circle FairPrice Hub, #13-01 Singapore 629117
Auditors to the Issuer	:	KPMG LLP 16 Raffles Quay Hong Leong Building #22-00 Singapore 048581
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	:	WongPartnership LLP 12 Marina Boulevard Level 28 Marina Bay Financial Centre Tower 3 Singapore 018982
Legal Advisers to the Issuer	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
CDP Issuing and Paying Agent, CDP Transfer Agent, CDP Registrar and CDP Calculation Agent	:	The Bank of New York Mellon, Singapore Branch One Temasek Avenue Millenia Tower #02-01 Singapore 039192
Non-CDP Issuing and Paying Agent and Non-CDP Calculation Agent	:	The Bank of New York Mellon, London Branch One Canada Square London E14 5AL United Kingdom

Non-CDP Transfer Agent and Non-CDP Registrar	:	The Bank of New York Mellon SA/NV, Dublin Branch Riverside II Sir John Rogerson's Quay Grand Canal Dock Dublin 2 Ireland
Trustee for the Noteholders	:	The Bank of New York Mellon, Singapore Branch One Temasek Avenue Millenia Tower #02-01 Singapore 039192
Legal Advisers to the Trustee, the CDP Issuing and Paying Agent, the CDP Registrar, the CDP Transfer Agent, the CDP Calculation Agent, the Non-CDP Issuing and Paying Agent, the Non-CDP Registrar, the Non-CDP Transfer Agent and the Non-CDP Calculation Agent	:	WongPartnership LLP 12 Marina Boulevard Level 28 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 and qualified in its entirety by, the full text of this Information Memorandum (and any relevant supplement to this Information Memorandum), the Programme Agreement, the Trust Deed, the Agency Agreement and the relevant Pricing Supplement.

Issuer	:	NTUC Fairprice Co-operative Limited.
Arranger	:	DBS Bank Ltd.
Dealers	:	DBS Bank Ltd. and/or such other Dealers as may be appointed by the Issuer in accordance with the Programme Agreement.
Trustee	:	The Bank of New York Mellon, Singapore Branch.
CDP Issuing and Paying Agent, CDP Registrar, CDP Transfer Agent and CDP Calculation Agent	:	The Bank of New York Mellon, Singapore Branch.
Non-CDP Issuing and Paying Agent and Non-CDP Calculation Agent	:	The Bank of New York Mellon, London Branch.
Non-CDP Registrar and Non-CDP Transfer Agent	:	The Bank of New York Mellon SA/NV, Dublin Branch.
Description	:	S$1,000,000,000 Multicurrency Medium Term Note Programme.
Programme Size	:	The maximum aggregate principal amount of the Notes outstanding at any time shall be S$1,000,000,000 (or its equivalent in other currencies) or such other amount as may be increased in accordance with the terms of the Programme Agreement.
Currency	:	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in Singapore dollars or any other currency agreed between the Issuer and the relevant Dealer(s).
Method of Issue	:	Notes may be issued from time to time under the Programme on a syndicated or non-syndicated basis. Each Series may be issued in one or more Tranches, on the same or different issue dates. The minimum issue size for each Series shall be agreed between the Issuer and the relevant Dealer(s). The specific terms of each Series or Tranche will be specified in the relevant Pricing Supplement.

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

Hybrid Notes	:	Hybrid Notes will bear interest, during the fixed rate period to be agreed between the Issuer and the relevant Dealer(s), at a fixed rate of interest which will be payable in arrear on specified dates and during the floating rate period to be agreed between the Issuer and the relevant Dealer(s) at the rate of interest to be determined by reference to SORA (or such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin (provided that if the Hybrid Notes are denominated in a currency other than Singapore dollars, such Hybrid Notes will bear interest to be determined separately by reference to such benchmark as may be agreed between the Issuer and the relevant Dealer(s)), in each case payable at the end of each interest period to be agreed between the Issuer and the relevant Dealer(s).
Zero Coupon Notes	:	Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest other than in the case of late payment.
Form and Denomination of Notes	:	The Notes will be issued in bearer form or registered form and in such denominations as may be agreed between the Issuer and the relevant Dealer(s). Each Tranche or Series of bearer Notes may initially be represented by a Temporary Global Note or a Permanent Global Note. Each Temporary Global Note may be deposited on the relevant issue date with CDP, the Common Depositary and/or any other agreed clearing system and will be exchangeable, upon request as described therein, either for a Permanent Global Note or Definitive Notes (as indicated in the applicable Pricing Supplement). Each Permanent Global Note may be exchanged, unless otherwise specified in the applicable Pricing Supplement, upon request as described therein, in whole (but not in part) for definitive Notes upon the terms therein. Each Tranche or Series of registered Notes will initially be represented by a Global Certificate. Each Global Certificate may be registered in the name of, or in the name of a nominee of, CDP, the Common Depositary 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 Notes, a Certificate shall be issued in respect of each Noteholder's entire holding of registered Notes of one Series.
Custody of the Notes	:	Notes which are to be listed on the SGX-ST may be cleared through CDP, Euroclear and/or Clearstream, Luxembourg. Notes which are cleared through CDP are required to be kept with CDP as authorised depository. Notes which are cleared through Euroclear and/or Clearstream, Luxembourg are required to be kept with the Common Depositary.

Status of the Notes	:	The Notes and Coupons of all Series constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer. The Notes and Coupons shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.
Optional Redemption and Purchase	:	If so provided on the face of the Notes and the relevant Pricing Supplement, the Notes may be redeemed (either in whole or in part) prior to their stated maturity at the option of the Issuer and/or the Noteholders. Further, if so provided on the face of the Notes and the relevant Pricing Supplement, the Notes may be purchased by the Issuer (either in whole or in part) prior to their stated maturity at the option of the Issuer and/or the Noteholders.
Redemption at the Option of the Noteholders upon Change of Shareholding	:	If, for any reason, a Change of Shareholding (as defined below) occurs, the Issuer shall within seven (7) days after becoming aware give notice to the Trustee, the Issuing and Paying Agent and the Noteholders of the occurrence of such event (the "**Notice**") and shall, at the option of the Noteholder, redeem such Note at its redemption amount, together with interest accrued to the date fixed for redemption, on the date falling 60 days from the date of the Notice (or if such date is not a business day, on the next day which is a business day) provided that any failure by the Issuer to give such Notice shall not prejudice any Noteholder of such option. To exercise such option, the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons and unexchanged Talons) with the Issuing and Paying Agent or any other Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Issuer (as applicable), no later than 21 days from the date of the Notice. Any Note or Certificate so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. For the purposes of the above paragraph: "**Change of Shareholding**" occurs when National Trades Union Congress, NTUC Foundation Limited and NTUC Enterprise Co-operative Limited cease to own in aggregate at least 50.1 per cent. of the issued share capital of the Issuer.

Redemption for Taxation Reasons	:	If so provided in the relevant Pricing Supplement, the Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (as defined in the Conditions) or, if so specified in the relevant Pricing Supplement, 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 6.10) (together with interest accrued (if any) to (but excluding) the date fixed for redemption), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement, and (ii) such obligations cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.
Negative Pledge	:	The Issuer has covenanted with the Trustee in the Trust Deed that, so long as any of the Notes or Coupons remains outstanding, the Issuer will not, and will ensure that none of its Principal Subsidiaries (as defined in Condition 10) will, create or permit to subsist, any mortgage, charge, lien, pledge or other form of encumbrance or security interest upon the whole or any part of its present or future undertakings, properties, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Notes and the Coupons the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as shall be approved by the Noteholders by way of an Extraordinary Resolution (as defined in the Trust Deed). "**Relevant Indebtedness**" means any indebtedness which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market) and for the avoidance of doubt, excludes bilateral and syndicated loans arranged or granted by a bank or other financial institution.

Non-Disposal Covenant	:	The Issuer has covenanted with the Trustee in the Trust Deed that, so long as any of the Notes remains outstanding, the Issuer 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 or otherwise dispose of (whether outright, by a sale-and-repurchase or sale-and-leaseback arrangement, or otherwise) all or substantially all of the assets of the Group where such disposal would materially and adversely affect the ability of the Issuer to perform or comply with its obligations under the Notes. The following disposals shall not be taken into account: (i) disposals in the ordinary course of business on arm's length basis and on normal commercial terms; (ii) any disposal approved by the Noteholders by way of an Extraordinary Resolution; (iii) any disposal in connection with the transfer of any assets to another member of the Group; (iv) any disposal or sale of assets which are obsolete, excess or no longer required for the purpose of the Issuer's business on an arms' length basis and on normal commercial terms; (v) any payment of cash as consideration for the acquisition of any asset on an arm's length basis and on normal commercial terms; and (vi) any exchange of assets for other assets which are comparable or superior as to type and value.
Events of Default	:	See Condition 10.
Taxation	:	All payments in respect of the Notes and the Coupons by or on behalf of the Issuer shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such deduction or withholding is required by law. In such event, the Issuer shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, save for certain exceptions. For further details, see Condition 8 of the Notes and the section on "Taxation" below.

Listing	:	Application has been made to the SGX-ST for permission to deal in, and for quotation of the Notes that may be issued pursuant to the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the SGX-ST. Each Series of the Notes may, if so agreed between the Issuer and the relevant Dealer(s), be listed on the SGX-ST or any stock exchange(s) as may be agreed between the Issuer and the relevant Dealer(s), subject to all necessary approvals having been obtained. If the application to the SGX-ST to list a particular Series of Notes is approved, for so long as such Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such Notes will be traded on the SGX-ST in a minimum board lot size of at least S$200,000 (or its equivalent in foreign currencies) or such other amount as may be allowed or required from time to time.
Selling Restrictions	:	For a description of certain restrictions on offers, sales and deliveries of Notes and the distribution of offering material relating to the Notes, see the section on "Subscription, Purchase and Distribution" below. Further restrictions may apply in connection with any particular Series or Tranche of Notes.
Governing Law	:	The Programme and any Notes issued under the Programme will be governed by, and construed in accordance with, the laws of Singapore.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, will be endorsed on the Notes in definitive form (if any) issued in exchange for the Global Note(s) 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. Unless otherwise stated, all capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. References in the Conditions to "Notes" are to the Notes of one Series only, and not to all Notes that may be issued under the Programme, details of the relevant Series being shown on the face of the relevant Notes and in the relevant Pricing Supplement.

The Notes are constituted by a Trust Deed (as amended, restated or supplemented from time to time, the "**Trust Deed**") dated 10 May 2022 made between (1) NTUC Fairprice Co-operative Limited**,** as issuer (the "**Issuer**"), and (2) The Bank of New York Mellon, Singapore Branch (the "**Trustee**", which expression shall wherever the context so admits include such company and all other persons for the time being the trustee or trustees of the Trust Deed), as trustee for the Noteholders (as defined below), and (where applicable) the Notes are issued with the benefit of a deed of covenant (as amended, restated or supplemented from time to time, the "**Deed of Covenant**") dated 10 May 2022 executed by the Issuer, relating to Notes ("**CDP Notes**") cleared or to be cleared through the CDP System (as defined in the Trust Deed)**.** 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 Notes, Certificates, Coupons and Talons referred to below. The Issuer has entered into an agency agreement dated 10 May 2022 (as amended, restated or supplemented from time to time, the "**Agency Agreement**") made between (1) the Issuer, as issuer, (2) The Bank of New York Mellon, Singapore Branch, as issuing and paying agent in respect of CDP Notes (in such capacity, the "**CDP Issuing and Paying Agent**"), transfer agent in respect of CDP Notes (in such capacity, the "**CDP Transfer Agent**"), registrar in respect of CDP Notes (in such capacity, the "**CDP Registrar**") and (where appointed as contemplated therein) calculation agent in respect of CDP Notes (in such capacity, and together with any other calculation agent in respect of CDP Notes that may be appointed under the Agency Agreement or (as the case may be) the Calculation Agency Agreement, the "**CDP Calculation Agent**"), (3) The Bank of New York Mellon, London Branch, as issuing and paying agent in respect of Notes cleared or to be cleared through a clearing system other than the CDP System ("**Non-CDP Notes**") (in such capacity, the "**Non-CDP Issuing and Paying Agent**" and, together with the CDP Issuing and Paying Agent and any other paying agents that may be appointed, the "**Paying Agents**") and (where appointed as contemplated therein) calculation agent in respect of Non-CDP Notes (in such capacity, and together with any other calculation agent that may be appointed in respect of Non-CDP Notes under the Agency Agreement or (as the case may be) the Calculation Agency Agreement, the "**Non-CDP Calculation Agent**" and, together with the CDP Calculation Agent, the "**Calculation Agents**"), (4) The Bank of New York Mellon SA/NV, Dublin Branch, as transfer agent in respect of Non-CDP Notes (in such capacity, the "**Non-CDP Transfer Agent**" and, together with the CDP Transfer Agent and any other transfer agents that may be appointed, the "**Transfer Agents**") and registrar in respect of Non-CDP Notes (in such capacity, the "**Non-CDP Registrar**" and, together with the CDP Registrar, the "**Registrars**"), and (5) the Trustee, as trustee for the Noteholders. The Noteholders and the holders (the "**Couponholders**") of the coupons (the "**Coupons**") appertaining to the interest-bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the "**Talons**") are bound by and are deemed to have notice of all of the provisions of the Trust Deed, the Agency Agreement and the Deed of Covenant.

For the purposes of these Conditions, all references to (a) the "**Issuing and Paying Agent**" shall, in the case of a Series of CDP Notes, be deemed to be a reference to the CDP Issuing and Paying Agent and, in the case of a Series of Non-CDP Notes, be deemed to be a reference to the Non-CDP Issuing and Paying Agent, (b) the Registrar shall, in the case of a Series of CDP Notes, be deemed to be a reference to the CDP Registrar and, in the case of a Series of Non-CDP Notes, be deemed to be a reference to the Non-CDP Registrar, (c) the Transfer Agent shall, in the case of a Series of CDP Notes, be deemed to be a reference to the CDP Transfer Agent and, in the case of a Series of Non-CDP Notes, be deemed to be a reference to the Non-CDP Transfer Agent, and (d) the Calculation Agent shall, in the case of a Series of CDP Notes, be deemed to be a reference to the CDP Calculation Agent and, in the case of a Series of Non-CDP Notes, be deemed to be a reference to the Non-CDP Calculation Agent, and (unless the context otherwise requires) all such references shall be construed accordingly.

Copies of the Trust Deed, the Agency Agreement and the Deed of Covenant are available for inspection at the principal office of the Trustee for the time being and at the respective specified offices of the Paying Agents for the time being during usual business hours, upon prior written request and satisfactory proof of holdings.

1. FORM, DENOMINATION AND TITLE

1.1 Form and Denomination

(a) 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 in the relevant Pricing Supplement. Subject to applicable laws, in the case of Registered Notes, such Notes are in the Denomination Amount shown in the relevant Pricing Supplement, which may include a minimum denomination and higher integral multiples of a smaller amount, in each case, as specified in the relevant Pricing Supplement.

(b) This Note is a Fixed Rate Note, a Floating Rate Note, a Variable Rate Note, a Hybrid Note or a Note that does not bear interest (a "**Zero Coupon Note**") (depending upon the Interest Basis shown on its face).

(c) 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 7.8 in these Conditions are not applicable.

(d) Registered Notes are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2.3, each Certificate shall represent the entire holding of Registered Notes by the same holder.

1.2 Title

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

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

(c) For so long as any of the Notes is represented by a Global Note (as defined below) or, as the case may be, a Global Certificate (as defined below), and such Global Note or Global Certificate is held by The Central Depository (Pte) Limited (the "**Depository**"), a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**") and/or any other clearing system, each person who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg, the Depository and/or any such other clearing system as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg, the Depository and/or such other clearing system as to the principal amount of such Notes standing to the credit of the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Paying Agents, the Transfer Agents, the Registrars, the Calculation Agent, all other agents of the Issuer and the Trustee as the holder of such principal amount of Notes standing to the credit of the account of such person. Other than with respect to the payment of principal, premium (if any), interest, redemption or purchase amount (if any) in respect of the Notes, for which purpose the bearer of the Global Note or, as the case may be, the person whose name is shown on the Register shall be treated by the Issuer, the Paying Agents, the Transfer Agents, the Registrars, the Calculation Agents, all other agents of the Issuer and the Trustee as the holder of such principal amount of Notes in accordance with and subject to the terms of the Global Note or, as the case may be, the Global Certificate (and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions, where the context requires, shall be construed accordingly). Notes which are represented by the Global Note or, as the case may be, the Global Certificate and held by the Depository, a common depository for Euroclear and/or Clearstream, Luxembourg and/or any other clearing system will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg, the Depository and/or such other clearing system.

For so long as any of the Notes is represented by a Global Note or, as the case may be, a Global Certificate and such Global Note or, as the case may be, Global Certificate is held by the Depository, the payment of principal, premium (if any), interest, redemption or purchase amount (if any) and any other amounts in respect of the Notes shall be made by the Depository to the persons shown in the records of the Depository as the holder of Notes in accordance with the rules and procedures for the time being of the Depository and the record date for the purposes of determining entitlements to any payment of principal, interest and any other amounts in respect of the Notes shall, unless otherwise specified by the Issuer, be the date falling five (5) business days prior to the relevant payment date (or such other date as may be prescribed by the Depository).

For so long as any of the Notes is represented by a Global Note or, as the case may be, a Global Certificate and such Global Note or, as the case may be, Global Certificate is held by a common depositary for Euroclear and/or Clearstream, Luxembourg, the record date for purposes of determining entitlements to any payment of principal, premium (if any), interest, redemption or purchase amount (if any) and any other amounts in respect of the Note shall be the close of business on the Clearing System Business Day immediately prior to the relevant payment date, where "**Clearing System Business Day**" means Monday to Friday inclusive except 25 December and 1 January (or such other date as may be prescribed by Euroclear and/or Clearstream, Luxembourg).

(d) In these Conditions, "**Global Note**" means the relevant Temporary Global Note representing each Series or the relevant Permanent Global Note 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, (i) a common depositary for Euroclear and/or Clearstream, Luxembourg, (ii) the Depository and/or (iii) any other clearing system, "**Noteholder**" means (subject to Condition 1.2(c) above) 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 (subject to Condition 1.2(c) above) the bearer of any Bearer Note, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be), "**Series**" means (A) (in relation to Notes other than Variable Rate Notes) a Tranche, together with any further Tranche or Tranches, which are (1) expressed to be consolidated and forming a single series and (2) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of interest and (B) (in relation to Variable Rate Notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest and "**Tranche**" means Notes which are identical in all respects (including as to listing).

(e) 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

2.1 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.

2.2 Transfer of Registered Notes: Subject to Conditions 2.5 and 2.6 below, one or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer) duly completed and executed and any other evidence as the Registrar or such 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 Registered 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 (in the case of any regulation proposed by the Issuer) with the prior written approval of the Trustee, the Transfer Agents and the Registrar, (in the case of any regulation proposed by the Registrar) with the prior written approval of the Issuer and the Trustee. A copy of the current regulations will be made available by the Registrar, at the cost and expense of the Issuer, to any Noteholder upon request. For the avoidance of doubt, a Registered Note may be registered only in the name of, and transferred only to, a named person or persons. No transfer of a Registered Note will be valid unless and until entered on the Register.

2.3 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 of, 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 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.

2.4 Delivery of New Certificates: Each new Certificate to be issued pursuant to Condition 2.2 or 2.3 shall be available for delivery within seven (7) business days of receipt of the form of transfer or Exercise Notice (as defined in Condition 6.5) 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 2.4, "**business day**" means a day (other than a Saturday, Sunday or gazetted public holiday) on which banks are open for business in the place of the specified office of the Registrar or the relevant Transfer Agent (as the case may be).

2.5 Transfers Free of Charge: Transfers of Notes and registrations and issues of Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the Transfer 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 relevant Transfer Agent may require) in respect of such tax or governmental charges.

2.6 Closed Periods: No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6.4, (ii) after any such Note has been called for redemption or (iii) during the period of seven (7) days ending on (and including) any Record Date (as defined in Condition 7.2(b)).

3. STATUS

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

4. NEGATIVE PLEDGE AND OTHER COVENANTS

4.1 Negative Pledge

The Issuer has covenanted with the Trustee in the Trust Deed that, so long as any of the Notes or Coupons remains outstanding, the Issuer will not, and will ensure that none of its Principal Subsidiaries (as defined in Condition 10) will, create or permit to subsist, any mortgage, charge, lien, pledge or other form of encumbrance or security interest upon the whole or any part of its present or future undertakings, properties, assets or revenues (including any uncalled capital) to secure any Relevant Indebtedness, or to secure any guarantee or indemnity in respect of any Relevant Indebtedness, without at the same time or prior thereto according to the Notes and the Coupons the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity or such other security as shall be approved by Noteholders by way of an Extraordinary Resolution (as defined in the Trust Deed).

For the purposes of this Condition 4.1, "**Relevant Indebtedness**" means any indebtedness which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is capable of being, listed, quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market) and for the avoidance of doubt, excludes bilateral and syndicated loans arranged or granted by a bank or other financial institution.

4.2 Non-disposal Covenant

The Issuer has covenanted with the Trustee in the Trust Deed that, so long as any of the Notes remains outstanding, the Issuer 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 or otherwise dispose of (whether outright, by a sale-and-repurchase or sale-and-leaseback arrangement, or otherwise) all or substantially all of the assets of the Group where such disposal would materially and adversely affect the ability of the Issuer to perform or comply with its obligations under the Notes. The following disposals shall not be taken into account under this Condition 4.2:

(i) disposals in the ordinary course of business on arm's length basis and on normal commercial terms;

(ii) any disposal approved by the Noteholders by way of an Extraordinary Resolution;

(iii) any disposal in connection with the transfer of any assets to another member of the Group;

(iv) any disposal or sale of assets which are obsolete, excess or no longer required for the purpose of the Issuer's business on an arms' length basis and on normal commercial terms;

(v) any payment of cash as consideration for the acquisition of any asset on an arm's length basis and on normal commercial terms; and

(vi) any exchange of assets for other assets which are comparable or superior as to type and value.

5. INTEREST AND OTHER CALCULATIONS

5.1 Interest on Fixed Rate Notes

(a) Interest Rate and Accrual

Each Fixed Rate Note bears interest on its outstanding principal amount from the Interest Commencement Date (as defined in Condition 5.2(e)) in respect thereof and as shown in the relevant Pricing Supplement at the rate per annum (expressed as a percentage) equal to the Interest Rate shown in the relevant Pricing Supplement payable in arrear on each Interest Payment Date or Interest Payment Dates shown in the relevant Pricing Supplement in each year and on the Maturity Date shown in the relevant Pricing Supplement 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, the first payment will amount to the Initial Broken Amount shown in the relevant Pricing Supplement), unless the Maturity Date falls before the date on which the first payment of interest would otherwise be due. If the Maturity Date is not an Interest Payment Date, interest from the preceding Interest Payment Date (or from the Interest Commencement Date, as the case may be) to the Maturity Date will amount to the Final Broken Amount shown in the relevant Pricing Supplement.

Interest will cease to accrue on each Fixed Rate Note from (and including) the due date for redemption thereof unless, upon due presentation thereof and subject to the provisions of the Trust Deed, payment of the Redemption Amount shown in the relevant Pricing Supplement 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 5.1 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 (1) year will be calculated on the Day Count Fraction (as defined in Condition 5.2(e)) shown in the relevant Pricing Supplement. The amount of interest payable per Calculation Amount (as defined in Condition 5.2(e)) for any Fixed Rate Interest Period (as defined below) 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 in the relevant Pricing Supplement and rounding the resultant figure to the nearest sub-unit of the Relevant Currency (as defined in Condition 5.2(e)).

For the purposes of 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.

5.2 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 outstanding principal amount from the Interest Commencement Date in respect thereof and as shown in the relevant Pricing Supplement, and such interest will be payable in arrear on each interest payment date ("**Interest Payment Date**"), unless Payment Delay is specified in the applicable Pricing Supplement for a SORA Note, in which case interest will be payable in arrear on the specified business day as set out in the applicable Pricing Supplement following each Interest Payment Date. Notwithstanding the foregoing, if Lockout is specified in the applicable Pricing Supplement in addition to Payment Delay, interest in respect of the final Interest Period will be payable in arrear on the final Interest Payment Date. Such Interest Payment Date(s) is/are either shown in the relevant Pricing Supplement as Specified Interest Payment Date(s) or, if no Specified Interest Payment Date(s) is/are shown in the relevant Pricing Supplement, 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) in the relevant Pricing Supplement (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 5.2(c)(i)) in respect of any Variable Rate Note for any Interest Period (as defined below) relating to that Variable Rate Note shall be payable on the first day of that Interest Period. If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day (as defined below), then if the Business Day Convention specified is (i) 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 (A) such date shall be brought forward to the immediately preceding business day and (B) 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, (ii) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (iii) 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 (iv) 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 5.2 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 in the relevant Pricing Supplement, being (in the case of Notes which are denominated in Singapore dollars) Singapore Overnight Rate Average ("**SORA**") (in which case such Note will be a SORA Note) or in any other case (or in the case of Notes which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out in the relevant Pricing Supplement.

Such floating rate may be adjusted by adding or subtracting the Spread (if any) stated in the relevant Pricing Supplement. The "**Spread**" is the percentage rate per annum specified in the relevant Pricing Supplement as being applicable to the rate of interest for such Note. The rate of interest so calculated shall be subject to Condition 5.5(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 Calculation Agent on the basis of the following provisions:

(1) in the case of Floating Rate Notes which are specified in the applicable Pricing Supplement as being SORA Notes, the Rate of Interest for each Interest Period will, subject as provided below, be equal to the relevant SORA Benchmark (as defined below) plus or minus the Spread.

The "**SORA Benchmark**" will be determined based on Compounded Daily SORA or Compounded Index SORA, as follows:

(A) If Compounded Daily SORA is specified in the applicable Pricing Supplement, the SORA Benchmark for each Interest Period shall be determined based on Compounded Daily SORA which shall be calculated by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Pricing Supplement) on the relevant Interest Determination Date in accordance with one of the formulas referenced below depending upon which Observation Method is specified in the applicable Pricing Supplement:

(aa) where Lockout is specified as the Observation Method in the applicable Pricing Supplement:

"**Compounded Daily SORA**" means, with respect to an Interest Period, the rate of return of a daily compound interest investment during such Interest Period (with the reference rate for the calculation of interest being the daily Singapore Overnight Rate Average) calculated in accordance with the formula set forth below by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Pricing Supplement) on the Interest Determination Date, with the resulting percentage being rounded, if necessary, to the nearest one ten-thousandth of a percentage point (0.0001%), with 0.00005% being rounded upwards:

$$\left[\prod_{i=1}^{d_o}\left(1+\frac{SORA_i \times n_i}{365}\right)-1\right] \times \frac{365}{d}$$

where:

"**d**" is the number of calendar days in the relevant Interest Period;

"**d_o**", for any Interest Period, is the number of Singapore Business Days in the relevant Interest Period;

"**$_i$**", for the relevant Interest Period, is a series of whole numbers from one to d_o, each representing the relevant Singapore Business Days in chronological order from, and including, the first Singapore Business Day in such Interest Period to the last Singapore Business Day in such Interest Period;

"**Interest Determination Date**" means the Singapore Business Day immediately following the Rate Cut-Off Date;

"**n_i**", for any Singapore Business Day "$_i$", is the number of calendar days from and including such Singapore Business Day "$_i$" up to but excluding the following Singapore Business Day;

"***p***" means five Singapore Business Days (or such other number of Singapore Business Days specified in the relevant Pricing Supplement, which in no event shall be less than five Singapore Business Days);

"**Rate Cut-Off Date**" means, with respect to a Rate of Interest and Interest Period, the date falling "*p*" Singapore Business Days prior to the Interest Payment Date in respect of the relevant Interest Period (or the date falling "*p*" Singapore Business Days prior to such earlier date, if any, on which the SORA Notes become due and payable);

"**Singapore Business Day**" or "**SBD**" means a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks settle payments in Singapore;

"**SORA**" means, in respect of any Singapore Business Day "$_i$", a reference rate equal to the daily Singapore Overnight Rate Average published by the Monetary Authority of Singapore (or a successor administrator), as the administrator of the benchmark, on the Monetary Authority of Singapore's website currently at http://www.mas.gov.sg, or any successor website officially designated by the Monetary Authority of Singapore (or as published by its authorised distributors) (the "**Relevant Screen Page**") on the Singapore Business Day immediately following such Singapore Business Day "$_i$";

"**$SORA_i$**" means, in respect of any Singapore Business Day "i" falling in the relevant Interest Period:

(I) if such Singapore Business Day is a SORA Reset Date, the reference rate equal to SORA in respect of that Singapore Business Day; and

(II) if such Singapore Business Day is not a SORA Reset Date (being a Singapore Business Day falling in the Suspension Period), the reference rate equal to SORA in respect of the first Singapore Business Day falling in the Suspension Period (the "**Suspension Period $SORA_i$**") (such first day of the Suspension Period coinciding with the Rate Cut-Off Date). For the avoidance of doubt, the Suspension Period $SORA_i$ shall apply to each day falling in the relevant Suspension Period;

"**SORA Reset Date**" means, in relation to any Interest Period, each Singapore Business Day during such Interest Period, other than any Singapore Business Day falling in the Suspension Period corresponding with such Interest Period; and

"**Suspension Period**" means, in relation to any Interest Period, the period from (and including) the date falling "*p*" Singapore Business Days prior to the Interest Payment Date in respect of the relevant Interest Period or such other date specified in the applicable Pricing Supplement (such Singapore Business Day coinciding with the Rate Cut-Off Date) to (but excluding) the Interest Payment Date of such Interest Period.

(bb) where Lookback is specified as the Observation Method in the applicable Pricing Supplement:

"**Compounded Daily SORA**" means, with respect to an Interest Period, the rate of return of a daily compound interest investment during the Observation Period corresponding to such Interest Period (with the reference rate for the calculation of interest being the daily Singapore Overnight Rate Average) calculated in accordance with the formula set forth below by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Pricing Supplement) on the Interest Determination Date, with the resulting percentage being rounded, if necessary, to the nearest one ten-thousandth of a percentage point (0.0001%), with 0.00005% being rounded upwards:

$$\left[\prod_{i=1}^{d_o}\left(1+\frac{SORA_{i-xSBD}\times n_i}{365}\right)-1\right]\times\frac{365}{d}$$

where:

"**d**" is the number of calendar days in the relevant Interest Period;

"**d_o**", for any Interest Period, is the number of Singapore Business Days in the relevant Interest Period;

"i", for the relevant Interest Period, is a series of whole numbers from one to d_o, each representing the relevant Singapore Business Days in chronological order from, and including, the first Singapore Business Day in such Interest Period to the last Singapore Business Day in such Interest Period;

"**Interest Determination Date**" means, with respect to a Rate of Interest and Interest Period, the date falling one Singapore Business Day after the end of each Observation Period, unless otherwise specified in the relevant Pricing Supplement;

"**n_i**", for any Singapore Business Day "$_i$", is the number of calendar days from and including such Singapore Business Day "$_i$" up to but excluding the following Singapore Business Day;

"**Observation Period**" means, for the relevant Interest Period, the period from, and including, the date falling "*p*" Singapore Business Days prior to the first day of such Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) and to, but excluding, the date falling "*p*" Singapore Business Days prior to the Interest Payment Date at the end of such Interest Period (or the date falling "*p*" Singapore Business Days prior to such earlier date, if any, on which the SORA Notes become due and payable);

"***p***" means five Singapore Business Days (or such other number of Singapore Business Days specified in the relevant Pricing Supplement, which in no event shall be less than five Singapore Business Days);

"**Singapore Business Day**" or "**SBD**" means a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks settle payments in Singapore;

"**SORA**" means, in respect of any Singapore Business Day "$_i$", a reference rate equal to the daily Singapore Overnight Rate Average published by the Monetary Authority of Singapore (or a successor administrator), as the administrator of the benchmark, on the Monetary Authority of Singapore's website currently at http://www.mas.gov.sg, or any successor website officially designated by the Monetary Authority of Singapore (or as published by its authorised distributors) (the "**Relevant Screen Page**") on the Singapore Business Day immediately following such Singapore Business Day "$_i$"; and

"**$SORA_{i-x\,SBD}$**" means, in respect of any Singapore Business Day "$_i$" falling in the relevant Interest Period, the reference rate equal to SORA in respect of the Singapore Business Day falling "*p*" Singapore Business Days prior to the relevant Singapore Business Day "$_i$".

(cc) where Backward Shifted Observation Period is specified as the Observation Method in the applicable Pricing Supplement:

"**Compounded Daily SORA**" means, with respect to an Interest Period, the rate of return of a daily compound interest investment during the Observation Period corresponding to such Interest Period (with the reference rate for the calculation of interest being the daily Singapore Overnight Rate Average) calculated in accordance with the formula set forth below by the Calculation Agent (or such other party responsible for the calculation of the

Rate of Interest, as specified in the applicable Pricing Supplement) on the Interest Determination Date, with the resulting percentage being rounded, if necessary, to the nearest one ten-thousandth of a percentage point (0.0001%), with 0.00005% being rounded upwards:

$$\left[\prod_{i=1}^{d_o}\left(1+\frac{SORA_i \times n_i}{365}\right)-1\right] \times \frac{365}{d}$$

where:

"**d**" is the number of calendar days in the relevant Observation Period;

"$\mathbf{d_o}$", for any Interest Period, is the number of Singapore Business Days in the relevant Observation Period;

"$\mathbf{_i}$", for the relevant Interest Period, is a series of whole numbers from one to d_o, each representing the relevant Singapore Business Days in chronological order from, and including, the first Singapore Business Day in such Observation Period to the last Singapore Business Day in such Observation Period;

"**Interest Determination Date**" means, with respect to a Rate of Interest and Interest Period, the date falling one Singapore Business Day after the end of each Observation Period, unless otherwise specified in the relevant Pricing Supplement;

"$\mathbf{n_i}$", for any Singapore Business Day "$_i$", is the number of calendar days from and including such Singapore Business Day "$_i$" up to but excluding the following Singapore Business Day;

"**Observation Period**" means, for the relevant Interest Period, the period from, and including, the date falling "*p*" Singapore Business Days prior to the first day of such Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) and to, but excluding, the date falling "*p*" Singapore Business Days prior to the Interest Payment Date at the end of such Interest Period (or the date falling "*p*" Singapore Business Days prior to such earlier date, if any, on which the SORA Notes become due and payable);

"***p***" means five Singapore Business Days (or such other number of Singapore Business Days specified in the relevant Pricing Supplement, which in no event shall be less than five Singapore Business Days);

"**Singapore Business Day**" or "**SBD**" means a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks settle payments in Singapore;

"**SORA**" means, in respect of any Singapore Business Day "$_i$", a reference rate equal to the daily Singapore Overnight Rate Average published by the Monetary Authority of Singapore (or a successor administrator), as the administrator of the benchmark, on the Monetary Authority of Singapore's website currently at http://www.mas.gov.sg, or any successor website officially designated by the Monetary Authority of Singapore (or as published by its authorised distributors) (the "**Relevant Screen Page**") on the Singapore Business Day immediately following such Singapore Business Day "$_i$"; and

"**SORA$_i$**" means**,** in respect of any Singapore Business Day "$_i$" falling in the relevant Observation Period, the reference rate equal to SORA in respect of that Singapore Business Day "$_i$"**.**

(dd) where Payment Delay is specified as the Observation Method in the applicable Pricing Supplement:

"**Compounded Daily SORA**" means, with respect to an Interest Period, the rate of return of a daily compound interest investment during such Interest Period (with the reference rate for the calculation of interest being the daily Singapore Overnight Rate Average) calculated in accordance with the formula set forth below by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Pricing Supplement) on the Interest Determination Date, with the resulting percentage being rounded, if necessary, to the nearest one ten-thousandth of a percentage point (0.0001%), with 0.00005% being rounded upwards.

$$\left[\prod_{i=1}^{d_o}\left(1+\frac{SORA_i \times n_i}{365}\right)-1\right]\times\frac{365}{d}$$

where:

"**d**" is the number of calendar days in the relevant Interest Period;

"**d$_o$**", for any Interest Period, is the number of Singapore Business Days in the relevant Interest Period;

"***i***", for the relevant Interest Period, is a series of whole numbers from one to d_o, each representing the relevant Singapore Business Days in chronological order from, and including, the first Singapore Business Day in such Interest Period to the last Singapore Business Day in such Interest Period;

"**Interest Determination Date**" means, with respect to a Rate of Interest and Interest Period, the date falling one Singapore Business Day after the end of each Interest Period provided, if Lockout is specified in the applicable Pricing Supplement in addition to Payment Delay, that the Interest Determination Date with respect to the final Interest Period will be the date falling one Singapore Business Day after the Rate Cut-Off Date;

“**n_i**”, for any Singapore Business Day “*i*”, is the number of calendar days from and including such Singapore Business Day “*i*” up to but excluding the following Singapore Business Day;

“**Rate Cut-Off Date**” means the date that is five Singapore Business Days (or such number of Singapore Business Days as specified in the applicable Pricing Supplement) prior to the Maturity Date or the relevant redemption date, as applicable;

“**Singapore Business Day**” or “**SBD**” means a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks settle payments in Singapore;

“**SORA**” means, in respect of any Singapore Business Day “*i*”, a reference rate equal to the daily Singapore Overnight Rate Average published by the Monetary Authority of Singapore (or a successor administrator), as the administrator of the benchmark, on the Monetary Authority of Singapore’s website currently at http://www.mas.gov.sg, or any successor website officially designated by the Monetary Authority of Singapore (or as published by its authorised distributors) (the “**Relevant Screen Page**”) on the Singapore Business Day immediately following such Singapore Business Day “*i*”; and

“**$SORA_i$**” means, in respect of any Singapore Business Day “*i*” falling in the relevant Interest Period, the reference rate equal to SORA in respect of that Singapore Business Day “*i*”.

For the purposes of calculating Compounded Daily SORA with respect to the final Interest Period ending on the Maturity Date or the redemption date, the level of SORA for each Singapore Business Day in the period from (and including) the Rate Cut-Off Date to (but excluding) the Maturity Date or the relevant redemption date, as applicable, shall be the level of SORA in respect of such Rate Cut-Off Date.

For the avoidance of doubt, the formula for the calculation of Compounded Daily SORA only compounds SORA in respect of any Singapore Business Day. SORA applied to a day that is not a Singapore Business Day will be taken by applying SORA for the previous Singapore Business Day but without compounding.

(B) if Compounded Index SORA is specified in the applicable Pricing Supplement, the SORA Benchmark for each Interest Period shall be determined based on the Compounded Index SORA which shall be calculated by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Pricing Supplement) on the relevant Interest Determination Date as follows:

$$\left(\frac{SORA\ Index_{End}}{SORA\ Index_{Start}} - 1\right) \times \left(\frac{365}{d_c}\right)$$

and the resulting percentage being rounded if necessary to the nearest one ten-thousandth of a percentage point (0.0001%), with 0.00005% being rounded upwards, where:

"$\mathbf{d_c}$" means the number of calendar days from (and including) the SORA $\text{Index}_{\text{Start}}$ to (but excluding) the SORA $\text{Index}_{\text{End}}$;

"**Singapore Business Days**" or "**SBD**" means a day (other than a Saturday, Sunday or gazetted public holiday) on which commercial banks settle payments in Singapore;

"**SORA Index**" means, in relation to any Singapore Business Day, the SORA Index as published by the Monetary Authority of Singapore (or a successor administrator), as the administrator of the benchmark, on the Monetary Authority of Singapore's website currently at http://www.mas.gov.sg, or any successor website officially designated by the Monetary Authority of Singapore (or as published by its authorised distributors) at the SORA Index Determination Time, provided that if the SORA Index does not so appear at the SORA Index Determination Time, then if a Benchmark Event has not occurred, the "Compounded Index SORA" shall be calculated on any Interest Determination Date with respect to an Interest Period, in accordance with the Compounded Daily SORA formula described above in Condition 5.2(b)(ii)(1)(A)(cc), and the Observation Period shall be calculated with reference to the number of Singapore Business Days preceding the first date of the relevant Interest Period that is used in the definition of SORA $\text{Index}_{\text{Start}}$ as specified in the applicable Pricing Supplement;

"**SORA $\textbf{Index}_{\textit{end}}$**" means the SORA Index value on the date falling five Singapore Business Days (or such other number of Singapore Business Days as specified in the applicable Pricing Supplement) preceding the last date of the relevant Interest Period;

"**SORA $\textbf{Index}_{\textit{start}}$**" means the SORA Index value on the date falling five Singapore Business Days (or such other number of Singapore Business Days as specified in the applicable Pricing Supplement) preceding the first date of the relevant Interest Period; and

"**SORA Index Determination Time**" means, in relation to any Singapore Business Day, approximately 3:00 p.m. (Singapore time) on such Singapore Business Day.

(C) (aa) Subject to Condition 5.6, if, by 5:00 p.m., Singapore time, on the Singapore Business Day immediately following such Singapore Business Day "$_i$", SORA in respect of such Singapore Business Day "$_i$" has not been published and a Benchmark Event for SORA has not occurred, then SORA for that Singapore Business Day "$_i$" will be SORA as published in respect of the first preceding Singapore Business Day for which SORA was published.

(bb) In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions by the Calculation Agent (or such other party responsible for the calculation of the Rate of Interest, as specified in the applicable Pricing Supplement), subject to Condition 5.6, the Rate of Interest shall be:

(I) that determined as at the last preceding Interest Determination Date or, as the case may be, Rate Cut-Off Date (though substituting, where a different Spread or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Spread or Maximum Rate of Interest or Minimum Rate of Interest (as specified in the applicable Pricing Supplement) relating to the relevant Interest Period in place of the Spread or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Period); or

(II) if there is no such preceding Interest Determination Date or, as the case may be, Rate Cut-Off Date, the initial Rate of Interest which would have been applicable to such Series of SORA Notes for the first Interest Period had the SORA Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date (but applying the Spread and any Maximum Rate of Interest or Minimum Rate of Interest applicable to the first Interest Period).

(D) If the relevant Series of SORA Notes become due and payable in accordance with Condition 10, the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the applicable Pricing Supplement, be deemed to be the date on which such SORA Notes became due and payable (with corresponding adjustments being deemed to be made to the applicable SORA Benchmark formula) and the Rate of Interest on such SORA Notes shall, for so long as any such SORA Note remains outstanding, be that determined on such date.

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

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

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

and as adjusted by the Spread (if any);

(B) if the Primary Source for the Floating Rate Note is Reference Banks or if paragraph (b)(ii)(2)(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)(2)(A)(bb) applies and fewer than two Relevant Rates appear on the Screen Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to the nearest four (4) 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 notified by the Issuer (or an independent adviser appointed by it) to the Calculation Agent as adjusted by the Spread (if any);

(C) if paragraph (b)(ii)(2)(B) applies and 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; and

(D) if the Calculation Agent is unable to determine the Rate of Interest for an Interest Period in accordance with paragraphs (b)(ii)(2)(A) to (b)(ii)(2)(C) above, the Rate of Interest for such Interest Period shall be the Rate of Interest in effect for the last preceding Interest Period to which paragraph (b)(ii)(2)(A), (b)(ii)(2)(B) or (b)(ii)(2)(C) above shall have applied.

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

(iv) For the avoidance of doubt, in the event that the Rate of Interest as determined in accordance with any of the foregoing in relation to any Interest Period is less than zero (subject to any applicable Minimum Rate of Interest), the Rate of Interest in relation to such Interest Period shall be equal to zero.

(c) Rate of Interest – Variable Rate Notes

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

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

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

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

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

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

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

(iii) The Issuer has undertaken in the Agency Agreement that it will:

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

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

(iv) For the purposes of sub-paragraph (ii) above, the Rate of Interest for each Interest Period for which there is neither an Agreed Yield nor Agreed Rate in respect of any Variable Rate Note or no Relevant Dealer in respect of the Variable Rate Note(s) shall be the rate (the "**Fall Back Rate**") determined by reference to a Benchmark as stated in the relevant Pricing Supplement, being (in the case of Variable Rate Notes which are denominated in Singapore dollars)

SORA (in which case such Variable Rate Note(s) will be SORA 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 in the relevant Pricing Supplement.

Such rate may be adjusted by adding or subtracting the Spread (if any) stated in the relevant Pricing Supplement. The "Spread" is the percentage rate per annum specified in the relevant Pricing Supplement as being applicable to the rate of interest for such Variable Rate Note. The rate of interest so calculated shall be subject to Condition 5.5(a) below.

The Fall Back Rate payable from time to time in respect of each Variable Rate Note will be determined by the Calculation Agent in accordance with the provisions of Condition 5.2(b)(ii) above *(mutatis mutandis)* and references therein to "**Rate of Interest**" shall mean "**Fall Back Rate**".

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

(vi) For the avoidance of doubt, in the event that the Rate of Interest as determined in accordance with the foregoing in relation to any Interest Period is less than zero (subject to any applicable Minimum Rate of Interest), the Rate of Interest in relation to such Interest Period shall be equal to zero.

(d) Minimum/Maximum Rate of Interest

If the applicable Pricing Supplement specifies a Minimum Rate of Interest and/or a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with Condition 5.2(b) or Condition 5.2(c) above is less than such Minimum Rate of Interest, or more than such Maximum Rate of Interest, as the case may be, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest, or such Maximum Rate of Interest, as the case may be.

(e) Definitions

As used in these Conditions, unless the context requires:

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

"**business day**" means, in respect of each Note, (i) a day (other than a Saturday, Sunday or gazetted public holiday) on which Euroclear, Clearstream, Luxembourg and the Depository, as applicable, are operating, (ii) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in the country in which (in the case of CDP Notes) the specified office of the CDP Issuing and Paying Agent, and (in the case of Non-CDP Notes) the Non-CDP Issuing and Paying Agent, is situated and (iii) (if a payment is to be made on that day) (A) (in the case of Notes denominated in Singapore dollars) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in Singapore, (B) (in the case of

Notes denominated in Euro) a day (other than a Saturday, Sunday or gazetted public holiday) on which the TARGET System is open for settlement in Euro and (C) (in the case of Notes denominated in a currency other than Singapore dollars and Euro) a day (other than a Saturday, Sunday or gazetted public holiday) on which 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 in the relevant Pricing Supplement 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 (A) 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 (B) 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;

(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; and

(iv) if "30/360" is specified in the applicable Pricing Supplement, the 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 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y2 - Y1)] + [30 \times (M2 - M1)] + (D2 - D1)}{360}$$

where:

"**Y1**" is the year, expressed as a number, in which the first day of the Fixed Rate Interest Period or, as the case may be, the Interest Period falls;

"**Y2**" is the year, expressed as a number, in which the day immediately following the last day included in the Fixed Rate Interest Period or, as the case may be, the Interest Period falls;

"**M1**" is the calendar month, expressed as a number, in which the first day of the Fixed Rate Interest Period or, as the case may be, the Interest Period falls;

"**M2**" is the calendar month, expressed as a number, in which the day immediately following the last day included in the Fixed Rate Interest Period or, as the case may be, the Interest Period falls;

"**D1**" is the first calendar day, expressed as a number, of the Fixed Rate Interest Period or, as the case may be, the Interest Period, unless such number would be 31, in which case D1 will be 30; and

"**D2**" is the calendar day, expressed as a number, immediately following the last day included in the Fixed Rate Interest Period or, as the case may be, the Interest Period, unless such number would be 31 and D1 is greater than 29, in which case D2 will be 30;

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

"**Interest Commencement Date**" means the Issue Date or such other date as may be specified as the Interest Commencement Date in the relevant Pricing Supplement;

"**Interest Determination Date**" means, in respect of any Interest Period, such date as is set out in the applicable Pricing Supplement or on the face of the relevant Note;

"**Issue Date**" means the date specified as such in the applicable Pricing Supplement;

"**Primary Source**" means (i) 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**")) notified to the Calculation Agent by the Issuer or (ii) the Reference Banks, as the case may be;

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

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

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

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

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

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

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

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

5.3 Interest on Hybrid Notes

(a) Interest Rate and Accrual

Each Hybrid Note bears interest on its outstanding principal amount from the Interest Commencement Date in respect thereof and as shown in the relevant Pricing Supplement.

(b) Fixed Rate Period

(i) In respect of the Fixed Rate Period shown in the relevant Pricing Supplement, each Hybrid Note bears interest on its outstanding principal 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 in the relevant Pricing Supplement payable in arrear on each Interest Payment Date or Interest Payment Dates shown in the relevant Pricing Supplement 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 in the relevant Pricing Supplement), 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 in the relevant Pricing Supplement.

(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 (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 at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 5.3 to (but excluding) the Relevant Date.

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

(c) Floating Rate Period

(i) In respect of the Floating Rate Period shown in the relevant Pricing Supplement, each Hybrid Note bears interest on its outstanding principal 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**"), unless Payment Delay is specified in the applicable Pricing Supplement for a SORA Note, in which case interest will be payable in arrear on the specified business day as set out in the applicable Pricing Supplement following each Interest Payment Date. Notwithstanding the foregoing, if Lockout is specified in the applicable Pricing Supplement in addition to Payment Delay, interest in respect of the final Interest Period will be payable in arrear on the final Interest Payment Date. Such Interest Payment Date(s) is/are either shown in the relevant Pricing Supplement as Specified Interest Payment Date(s) or, if no Specified Interest Payment Date(s) is/are shown in the relevant Pricing Supplement, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period in the relevant Pricing Supplement (the "**Specified Number of Months**") after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the first day of the Floating Rate Period (and which corresponds numerically with such preceding Interest Payment Date or the first day of the Floating Rate Period, as the case may be). If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day, then if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (1) such date shall be brought forward to the immediately preceding business day and (2) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

(ii) The period beginning 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 thereof, payment of principal (or Redemption Amount, as the case may be) is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 5.3 and the Agency Agreement to (but excluding) the Relevant Date.

(iv) The provisions of Condition 5.2(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.

5.4 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 6.10). 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 determined in accordance with Condition 6.10).

5.5 Calculations

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

The Calculation Agent will, as soon as practicable after the Relevant Time on each Interest Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate 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, calculate the Redemption Amount or Early Redemption Amount or make such determination or calculation, as the case may be. The amount of interest payable per Calculation Amount in respect of any Floating Rate Note, Variable Rate Note or (where applicable) Hybrid Note shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount, by the Day Count Fraction shown on the Note and rounding the resultant figure to the nearest sub-unit of the Relevant Currency. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties (including the Noteholders).

(b) Notification

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

(c) Failure to Determine or Calculate Rate of Interest

If the Calculation Agent does not at any material time determine or calculate the Rate of Interest for an Interest Period or any Interest Amount, the Issuer shall notify the Trustee and the Issuing and Paying Agent of this failure and promptly appoint an alternative Calculation Agent. In doing so, the alternative Calculation Agent shall apply the provisions of this Condition, with any necessary consequential amendments, to the extent that, in its sole opinion, it can do so, and, in all other respects, it shall do so in such manner as it shall in its sole opinion deem fair and reasonable in all the circumstances. If the Issuer fails to so appoint, the Notes will, for the relevant Interest Period, bear interest at the rate in effect for the last preceding Interest Period to which Condition 5.2 and 5.3 above shall have applied and the Issuing and Paying Agent will determine the relevant Interest Amount.

(d) Calculation Agent and Reference Banks

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

5.6 Benchmark Discontinuation and Replacement

(a) Independent Adviser

Notwithstanding the provisions above in this Condition 5, if a Benchmark Event occurs in relation to an Original Reference Rate prior to the relevant Interest Determination Date when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine the Benchmark Replacement (in accordance with Condition 5.6(b)) and an Adjustment Spread, if any (in accordance with Condition 5.6(c)), and any Benchmark Amendments (in accordance with Condition 5.6(d)) prior to the relevant Interest Determination Date.

An Independent Adviser appointed pursuant to this Condition 5.6 as an expert shall act in good faith and in a commercially reasonable manner and in consultation with the Issuer. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Issuer, the Trustee, the Issuing and Paying Agent, the Noteholders or the Couponholders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer, pursuant to this Condition 5.6.

If the Issuer is unable to appoint an Independent Adviser after using its reasonable endeavours, or the Independent Adviser appointed by it fails to determine the Benchmark Replacement by (in the case where Observation Period is specified as Lockout; Lookback; Backward Shifted or Payment Delay and Lockout) 15 business days prior to the relevant Interest Determination Date or (in the case where Observation Period is specified as Payment Delay) 19 business days prior to the relevant Interest Payment Date, the Issuer (acting in good faith and in a commercially reasonable manner) may, on the (in the case where Observation Period is specified as Lockout; Lookback; Backward Shifted or Payment Delay and Lockout) fifteenth business day prior to the Interest Determination Date and (in the case where Observation Period is specified as Payment Delay) nineteenth business day prior to the relevant Interest Payment Date, determine the Benchmark Replacement (in accordance with Condition 5.6(b)) and an Adjustment Spread, if any (in accordance with Condition 5.6(c)), and any Benchmark Amendments (in accordance with Condition 5.6(d)).

If the Issuer or the Independent Adviser appointed by it is unable to or does not determine the Benchmark Replacement by (in the case where Observation Period is specified as Lockout; Lookback; Backward Shifted or Payment Delay and Lockout) 15 business days prior to the Interest Determination Date or (in the case where Observation Period is specified as Payment Delay) 19 business days prior to the relevant Interest Payment Date, the Rate of Interest applicable to the next succeeding Interest Period shall be equal to the Rate of Interest last determined in relation to the Notes in respect of the immediately preceding Interest Period. If there has not been a first Interest Payment Date, the Rate of Interest shall be the initial Rate of Interest which would have been applicable to the Series of Notes for the first Interest Period had the Notes been in issue for a period equal in duration to the scheduled first Interest Period but ending on (and excluding) the Interest Commencement Date. Where a different Spread or Maximum Rate of Interest or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Spread or Maximum Rate of Interest or Minimum Rate of Interest relating to the relevant Interest Period shall be substituted in place of the Spread or Maximum Rate of Interest or Minimum Rate of Interest relating to that last preceding Interest Period. For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Interest Period only and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustments as provided in, the first paragraph of this Condition 5.6(a).

(b) Benchmark Replacement

The Benchmark Replacement determined by the Independent Adviser (in consultation with the Issuer) or the Issuer (in the circumstances set out in Condition 5.6(a)) shall (subject to adjustments as provided in Condition 5.6(c)) subsequently be used in place of the Original Reference Rate to determine the Rate of Interest (or the relevant component part thereof) for all future payments of interest on the Notes (subject to the operation of this Condition 5.6).

(c) Adjustment Spread

If the Independent Adviser (in consultation with the Issuer) or the Issuer (in the circumstances set out in Condition 5.6(a)) (as the case may be) determines:

(i) that an Adjustment Spread is required to be applied to the Benchmark Replacement; and

(ii) the quantum of, or a formula or methodology for determining, such Adjustment Spread,

then such Adjustment Spread shall be applied to the Benchmark Replacement.

(d) Benchmark Amendments

If the Independent Adviser (in consultation with the Issuer) or the Issuer (in the circumstances set out in Condition 5.6(a)) (as the case may be) determines:

(i) that Benchmark Amendments are necessary to ensure the proper operation of such Benchmark Replacement and/or Adjustment Spread; and

(ii) the terms of the Benchmark Amendments,

then the Issuer shall, subject to giving notice thereof in accordance with Condition 5.6(e), without any requirement for the consent or approval of Noteholders, vary these Conditions, the Trust Deed and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Trustee and (if the Benchmark Amendments affect the Issuing and Paying Agent) the Issuing and Paying Agent and (if the Benchmark Amendments affect the Calculation Agent) the Calculation Agent of a certificate signed by an authorised signatory of the Issuer pursuant to Condition 5.6(e), the Trustee, the Issuing and Paying Agent and (if applicable) the Calculation Agent shall (at the expense and direction of the Issuer), without any requirement for the consent or approval of the Noteholders, be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, *inter alia*, by the execution of a deed or agreement supplemental to or amending the Trust Deed, the Agency Agreement and these Conditions), provided that the Trustee, the Issuing and Paying Agent and (if applicable) the Calculation Agent shall not be obliged so to concur if in its reasonable opinion doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the protective provisions afforded to the Trustee, the Issuing and Paying Agent or the Calculation Agent (as the case may be) in these Conditions or the Trust Deed (including, for the avoidance of doubt, any supplemental trust deed) or the Agency Agreement in any way.

For the avoidance of doubt, the Trustee, the Issuing and Paying Agent, and (if applicable) the Calculation Agent shall, at the direction and expense of the Issuer, effect such consequential amendments to the Trust Deed, the Agency Agreement and these Conditions as may be required in order to give effect to this Condition 5.6(d). Noteholders' consent shall not be required in connection with effecting the Benchmark Replacement or such other changes, including for the execution of any documents or other steps by the Trustee, the Calculation Agent, the Issuing and Paying Agents, the Registrars or the Transfer Agents or the other agents (if required).

In connection with any such variation in accordance with this Condition 5.6(d), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(e) Notices, etc.

Any Benchmark Replacement, Adjustment Spread and the specific terms of any Benchmark Amendments, determined under this Condition 5.6 will be notified no later than (in the case where Observation Period is specified as Lockout; Lookback; Backward Shifted or Payment Delay and Lockout) 11 Business Days prior to the Interest Determination Date and (in the case where Observation Period is specified as Payment Delay) 15 Business Days prior to the Interest Payment Date, by the Issuer to the Trustee, the Issuing and Paying Agent, the Calculation Agent and, in accordance with Condition 16, the Noteholders and the Couponholders. Such notice shall be irrevocable and shall specify the effective date for such Benchmark Replacement, any related Adjustment Spread and of the Benchmark Amendments, if any.

No later than notifying the Trustee of the same, the Issuer shall deliver to the Trustee, (if the Benchmark Amendments affect the Issuing and Paying Agent) the Issuing and Paying Agent and (if the Benchmark Amendments affect the Calculation Agent) the Calculation Agent a certificate addressed to the Trustee, (if the Benchmark Amendments affect the Issuing and Paying Agent) the Issuing and Paying Agent and (if the Benchmark Amendments affect the Calculation Agent) the Calculation Agent signed by an authorised signatory of the Issuer:

(i) confirming (1) that a Benchmark Event has occurred, (2) the Benchmark Replacement, (3) where applicable, any Adjustment Spread and/or (4) the specific terms of any Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 5.6; and

(ii) certifying that the Benchmark Amendments are necessary to ensure the proper operation of such Benchmark Replacement and/or Adjustment Spread.

The Trustee, (if the Benchmark Amendments affect the Issuing and Paying Agent) the Issuing and Paying Agent and (if the Benchmark Amendments affect the Calculation Agent) the Calculation Agent shall be entitled to rely on such certificate (without liability to any person) as sufficient evidence thereof. Further, none of the Trustee, the Issuing and Paying Agent or the Calculation Agent shall be responsible or liable for any determinations or certifications made by the Issuer or the Independent Adviser with respect to any Successor Rate or Alternative Rate (as applicable) or any other changes and shall be entitled to rely conclusively on such certifications provided to each of them in this regard.

The Benchmark Replacement, the Adjustment Spread (if any) and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error or bad faith in the determination of the Benchmark Replacement, the Adjustment Spread (if any) or the Benchmark Amendments (if any) and without prejudice to the Trustee's, (if the Benchmark Amendments affect the Issuing and Paying Agent) the Issuing and Paying Agent's and (if the Benchmark Amendments affect the Calculation Agent) the Calculation Agent's ability to rely on such certificate as aforesaid) be binding on the Issuer, the Trustee, the Calculation Agent, the Issuing and Paying Agent and the Noteholders.

(f) Survival of Original Reference Rate

Without prejudice to the obligations of the Issuer under Conditions 5.6(a), 5.6(b), 5.6(c) and 5.6(d), the Original Reference Rate and the fallback provisions provided for in Condition 5(II)(b) will continue to apply unless and until the Trustee, the Issuing and Paying Agent and the Calculation Agent have been notified of the Benchmark Replacement, and any Adjustment Spread and Benchmark Amendments, in accordance with Condition 5.6(e).

(g) Definitions:

As used in this Condition 5.6:

"**Adjustment Spread**" means either:

(i) a spread (which may be positive, negative or zero); or

(ii) the formula or methodology for calculating a spread, in either case, which the Independent Adviser (in consultation with the Issuer) or the Issuer (in the circumstances set out in Condition 5.6(a)) (as the case may be) determines is required to be applied to the Benchmark Replacement to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders and Couponholders as a result of the replacement of the Original Reference Rate with the Benchmark Replacement and is the spread, formula or methodology which:

(1) is formally recommended in relation to the replacement of the Original Reference Rate with the applicable Benchmark Replacement by any Relevant Nominating Body; or

(2) if the applicable Benchmark Replacement is the ISDA Fallback Rate, is the ISDA Fallback Adjustment; or

(3) is determined by the Independent Adviser (in consultation with the Issuer) or the Issuer (in the circumstances set out in Condition 5.6(a)) (as the case may be) having given due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the Original Reference Rate with the applicable Benchmark Replacement for the purposes of determining rates of interest (or the relevant component part thereof) for the same interest period and in the same currency as the Notes;

"**Alternative Rate**" means an alternative benchmark or screen rate which the Independent Adviser (in consultation with the Issuer) or the Issuer (in the circumstances set out in Condition 5.6(a)) (as the case may be) determines in accordance with Condition 5.6(b)) has replaced the Original Reference Rate for the Corresponding Tenor in customary market usage in the international or if applicable, domestic debt capital markets transactions for the purposes of determining rates of interest (or the relevant component part thereof) for the same interest period and in the same currency as the Notes (including, but not limited to Singapore Government Bonds);

"**Benchmark Amendments**" means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to the definition of "Interest Period", timing and frequency of determining rates and making payments of interest, changes to the definition of "Corresponding Tenor" solely when such tenor is longer than the Interest Period, any other amendments to these Conditions, the Trust Deed and/or the Agency Agreement, and other administrative matters) that the Independent Adviser (in consultation with the Issuer) or the Issuer (in the circumstances set out in Condition 5.6(a)) (as the case may be) determines may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Independent Adviser (in consultation with the Issuer) or the Issuer (in the circumstances set out in Condition 5.6(a)) (as the case may be) determines that adoption of any portion of such market practice is not administratively feasible or if the Independent Adviser (in consultation with the Issuer) or the Issuer (in the circumstances set out in Condition 5.6(a)) (as the case may be) determines that no market practice for use of such Benchmark Replacement exists, in such other manner as the Independent Adviser (in consultation with the Issuer) or the Issuer (in the circumstances set out in Condition 5.6(a)) (as the case may be) determines is reasonably necessary);

"**Benchmark Event**" means one or more of the following events:

(i) the Original Reference Rate ceasing to be published for a period of at least five Singapore Business Days or ceasing to exist; or

(ii) a public statement by the administrator of the Original Reference Rate that it has ceased or will, by a specified date within the following six months, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or

(iii) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been or will, by a specified date within the following six months, be permanently or indefinitely discontinued; or

(iv) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been prohibited from being used or that its use has been subject to restrictions or adverse consequences, or that it will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case, within the following six months; or

(v) a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate is no longer representative or will, by a specified date within the following six months, be deemed to be no longer representative; or

(vi) it has become unlawful for the Issuing and Paying Agent, the Calculation Agent, the Issuer or any other party to calculate any payments due to be made to any Noteholder or Couponholder using the Original Reference Rate, provided that the Benchmark Event shall be deemed to occur:

(A) in the case of sub-paragraphs (ii) and (iii) above, on the date of the cessation of publication of the Original Reference Rate or the discontinuation of the Original Reference Rate, as the case may be;

(B) in the case of sub-paragraph (iv) above, on the date of the prohibition or restriction of use of the Original Reference Rate; and

(C) in the case of sub-paragraph (vi) above, on the date with effect from which the Original Reference Rate will no longer be (or will be deemed to no longer be) representative and which is specified in the relevant public statement,

and, in each case, not the date of the relevant public statement.

The occurrence of a Benchmark Event shall be promptly notified by the Issuer to the Trustee, the Calculation Agent and the Issuing and Paying Agent. For the avoidance of doubt, neither the Trustee, the Calculation Agent nor the Issuing and Paying Agent shall have any responsibility for making such determination;

"**Benchmark Replacement**" means the Interpolated Benchmark, provided that if the Independent Adviser (in consultation with the Issuer) or the Issuer (in the circumstances set out in Condition 5.6(a)) (as the case may be) cannot determine the Interpolated Benchmark by the relevant Interest Determination Date, then "Benchmark Replacement" means the first alternative set forth in the order below that can be determined by the Independent Adviser (in consultation with the Issuer) or the Issuer (in the circumstances set out in Condition 5.6(a)) (as the case may be):

(i) Identified SORA;

(ii) the Successor Rate;

(iii) the ISDA Fallback Rate; and

(iv) the Alternative Rate;

"**Corresponding Tenor**" with respect to a Benchmark Replacement means a tenor (including overnight) having approximately the same length (disregarding business day adjustment) as the applicable tenor for the then-current Original Reference Rate;

"**Identified SORA**" means the forward-looking term rate for the applicable Corresponding Tenor based on SORA that has been (1) selected or recommended by the Relevant Nominating Body, or (2) determined by the Independent Adviser or the Issuer (in the circumstances set out in Condition 5.6(a)) (as the case may be) having given due consideration to any industry-accepted market practice for the relevant Singapore dollar denominated notes;

"**Independent Adviser**" means an independent financial institution of good repute or an independent financial adviser with appropriate expertise or with experience in the local or international debt capital markets appointed by and at the cost of the Issuer under Condition 5.6(a);

"**Interpolated Benchmark**" with respect to the Original Reference Rate means the rate determined for the Corresponding Tenor by interpolating on a linear basis between: (1) the Original Reference Rate for the longest period (for which the Original

Reference Rate is available) that is shorter than the Corresponding Tenor and (2) the Original Reference Rate for the shortest period (for which the Original Reference Rate is available) that is longer than the Corresponding Tenor;

"**ISDA Definitions**" means the 2006 ISDA Definitions published by the International Swaps and Derivatives Association Inc. or any successor thereto, as may be updated, amended or supplemented from time to time, or any successor definitional booklet for interest rate derivatives published from time to time;

"**ISDA Fallback Adjustment**" means the spread adjustment (which may be positive or negative value or zero) that would apply for derivative transactions referencing the Original Reference Rate in the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Original Reference Rate for the applicable tenor;

"**ISDA Fallback Rate**" means the rate that would apply for derivative transactions referencing the Original Reference Rate in the ISDA Definitions to be effective upon the occurrence of an index cessation event with respect to the Original Reference Rate for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

"**Original Reference Rate**" means the originally-specified benchmark or screen rate (as applicable) used to determine the Rate of Interest (or any component part thereof) on the Notes as specified in the relevant Pricing Supplement, provided that if a Benchmark Event has occurred with respect to the then-current Original Reference Rate, then "**Original Reference Rate**" means the applicable Benchmark Replacement;

"**Relevant Nominating Body**" means, in respect of a benchmark or screen rate (as applicable):

(i) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or

(ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (1) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (2) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (3) a group of the aforementioned central banks or other supervisory authorities or (4) the Financial Stability Board or any part thereof;

"**SORA**" or "**Singapore Overnight Rate Average**" with respect to any Singapore Business Day means a reference rate equal to the daily Singapore Overnight Rate Average published by the Monetary Authority of Singapore (or a successor administrator), as the administrator of the benchmark, on the Monetary Authority of Singapore's website currently at http://www.mas.gov.sg, or any successor website officially designated by the Monetary Authority of Singapore (or as published by its authorised distributors) on the Singapore Business Day immediately following such Singapore Business Day; and

"**Successor Rate**" means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body as the replacement for the Original Reference Rate for the Corresponding Tenor.

6. REDEMPTION AND PURCHASE

6.1 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 in the relevant Pricing Supplement (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 in the relevant Pricing Supplement (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)).

6.2 Purchase at the Option of the Issuer

If so provided in the relevant Pricing Supplement, the Issuer shall have the option to purchase all or any of the Fixed Rate Notes, Floating Rate Notes, Variable Rate Notes or Hybrid Notes at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Noteholders shall be bound to sell such Notes to the Issuer accordingly. To exercise such option, the Issuer shall give irrevocable notice to the Noteholders within the Issuer's Purchase Option Period shown in the relevant Pricing Supplement. Such Notes may be held, resold or surrendered to the Issuing and Paying Agent or, as the case may be, the Registrar for cancellation. The Notes so purchased, while held by or on behalf of the Issuer and/or any of its related corporations, 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.

All Notes in respect of which any such notice is given shall be purchased on the date specified in such notice in accordance with this Condition 6.2.

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

6.3 Purchase at the Option of Noteholders

(a) Each Noteholder shall have the option to have all or any of his Variable Rate Notes purchased by the Issuer at their Redemption Amount on any Interest Payment Date and the Issuer will purchase such Variable Rate Notes accordingly. To exercise such option, a Noteholder shall deposit (in the case of Bearer Notes) such Variable Rate Notes to be purchased (together with all unmatured Coupons and unexchanged Talons (if any)) with the Issuing and Paying Agent or any other 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 Transfer Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent, any other Paying Agent, the Registrar or any Transfer Agent (as applicable) within the Noteholders' VRN Purchase Option Period shown in the relevant Pricing Supplement. Any Variable Rate Notes or Certificates representing such Variable Rate Notes so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. Such

Variable Rate Notes or Certificates representing 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 (if any)) to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Variable Rate Notes to the Registrar. The Variable Rate Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10, 11 and 12.

(b) If so provided in the relevant Pricing Supplement, each Noteholder shall have the option to have all or any of his Fixed Rate Notes, Floating Rate Notes or Hybrid Notes purchased by the Issuer at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Issuer will purchase such Notes accordingly. To exercise such option, a Noteholder shall deposit (in the case of Bearer Notes) such Note to be purchased (together with all unmatured Coupons and unexchanged Talons (if any)) with the Issuing and Paying Agent or any other 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 Transfer Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent, any other Paying Agent, the Registrar or any Transfer Agent (as applicable) within the Noteholders' Purchase Option Period shown in the relevant Pricing Supplement. Any Notes or Certificates so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. Such Notes may be held, resold or surrendered for cancellation, in the case of Bearer Notes, by surrendering such Note (together with all unmatured Coupons and unexchanged Talons (if any)) to the Issuing and Paying Agent and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar. The Notes so purchased, while held by or on behalf of the Issuer and/or any of its related corporations, 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.

6.4 Redemption at the Option of the Issuer

If so provided in the relevant Pricing Supplement, the Issuer may, on giving irrevocable notice to the Noteholders falling within the Issuer's Redemption Option Period shown in the relevant Pricing Supplement, 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 (if any) 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 Issuer in such place and in such manner as may be fair and reasonable in the circumstances subject to compliance with any applicable laws. So long as the Notes are listed on any Stock Exchange, the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any notice of redemption of such Notes.

6.5 Redemption at the Option of Noteholders

If so provided in the relevant Pricing Supplement, the Issuer shall, at the option of the holder of any Note, redeem such Note on the date or dates so provided at its Redemption Amount, together with interest accrued (if any) 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 (if any)) with the Issuing and Paying Agent or any other 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 ("**Exercise Notice**") in the form obtainable from the Issuing and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Issuer (as applicable) within the Noteholders' Redemption Option Period shown in the relevant Pricing Supplement. Any Note or Certificate so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

6.6 Redemption for Taxation Reasons

If so provided in the relevant Pricing Supplement, the Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date or, if so specified in the relevant Pricing Supplement, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount or (in the case of Zero Coupon Notes) Early Redemption Amount (as determined in accordance with Condition 6.10 below) (together with interest accrued (if any) to (but excluding) the date fixed for redemption), if (a) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the relevant Pricing Supplement, and (b) such obligations cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition 6.6, the Issuer shall deliver to the Trustee and the Issuing and Paying Agent:

(i) a certificate signed by an authorised signatory of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred; and

(ii) an opinion of independent legal, tax or any other professional advisers of recognised standing, which shall be addressed to the Trustee, to the effect that the Issuer has or is likely to become obliged to pay such additional amounts as a result of such change or amendment or any such change in the application or interpretation of such laws, regulations, rulings or other administrative pronouncements.

The Trustee and the Issuing and Paying Agent shall be entitled to accept such certificate and opinion as sufficient evidence that the satisfaction of the conditions precedent to the right of the Issuer so to redeem has occurred, in which event it shall be conclusive and binding on the Noteholders.

All Notes in respect of which any such notice of redemption is given in accordance with this Condition 6.6 shall be redeemed on the date specified in such notice.

6.7 Redemption at the Option of Noteholders upon Change of Shareholding

If, for any reason, a Change of Shareholding (as defined below) occurs, the Issuer shall within seven (7) days after becoming aware give notice to the Trustee, the Issuing and Paying Agent and the Noteholders of the occurrence of such event (the "**Notice**") and shall, at the option of the holder of any Note, redeem such Note at its Redemption Amount together with interest accrued to the date fixed for redemption on the date falling 60 days from the date of the Notice (or if such date is not a business day, on the next day which is a business day) provided that any failure by the Issuer to give such Notice shall not prejudice any Noteholder of such option.

To exercise such option, the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons and unexchanged Talons) with the Issuing and Paying Agent or any other Paying Agent at its specified office or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with an Exercise Notice in the form obtainable from the Issuing and Paying Agent, any other Paying Agent, the Registrar or any Transfer Agent or the Issuer (as applicable), no later than 21 days from the date of Notice. Any Note or Certificate so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

In this Condition 6.7:

"**Change of Shareholding**" occurs when National Trades Union Congress, NTUC Foundation Limited and NTUC Enterprise Co-operative Limited cease to own in aggregate at least 50.1 per cent. of the issued share capital of the Issuer.

6.8 Redemption in the case of Minimal Outstanding Amount

The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any date on which interest is payable on the Notes or 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 principal amount (together with interest accrued to (but excluding) the date fixed for redemption) if, immediately before giving such notice, the aggregate principal amount of the Notes 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 6.8, the Issuer shall be bound to redeem all the Notes in accordance with this Condition 6.8.

6.9 Purchases

The Issuer and/or any of its related corporations may at any time purchase Notes at any price (provided that, in the case of Bearer Notes, 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.

The Notes so purchased, while held by or on behalf of the Issuer and/or any of its related corporations 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.

Notes purchased by the Issuer and/or any of its related corporations may be surrendered by the purchaser through the Issuer to, in the case of Bearer Notes, the Issuing and Paying Agent and, in the case of Registered Notes, the Registrar for cancellation or may at the option of the Issuer or, 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.

6.10 Early Redemption of Zero Coupon Notes

(a) 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 6.6 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.

(b) Subject to the provisions of sub-paragraph (c) 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 in the relevant Pricing Supplement, 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.

(c) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6.6 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 (b) 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 5.4.

Where such calculation is to be made for a period of less than one (1) year, it shall be made on the basis of the Day Count Fraction shown in the relevant Pricing Supplement.

6.11 Cancellation

All Notes purchased by or on behalf of the Issuer and/or any of its 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, if any, to the Issuing and Paying Agent at its specified office and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled promptly (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

7.1 Principal and Interest in respect of Bearer Notes

Payments of principal and interest (which shall include the Redemption Amount and the Early Redemption Amount) 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 transfer to an account maintained by the holder in that currency with, a bank in the principal financial centre for that currency.

7.2 Principal and Interest in respect of Registered Notes

(a) 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 7.2(b).

(b) Interest on Registered Notes shall be paid to the person shown as the holder thereof 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 transfer to an account maintained by the holder in that currency with, a bank in the principal financial centre for that currency.

7.3 Payments subject to Law etc.

Without prejudice to the provisions of Condition 8, all payments are subject in all cases to (i) any applicable fiscal or other laws, regulations and directives in the place of payment, and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law, regulation or directive implementing an intergovernmental approach thereto. No commission or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

7.4 Appointment of Agents

The CDP Issuing and Paying Agent, the Non-CDP Issuing and Paying Agent, the CDP Calculation Agent, the Non-CDP Calculation Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar and the Non-CDP Registrar initially appointed by the Issuer and their specified offices are listed below. The Issuer reserves the right at any time to vary or terminate the appointment of the CDP Issuing and Paying Agent, the Non-CDP Issuing and Paying Agent, any other Paying Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, any other Transfer Agent, the CDP Registrar, the Non-CDP Registrar, the CDP Calculation Agent and the Non-CDP Calculation Agent and to appoint additional or other Paying Agents, Registrars, Transfer Agents and Calculation Agents; provided that it will at all times maintain (a) a CDP Issuing and Paying Agent having a specified office in Singapore and (in the case of Non-CDP Notes) a Non-CDP Issuing and Paying Agent, as the case may be, (b) in relation to Registered Notes, a CDP Registrar having a specified office in Singapore and (in the case of Non-CDP Notes) a Non-CDP Registrar, (c) a CDP Transfer Agent having a specified office in Singapore and (in the case of Non-CDP Notes) a Non-CDP Transfer Agent, and (d) a Calculation Agent where the Conditions so require.

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

The Agency Agreement may be amended by the Issuer, the CDP Issuing and Paying Agent, the Non-CDP Issuing and Paying Agent, the CDP Calculation Agent, the Non-CDP Calculation Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar, the Non-CDP Registrar and the Trustee, without the consent or sanction of any holder of any Note or Coupon, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein of a formal, minor or technical nature, to correct a manifest error or to comply with mandatory provisions of Singapore law or which is required by Euroclear and/or Clearstream, Luxembourg, the Depository and/or any other clearing system in which the Notes may be held or in any manner which the Issuer, the CDP Issuing and Paying Agent, the Non-CDP Issuing and Paying Agent, the CDP Calculation Agent, the Non-CDP Calculation Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar, the Non-CDP Registrar and the Trustee may mutually deem necessary or desirable and which does not, in the reasonable opinion of the Issuer, the CDP Issuing and Paying Agent, the Non-CDP Issuing and Paying Agent, the CDP Calculation Agent, the Non-CDP Calculation Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CDP Registrar, the Non-CDP Registrar and the Trustee, materially and adversely affect the interests of the holders of the Notes or the Coupons. Any such amendment shall be binding on the Noteholders and the Couponholders and, unless the Trustee otherwise agrees in writing, the Issuer shall cause such amendment to be notified to the Noteholders and the Couponholders as soon as practicable in accordance with Condition 16.

7.5 Unmatured Coupons and Unexchanged Talons

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

(b) 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.

(c) 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.

(d) 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 of such Note shall be made only against the provision of such indemnity as the Issuer may require.

(e) 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.

7.6 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).

7.7 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.

7.8 Default Interest

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

8. TAXATION

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

(a) by or on behalf of a holder who is subject to such Taxes 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.

Notwithstanding any other provision of these Conditions, in no event will the Issuer be required to pay any additional amounts in respect of the Notes for, or on account of, any withholding tax imposed or deduction required pursuant to any agreements described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law, regulation or directive implementing an intergovernmental approach thereto.

As used in these Conditions, "**Relevant Date**" in respect of any Note or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven (7) days after that on which notice is duly given to the Noteholders in accordance with Condition 16 that, upon further presentation of the Note (or relative Certificate) or Coupon being made in accordance with these Conditions, such payment will be made, provided that payment is in fact made upon presentation, and references to "**principal**" shall be deemed to include any premium payable in respect of the Notes, all Redemption Amounts, Early Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 6, "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 and any reference to "**principal**" and/or "**premium**" and/or "**Redemption Amounts**" and/or "**interest**" and/or "**Early Redemption Amounts**" shall be deemed to include any additional amounts which may be payable under these Conditions.

9. PRESCRIPTION

Claims against the Issuer for payment in respect of the Notes and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within three (3) years from the appropriate Relevant Date for payment.

10. EVENTS OF DEFAULT

If any of the following events ("**Events of Default**") occurs, the Trustee at its discretion may (but is not obliged to), and if so requested in writing by holders of at least 25 per cent. in aggregate principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall, in each case, subject to it being indemnified and/or secured and/or pre-funded to its satisfaction, give notice in writing to the Issuer that the Notes are immediately repayable, whereupon the Redemption Amount of such Notes or (in the case of Zero Coupon Notes) the Early Redemption Amount of such Notes together with accrued interest to (but excluding) the date of payment shall become immediately due and payable:

(a) the Issuer does not pay the principal or any interest on any of the Notes when due and such default continues for a period of (in the case of non-payment of the principal) seven (7) days or (in the case of non-payment of any interest on any of the Notes) fourteen (14) days;

(b) the Issuer does not perform or comply with any one or more of its obligations (other than the payment obligation of the Issuer referred to in paragraph (a)) under the Trust Deed or any of the Notes, and if that default is capable of remedy, it is not remedied within 30 days of the Trustee having given written notice to the Issuer of the failure to perform or comply and requiring the same to be remedied;

(c) any representation, warranty or statement made by the Issuer in the Trust Deed or any of the Notes or in any document delivered under the Trust Deed or any of the Notes is not complied with in any respect or is or proves to have been incorrect in any respect when made or deemed repeated, and if the circumstances resulting in such non-compliance or incorrectness is capable of remedy, it is not remedied within 30 days of the Trustee having given written notice to the Issuer of such non-compliance or incorrect representation, warranty or statement and requiring the circumstances resulting in such non-compliance or incorrectness to be remedied;

(d) (i) any other present or future indebtedness of the Issuer or any of its Principal Subsidiaries in respect of borrowed moneys is or is declared to be due and payable prior to its stated maturity by reason of any actual default, event of default or any analogous event (however described) or is not paid when due or, as the case may be, within any originally applicable grace period; or

(ii) the Issuer or any of its Principal Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee for, or indemnity in respect of, any monies borrowed or raised,

provided however that no Event of Default will occur under this paragraph (d)(i) or (d)(ii) unless and until the aggregate amount of the indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned in this paragraph (d)(i) or (d)(ii) has or have occurred equals or exceeds S$100,000,000 or its equivalent in any other currency(ies);

(e) the Issuer or any of its Principal Subsidiaries is (or is deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts as they fall due, stops, suspends or threatens to stop or suspend payment of all or any material part of its indebtedness, begins negotiations with a view to the deferral, rescheduling or other readjustment of all or any material part of its indebtedness (or of any part which it will otherwise be unable to pay when due), applies for a moratorium in respect of or affecting all or any material part of its indebtedness or 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, effected, declared or otherwise arises by operation of law in respect of or affecting all or any material part of the indebtedness or (pursuant to an order of court that is issued in connection with a compromise or an arrangement proposed or intended to be proposed between the Issuer or any of its Principal Subsidiaries and its creditors or any class of those creditors) property of the Issuer or any of its Principal Subsidiaries;

(f) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or any material part of the properties, assets or revenues of the Issuer or any of its Principal Subsidiaries and is not removed, dismissed or discharged within 30 days;

(g) any security on or over the whole or any material part of the properties, assets or revenues of the Issuer or any of its Principal Subsidiaries becomes enforceable and any step is taken to enforce such security;

(h) an order is made or an effective resolution is passed for the winding-up or dissolution of the Issuer or any of its Principal Subsidiaries or for the appointment of a liquidator (including a provisional liquidator), manager, judicial manager, trustee, administrator, agent or similar officer of the Issuer or any of its Principal Subsidiaries or over the whole or any material part of the properties, assets or revenues of the Issuer or any of its Principal Subsidiaries, (other than that of a frivolous or vexatious nature and is discharged within 30 days) except for (A) the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation of the Issuer or such Principal Subsidiary (i) which is made on solvent terms, (ii) where the Issuer remains the surviving entity and (iii) which is not reasonably likely to have a material adverse effect on the Issuer or (B) (in the case of a Principal Subsidiary only) the purpose of and following a disposal that is not prohibited by Clause 16(y) of the Trust Deed;

(i) the Issuer or any of its Principal Subsidiaries ceases or threatens to cease to carry on all or any material part of its business, except for (A) the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation of the Issuer or such Principal Subsidiary (i) which is made on solvent terms, (ii) where the Issuer remains the surviving entity and (iii) which is not reasonably likely to have a material adverse effect on the Issuer or (B) the purpose of a disposal that is not prohibited by Clause 16(y) of the Trust Deed;

(j) the seizure, compulsory acquisition, expropriation or nationalisation of all or any part of the assets of the Issuer or any of its Principal Subsidiaries occurs and such event has a material adverse effect on the Issuer;

(k) any action, condition or thing (including the obtaining of any necessary consent) at any time required to be taken, fulfilled or done for any of the purposes stated in Clause 15(c) of the Trust Deed is not taken, fulfilled or done, or any such consent ceases to be in full force and effect (unless that consent or condition is no longer required or applicable);

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

(m) the Trust Deed or any of the Notes ceases for any reason (or is claimed by the Issuer not) to be the legal and valid obligations of the Issuer, binding upon it in accordance with its terms;

(n) any litigation, arbitration or administrative proceeding against the Issuer or any of its Principal Subsidiaries is current or pending (i) to restrain the exercise of any of the rights and/or the performance or enforcement of or compliance with any of the obligations of the Issuer under any of the Issue Documents or any of the Notes or (ii) which has or could have a material adverse effect on the Issuer;

(o) any event occurs which, under the law of any relevant jurisdiction, has an analogous effect to any of the events mentioned in paragraph (e), (f), (g), (h) or (j); and

(p) the Issuer or any of its subsidiaries is declared by the Minister of Finance to be a declared company under the provisions of Part 9 of the Companies Act 1967 of Singapore or is subject to an inquiry conducted in accordance with Part 8 of the Co-operative Societies Act 1979 of Singapore.

In these Conditions:

"**Principal Subsidiary**" means, at any particular time, any subsidiary of the Issuer whose total assets, as shown by the accounts of such subsidiary (consolidated in the case of an entity which itself has subsidiaries), based upon which the latest audited consolidated accounts of the Group have been prepared, are at least 15 per cent. of the total assets of the Group as shown by such audited consolidated accounts, provided that if any such subsidiary (the "**transferor**") shall at any time transfer the whole or a material part of its business, undertaking or assets to another subsidiary or the Issuer (the "**transferee**") then:

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

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

Any subsidiary which becomes a Principal Subsidiary by virtue of (i) above or which remains or becomes a Principal Subsidiary by virtue of (ii) above shall continue to be a Principal Subsidiary until the earlier of (1) 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 as shown by the accounts of such subsidiary (consolidated in the case of an entity which itself has subsidiaries), based upon which such audited consolidated accounts have been prepared, to be less than 15 per cent. of the total assets of the Group, as shown by such audited consolidated accounts and (2) a report by the Auditors (as defined in the Trust Deed) which shows the total assets of such subsidiary to be less than 15 per cent. of the total assets of the Group. A report by the Auditors, who shall also be responsible for producing any pro forma accounts required for the above purposes, that in their opinion a subsidiary is or is not a Principal Subsidiary shall, in the absence of manifest error, be conclusive;

"**related corporation**" means, in relation to the Issuer, any company, corporation, trust, fund, co-operative or other entity (whether or not a body corporate):

(i) which is the holding entity of the Issuer;

(ii) which is a subsidiary of the Issuer; or

(iii) which is a subsidiary of the holding entity of the Issuer; and "**subsidiary**" means, any company which is, for the time being, a subsidiary (within the meaning of Section 5 of the Companies Act 1967 of Singapore), and in relation to the Issuer, means any company, co-operative, corporation, trust, fund, or other entity (whether or not a body corporate):

(i) which is controlled, directly or indirectly, by the Issuer;

(ii) more than half of the voting power of which is beneficially owned, directly or indirectly, by the Issuer; or

(iii) which is a subsidiary of any company, co-operative, corporation, trust, fund or other entity (whether or not a body corporate) to which paragraph (i) or paragraph (ii) above applies,

and, for these purposes, a company, co-operative, corporation, trust, fund or other entity (whether or not a body corporate) shall be treated as being controlled by a person if that person is able to direct its affairs and/or to control the composition of its board of directors or equivalent body.

11. ENFORCEMENT OF RIGHTS

At any time after an Event of Default shall have occurred or after the Notes shall have become due and payable pursuant to Condition 10 of the Notes, the Trustee may, but shall not be obliged to, at its discretion and without further notice, institute such proceedings and/or take such other steps against the Issuer as it may think fit to enforce repayment of the Notes, together with accrued interest and/or to enforce the provisions of the Issue Documents but it shall not be bound to take any such proceedings and/or such steps (including, without limitation, giving notice that the Notes are due and payable in accordance with Condition 10) to enforce the performance by the Issuer of any of the provisions of the Issue Documents or of the Notes or the Coupon) 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 aggregate principal amount of the Notes outstanding and (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction. No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound to do so, fails or neglects to do so within a reasonable period and such failure or neglect shall be continuing.

12. MEETING OF NOTEHOLDERS AND MODIFICATIONS

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

The Trustee or the Issuer at any time may, and the Trustee upon the request in writing at the time after the Notes of any Series shall have become repayable due to default by Noteholders holding not less than 10 per cent. in aggregate principal amount of the Notes of such 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, (i) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) to vary any method of, or basis for, calculating the Redemption Amount or the Early Redemption Amount including the method of calculating Amortised Face Amount, (v) to vary the currency or currencies of payment or denomination of the Notes or the Coupons, (vi) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, or (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, will only be binding if passed at a meeting of the Noteholders of the relevant Series (or at any adjournment thereof) at which a special quorum (provided for in the Trust Deed) is present.

The Trustee may (but is not obliged to) (and is entitled to rely, at the expense of the Issuer, on external legal, financial or other professional advice for this purpose) agree, without the consent or sanction of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed or any of the other Issue Documents which in the opinion of the Trustee is of a formal, minor or technical nature, is made to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by Euroclear and/or Clearstream, Luxembourg and/or the Depository and/or any other clearing system in which the Notes may be held and (ii) any other modification (except as mentioned in the Trust Deed) to the Trust Deed and any of the other Issue Documents, and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or any of the other Issue Documents, which is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders or the Couponholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, unless the Trustee otherwise agrees in writing, the Issuer shall cause such modification, authorisation or waiver to be notified to the Noteholders as soon as practicable in accordance with Condition 16.

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 (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.

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.

For the purposes of ascertaining the right to attend and vote, and the determination of a quorum, at any meeting of the Noteholders convened for the purpose of and in relation to Conditions 10, 11 and 12 and Clauses 9 and 26 of, and Schedule 5 to, the Trust Deed those Notes (if any) which are beneficially held by, or are held on behalf of, the Issuer or any of its related corporations shall (unless and until resold (other than to the Issuer or any of its related corporations or ceasing to be so held) be disregarded when determining whether the requisite quorum of such meeting has been met and any votes cast or purported to be cast at such meeting in respect of such Notes shall be disregarded and be null and void.

13. REPLACEMENT OF NOTES, 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 requirements 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, as the case may be, Transfer Agent as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders in accordance with Condition 16, on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, undertaking, security and indemnity (which may provide, *inter alia,* that if the allegedly lost, stolen or destroyed Note, Certificate, Coupon or Talon is subsequently presented for payment, there will be paid to the Issuer on demand the amount payable by the Issuer in respect of such Note, Certificate, Coupon or Talon) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

14. FURTHER ISSUES

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

15. INDEMNIFICATION OF THE TRUSTEE

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment and from taking action to convene meetings unless indemnified and/or secured and/or pre-funded to its satisfaction. The Trust Deed also contains a provision entitling the Trustee or any corporation related to it (or any director or officer of the Trustee or any corporation related to the Trustee) to make contracts or enter into transactions with the Issuer (or any of its subsidiaries) in the ordinary course of business or to act as an agent in respect of the Notes, the Coupons or the Talons, whether directly or through a subsidiary or associated company, or to accept the trusteeship of any other debenture stock, debentures or securities of the Issuer (or any of its subsidiaries), or any company in which the Issuer is interested without accounting to the Noteholders or Couponholders or to the Issuer (or any of its subsidiaries) for any profit, fees, commissions, discounts or share of brokerage resulting from any such contracts or transactions.

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

The Trustee may rely without liability to Noteholders on any report, confirmation or certificate or any advice of any accountants, financial advisers, legal advisers, financial institutions or any other expert, whether or not addressed to it and whether or not their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise.

16. NOTICES

Notices to the holders of Notes shall be in the English language or, if not in the English language, accompanied by a certified translation into the English language, and shall be valid if:

(a) (in the case of Registered Notes) mailed to them at their respective addresses in the Register;

(b) for so long as the Notes are listed on the SGX, published on the website of the SGX-ST at http://www.sgx.com; or

(c) published in a daily newspaper of general circulation in Singapore (it is expected that such publication will be made in The Business Times),

and such notices shall be deemed to have been given:

(i) in respect of mailed notices, on the fourth weekday (being a day other than a Saturday, Sunday or gazetted public holiday) after the date of mailing;

(ii) in respect of notices published on the website of the SGX-ST, on the date of such publication or, if published more than once, on the first date on which publication is made; and

(iii) in respect of notices published in such newspaper, on the date of such publication or, published more than once or on different dates, on the date of the first publication in such newspaper.

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.

So long as the Notes are represented by a Global Note or a Global Certificate and such Global Note or Global Certificate is held in its or their entirety on behalf of Euroclear, Clearstream, Luxembourg, the Depository and/or any other clearing system, there may be substituted for such publication in such newspapers the delivery of the relevant notice to Euroclear, Clearstream, Luxembourg, (subject to the agreement of the Depository) the Depository and/or such other clearing system 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 or permit, notice will in any event be given or 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, the Depository and/or such other clearing system.

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

Notwithstanding the other provisions of this Condition, in any case where the identities and addresses of all the Noteholders are known to the Issuer, notices to such holders may be given individually by recorded delivery mail to such addresses and will be deemed to have been given two (2) days from the date of despatch to the Noteholders.

17. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT

No person shall have any right to enforce any term or condition of the Notes under the Contracts (Rights of Third Parties) Act 2001 of Singapore.

18. GOVERNING LAW AND JURISDICTION

18.1 Governing Law

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

18.2 Jurisdiction

The courts of Singapore are to have non-exclusive jurisdiction to settle any disputes that may arise out of or in connection with the Trust Deed or any Notes, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed, Notes, Coupons or Talons may be brought in such courts. The Issuer has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.

CDP Issuing and Paying Agent, CDP Registrar, CDP Transfer Agent and (where appointed under the Agency Agreement) CDP Calculation Agent
The Bank of New York Mellon, Singapore Branch
One Temasek Avenue
#02-01 Millenia Tower
Singapore 039192

Non-CDP Issuing and Paying Agent and (where appointed under the Agency Agreement) Non-CDP Calculation Agent
The Bank of New York Mellon, London Branch
One Canada Square
London E14 5AL
United Kingdom

Non-CDP Registrar and Non-CDP Transfer Agent
The Bank of New York Mellon SA/NV, Dublin Branch
Riverside II
Sir John Rogerson's Quay
Grand Canal Dock
Dublin 2
Ireland

RISK FACTORS

Prior to making an investment or divestment decision with respect to the Notes, all prospective investors or existing holders of the Notes should carefully consider, amongst other things, all the information set forth in this Information Memorandum including any documents incorporated by reference hereto and the risk factors set out below.

Any of the following risks could adversely affect the Issuer and/or the Group's business, assets, financial condition, results of operations, performance or prospects and, as a result, investors could lose all or part of their investment. The risk factors set out below do not purport to be complete or comprehensive of all the risks that may be involved in the business, assets, financial condition, performance, results of operations and/or prospects of the Issuer, its subsidiaries and/or associated companies (if any) or any of their respective properties or any decision to purchase, own or dispose of the Notes. Additional risks which the Issuer is currently unaware of may also impair the businesses, assets, financial condition, performance and/or results of operations of the Issuer, its subsidiaries, associated companies (if any). If any of the following risk factors develop into actual events, the business, assets, financial condition, performance and/or results of operations of the Issuer, its subsidiaries and/or associated companies (if any) could be materially and adversely affected. In such cases, the ability of the Issuer to comply with its obligations under the Trust Deed and the Notes may be adversely affected.

Prospective investors should not rely on the information set out herein as the sole basis for any investment decision in relation to the Notes but should seek appropriate and relevant advice concerning the appropriateness of an investment in the Notes for their particular circumstances.

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 Notes may require in investigating the Issuer or the Group, prior to making an investment or divestment decision in relation to the Notes issued under the Programme. This Information Memorandum is not, and does not purport to be, investment advice. A prospective investor should make an investment in the Notes only after it has determined that such investment is suitable for its investment objectives. Determining whether an investment in the Notes is suitable is a prospective investor's responsibility, even if the investor has received information to assist it in making such a determination. 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 Notes (or any part thereof) is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Arranger or any of the Dealer(s) that any recipient of this Information Memorandum or any such other document or information (or such part thereof) should subscribe for or purchase or sell any of the Notes. Each person receiving this Information Memorandum acknowledges that such person has not relied on the Issuer, its subsidiaries and/or associated companies (if any), the Arranger, any of the Dealer(s), the Trustee, any of the Agents 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 of the Notes should determine for itself the relevance of the information contained in this Information Memorandum and any such other document or information (or any part thereof) and its investment or divestment should be, and shall be deemed to be, based solely on its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and its subsidiaries and/or its associated companies (if any), the Conditions and any other factors relevant to its decision, including the merits and risks involved. A prospective investor should consult with its legal, tax, financial and/or other advisers prior to deciding to make an investment in the Notes.

The investment considerations and risk factors discussed below also include forward-looking statements and the actual results of the Issuer and the Group 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 sub-headings.

RISKS RELATING TO THE BUSINESSES AND OPERATIONS OF FAIRPRICE GROUP

The Issuer and some of its subsidiaries are co-operative societies and are subject to the provisions of the Co-operative Societies Act

The Issuer and some of its subsidiaries are registered as co-operative societies under the Co-operative Societies Act and are regulated by the Registry of Co-operative Societies under the Co-operative Societies Act and the Co-operative Societies Rules. If there is any change made to the Co-operative Societies Act and related legislation, such change may materially and adversely affect the ability of the Issuer to comply with its obligations under the documents relating to the Programme and the Notes.

Under the Co-operative Societies Act, every co-operative society registered under the Co-operative Societies Act is required to contribute 20 per cent. of its surplus in excess of S$500,000 from the operations of such co-operative society during the preceding financial year either to the Central Co-operative Fund or to the Singapore Labour Foundation, as the co-operative society may opt. There is no assurance that there will not be amendments to the Co-operative Societies Act and, in particular the provisions relating to the surplus contribution. Any such amendments may materially and adversely affect FairPrice Group's business, financial condition, results of operations and prospects.

To date, although the Issuer and its subsidiaries are, and still remain, competitive in the respective industry fields that they operate in, there is no guarantee that, in every aspect of the businesses and operations of the Issuer and its subsidiaries, they will seek to maximise profits as FairPrice Group may take into consideration social objectives and causes (including moderating cost of living and making donations to benefit the community) in its businesses and operations.

FairPrice Group is subject to legislation, regulation and government policies in Singapore

As FairPrice Group currently has operations mainly in Singapore, FairPrice Group is and will be subject to legislation, regulations and government policies in Singapore. Changes in such legislation, regulation and government policies may materially and adversely affect FairPrice Group's business, financial condition, results of operations and prospects.

FairPrice Group is also subject to laws and regulations regarding food safety, hygiene standards, sale of food, tobacco and alcoholic beverages, food labelling, healthcare, sale and distribution of medications, personal data protection and environment, which may impose compliance or licensing obligations which could result in an increase in compliance costs. Difficulties or failure in obtaining the required licences and approvals could delay, or result in FairPrice Group's decision not to open new Operating Premises[1]. Regulatory authorities may suspend or deny renewal of FairPrice Group's existing licences if they determine that FairPrice Group does not meet applicable standards. Although FairPrice Group has in place the requisite licences for its existing Operating Premises, there is no assurance that it will be able to maintain these approvals or obtain these approvals at future locations. Failure to comply with these laws can result in penalties, sanctions or the revocation of licences which may materially and adversely affect FairPrice Group's business, financial condition, results of operations and prospects. Future laws,

[1] Retail outlets such as supermarkets, convenience stores and pharmacy outlets and food courts, coffee shops, hawker centres, quick service restaurants and central kitchens will be defined as "**Operating Premises**". Food courts, coffee shops, hawker centres and quick service restaurants will be defined as "**Food Premises**".

ordinances or regulations and future interpretations of existing laws, ordinances or regulations may impose additional liability and penalties and could potentially further increase compliance costs.

There is less available information on the Issuer and its subsidiaries in the public domain as the Issuer and its subsidiaries are co-operative societies or private companies

The Issuer and its subsidiaries are co-operative societies or private companies and their shares are not listed for quotation on the SGX-ST or on any other stock exchange. As such, the Issuer and its subsidiaries are not subject to disclosure requirements which are typically imposed on companies whose shares are listed for quotation on a stock exchange. Although the Issuer is still subject to various reporting requirements under the SGX-ST Listing Manual (to the extent that the reporting obligations are applicable to the Issuer as an issuer of debt securities) and the Trust Deed, investors may find that there is less available information on the Issuer and its subsidiaries in the public domain as compared to a company whose shares are listed for quotation on the SGX-ST or on any other stock exchange. In particular, investors should note that (1) no half-yearly unaudited consolidated accounts will be prepared by the Issuer or made available to the Trustee and the Noteholders; and (2) under the Trust Deed, the Issuer will only be required, so long as any of the Notes remains outstanding, to send to the Trustee on an annual basis (i) its annual report and audited consolidated accounts as at the end of and for each financial year (together with copies of the related reports and approvals) and (ii) certain reports and certificates stating, *inter alia*, whether or not any Event of Default or Potential Event of Default has occurred, which are to be delivered together with such audited consolidated accounts. This will make it more difficult for investors to assess the Issuer's and its subsidiaries' future performance as compared to companies whose shares are listed for quotation on the SGX-ST or any other stock exchange.

FairPrice Group's operations are susceptible to macro-economic conditions and any catastrophic events in Singapore and globally

FairPrice Group currently has operations mainly in Singapore and derives substantially all of its revenues from its Singapore-based operations. Therefore, the viability and profitability of FairPrice Group's business, as well as its financial condition, results of operation and prospects may be materially and adversely affected by the general economic conditions in Singapore, including, without limitation, increase in interest rates and inflationary pressures (leading to higher costs of supplies, labour, transport and all other aspects of its operations), changes in gross domestic product, economic growth, employment levels, government spending and customer spending, customer and investment sentiment, market volatility and availability of debt and equity capital. Such general economic conditions in Singapore are in turn affected by global economic conditions, such as inflation, geopolitical issues, the availability and cost of credit and volatile oil prices, which have experienced and continue to experience volatility and liquidity disruptions.

In addition, the occurrence of any catastrophic events, such as natural disasters, infectious diseases outbreaks, terrorist attacks, acts of violence or war and adverse political developments (including the conflict between Russia and Ukraine), could have a negative impact on economic and business activities in Singapore and elsewhere and may also thereby materially and adversely impact FairPrice Group's business, financial condition, results of operations and prospects.

The COVID-19 pandemic is one such event which has disrupted businesses and impacted the way FairPrice Group conducts its business, and the supply chain and distribution network. Whilst vaccination take-up rate in Singapore has been high and the Singapore government has shifted its policy to pursue a COVID-resilient nation (as opposed to a COVID zero strategy), it is difficult to predict how long the COVID-19 pandemic will last (and if there may be future variants and/or outbreaks of diseases causing similar business disruption) and in turn, how FairPrice Group's Operating Premises may be affected, for instance, the Operating Premises and/or the Food

Premises may not be able to operate or may not be able to operate in their respective full capacities during any period where the country may be undergoing a lockdown mandated by the Singapore government. FairPrice's food services business unit was also materially and adversely impacted by the COVID-19 pandemic, with the economic downturn, lockdown measures and dine-in restrictions leading to losses recorded.

The constantly developing COVID-19 situation poses a risk of materially and adversely affecting FairPrice Group's business, operations and profitability, its solvency and the solvency of its customers, the value and liquidity of its assets, its liabilities, and consequently, the ability of the Issuer to refinance its current financial obligations and the ability of the Issuer to meet its obligations under the Notes and/or other debt obligations. Any further disruptions to supply chain and distribution networks may also have an amplified effect on FairPrice Group and materially and adversely affect its business, financial condition, results of operations and prospects.

FairPrice Group is subject to risks associated with debt financing and interest rate risks

FairPrice Group currently, and expects to continue to, partially funds its business and future growth through debt. FairPrice Group's ability to raise funds on terms acceptable to it will depend on factors including capital market conditions, general economic and political conditions, FairPrice Group's performance, credit rating and availability. Both the cost and availability of funding may be materially and adversely affected by disruptions in the global capital markets. Changes in the cost of current and future borrowings, including a rise in interest rates, may materially and adversely affect the profitability of FairPrice Group and result in the risk that its cash flow will be insufficient to meet required payments under such financing, which may materially and adversely affect the Issuer's ability to make payments to Noteholders. FairPrice Group is also subject to the risk that it may not be able to refinance its existing borrowings or that the terms of such refinancing will not be as favourable as the terms of its existing borrowings. Also, FairPrice Group may not be able to obtain the necessary regulatory approvals for borrowings or refinancing on a timely basis.

In addition, FairPrice Group may be subject to certain covenants in connection with any future borrowings that may limit or otherwise materially and adversely affect its business and operations and its ability to make payments to Noteholders. Such covenants may also restrict its ability to undertake capital expenditures. Furthermore, if prevailing interest rates or other factors at the time of refinancing (such as the possible reluctance of lenders to make available debt financing) result in higher interest rates upon refinancing, the interest expense relating to such refinanced indebtedness would increase, which would materially and adversely affect FairPrice Group's business, financial condition, results of operations and prospects.

Some of FairPrice Group's existing debt carry floating interest rates and some of FairPrice Group's borrowings in future may carry floating interest rates, and consequently, the interest cost to FairPrice Group for such debt financing will be subject to fluctuations in interest rates. In addition, FairPrice Group is and may in future be subject to market disruption clauses contained in its debt financing agreements with banks. Furthermore, although FairPrice Group may enter into some hedging transactions to partially mitigate the risk of interest rate fluctuations, such hedging or its hedging policy may not adequately cover its exposure to interest rate fluctuations. Consequently, interest rate fluctuations may materially and adversely affect FairPrice Group's business, financial condition, results of operations and prospects.

FairPrice Group is exposed to fluctuations in foreign exchange currencies which may result in foreign exchange losses

As FairPrice Group sources its products from a large number of overseas suppliers, it has exposure to fluctuations in foreign exchange currency rates. Therefore, FairPrice Group's profitability may be affected in the event of any adverse fluctuations in the exchange rate between the currencies in which FairPrice Group's sales and purchases are respectively denominated.

Any fluctuations in currency exchange rates will also result in exchange gains and losses arising from transactions carried out in foreign currencies as well as translations of foreign currency monetary assets and liabilities as at the relevant balance sheet dates.

There is no assurance that FairPrice Group will be able to successfully manage its foreign exchange risks.

FairPrice Group's businesses require sufficient capital and is subject to risk of disruption in funding sources

FairPrice Group's businesses require sufficient capital and its liquidity and profitability are subject to the costs associated with raising capital when required. FairPrice Group may require capital for its principal activities, to maintain and expand its distribution network and customer base, to strengthen its market share and increase Operating Premises and concepts, and to undertake investment and acquisition activities. FairPrice Group has been financing its operations mainly through net cash generated from operating activities.

To remain competitive, FairPrice Group may be required to make significant capital investments, including but not limited to renovating or refurbishing its existing Operating Premises. As a result of such renovation or refurbishment, there may be no income generated by the Operating Premises in question. Furthermore, there can be no assurance that these capital investments will generate the level of return initially anticipated, due to changes in market environment and other factors.

In particular, if unforeseen market changes and corresponding declines in demand result in mismatch between the actual and anticipated demands of customers, FairPrice Group may not be able to recover its capital expenditures or investments, in part or in full, or the recovery of such capital expenditures or investments may take longer than expected. In addition, FairPrice Group may have made capital investments in the past that may still have a continuing impact on FairPrice Group's operating results. While FairPrice Group evaluates each investment decision carefully, there is no assurance that its capital investments will generate the expected returns and if the expected returns are not generated, this may materially and adversely affect FairPrice Group's business, financial condition, results of operations and prospects.

Further, should business opportunities arise in the future, FairPrice Group may require additional funding to complete any investment and acquisition activities and/or to meet any increased capital or operational expenditure requirements, or other requirements. If FairPrice Group does not have sufficient liquidity at that time and is unable to secure additional funds when required, it may not be able to fully implement its plans and this could materially and adversely affect its business, financial condition, results of operations and prospects.

FairPrice Group is exposed to credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. FairPrice Group's exposure to credit risk arises primarily from receivables from customers, related parties and investments.

For other financial assets (including cash, short-term deposits, fixed deposits, investment securities and investment funds), credit risks may arise in an economic downturn or due to other circumstances which may not be anticipated or expected which may affect a counterparty's ability to fulfil its obligations or to make timely payments.

There is no assurance that the risks of default by FairPrice Group's customers and other parties will not increase in the future thereby rendering collection of such payments more difficult or that FairPrice Group will not experience cash flow problems as a result of such defaults. Should these risks develop into actual events, FairPrice Group's business, financial conditions, results of operations and/or prospects may be materially and adversely affected.

FairPrice Group is subject to risks associated with investing a certain portion of its reserves

FairPrice Group invests a portion of its reserves with the intention to either preserve or grow its capital or to generate returns. This exposes FairPrice Group to risks associated with having financial exposure to various assets. Some of these risks include but are not limited to market risks, interest rate risks, liquidity risks, risks of default and general social, political and economic risks which may affect the value of FairPrice Group's investments. Further, FairPrice Group utilises the services of professional fund managers to manage their investments and there is no assurance that the investments will yield the expected returns or will not result in losses being incurred.

Any deterioration in the value of FairPrice Group's investments may materially and adversely affect its business, financial conditions, results of operations and/or prospects.

The Issuer is subject to risks inherent in investing in entities it does not control

FairPrice Group does not control or have a controlling stake in Mercatus Co-operative Limited, a property investment, development and management entity, or the digital-only bank it has invested in together with its majority shareholder, NTUC Enterprise Co-operative Limited. The performance of these entities and FairPrice Group's share of their results are subject to the risks that affect the industry that these entities operate in, namely property investment, development and management, and digital-only banking.

Further, as FairPrice Group does not have the control or the majority stake in these entities, there is no certainty that these entities and/or the other shareholders of these entities will have economic or business interests that are aligned with FairPrice Group's interests or strategies. These entities may also not act in the interest of FairPrice Group or may act contrary to FairPrice Group's instructions, requests, policies or objectives. Disagreements may occur between FairPrice Group, these entities and/or the other shareholders of these entities regarding the business, strategy and operations of these entities and these disagreements may not be resolved amicably, or may take time to resolve, or may not result in a positive outcome for FairPrice Group. In addition, these entities and/or the other shareholders of these entities may be unable or unwilling to fulfil their obligations, may have financial difficulties or may have disputes with FairPrice Group as to the scope of their responsibilities and obligations. The above factors could adversely affect FairPrice Group's ability to deal with its investments in a manner which achieves its objectives and in turn could have a material adverse impact on FairPrice Group's business, financial condition and/or results of operations.

Additionally, these entities may not be able to fulfil their respective contractual obligations, or may experience a decline in creditworthiness. The occurrence of any of these events may materially and adversely affect the performance of these entities, which in turn may materially and adversely affect FairPrice Group's business, financial condition and/or results of operations.

FairPrice Group's future acquisitions of and investments in other companies or businesses may fail

FairPrice Group may acquire or invest in other companies and businesses. Apart from FairPrice Group's ability to obtain financing, the success of such acquisitions or investments also depends on the following factors:

(i) its ability to identify appropriate investments and acquisition opportunities;

(ii) its ability to negotiate for favourable terms in investments or acquisitions;

(iii) the degree of control it will have over the acquired company and its business;

(iv) the degree of synergy between its business and that of the acquired company; and

(v) its ability to successfully consolidate the acquired company or its business within FairPrice Group.

As part of its expansion plans, FairPrice Group may also enter into joint venture agreements with its business partners. Depending on the nature, FairPrice Group's equity interest and the extent of its involvement in such projects, FairPrice Group may not be able to control the decision-making process of joint venture projects without reference to its joint venture partners. In addition, there is no assurance that any new joint venture ventures that FairPrice Group enter into will yield its anticipated benefits. Any dispute with FairPrice Group's joint venture partners which cannot be resolved amicably may escalate and become litigious or result in the early termination of such joint venture.

If FairPrice Group's acquisitions of or investments in other companies or businesses or joint ventures are unsuccessful, FairPrice Group's business, financial condition, business operations and/or prospects may be materially and adversely affected.

Any due diligence investigations on the assets and properties and future acquisitions may not have identified all material defects, breaches of laws and regulations and other deficiencies

While FairPrice Group believes that reasonable due diligence investigations have been conducted with respect to its assets and properties and will be conducted in respect of future acquisitions prior to their acquisition, there can be no assurance that such assets and properties or acquisitions will not have certain defects or deficiencies. Such undisclosed defects or deficiencies may require significant capital expenditures or obligations to third parties and involve significant and unpredictable patterns and levels of expenditure which may materially and adversely affect FairPrice Group's business, financial condition, results of operations and prospects.

FairPrice Group is dependent on the strength of its brand and its reputation with customers in the sale of products and the provision of its services

FairPrice Group's success and results are, to a certain extent, dependent on the strength of the "NTUC" and "FairPrice" brands and reputations. It operates in industries where integrity and customer trust and confidence are paramount. FairPrice Group is exposed to the risk that litigation, employee misconduct, operational failures, food safety breaches, the outcome of regulatory investigations, press speculation and negative publicity, disclosure of confidential customer information, inadequate services, lack of customer satisfaction, disruption in services, failure to pass regulatory inspection, loss of certification or approvals, amongst others, whether or not founded, could impact its brand or reputation. FairPrice Group's reputation could also be affected if products or services recommended by it (or any intermediaries) do not perform as expected (whether or not the expectations are founded) or in line with the customers' expectations for the product or service range. If FairPrice Group is unable to maintain or sustain its brand reputation and recognition, FairPrice Group's business, financial condition, results of operations and prospects may be materially and adversely affected.

FairPrice Group's contract manufacturers may breach their obligations or fail to meet requisite standards

FairPrice Group's own brands products are produced by selected contract manufacturers approved by FairPrice Group, according to its specifications. FairPrice Group has adopted various quality control measures, but there can be no assurance that all of its own brands products produced or manufactured by its contract manufacturers will meet its specifications or other requisite standards imposed by government or regulatory authorities or that there will be no product defects. In the event that FairPrice Group's own brands products do not meet requisite standards or contain defects, FairPrice Group's reputation and the value of its own brands may diminish, and its market share, sales and growth of its businesses may be adversely affected. This may materially and adversely affect FairPrice Group's business, financial condition, results of operations and prospects.

FairPrice Group is subject to risks relating to outsourcing

FairPrice Group engages or may engage third-party service providers to provide various services in connection with its operations. These include, but are not limited to, third party delivery services, part time agencies and third party service providers. The services rendered by such independent third party contractors and operators may not be satisfactory or match the level of quality that FairPrice Group requires.

Furthermore, whilst FairPrice Group has implemented measures aimed at detecting and preventing outside parties' fraud, mis-selling and other misconduct, FairPrice Group may not always be able to detect or prevent such fraud or misconduct in a timely manner.

FairPrice Group is vulnerable to being materially and adversely affected by food-related diseases

The outbreak of food-related diseases and any outbreak of diseases in livestock, crops and other food scares in the region or around the world, such as avian influenza H7N9 virus (bird flu), salmonella outbreaks, porcine respiratory disease complex, the Nipah virus infections or bovine spongiform encephalopathy (mad cow disease), may materially and adversely affect FairPrice Group's business, financial condition, results of operations and prospects. Notwithstanding that FairPrice Group sources its products from a large number of suppliers and manufacturers, the outbreak of food-related diseases could reduce the supply of, and result in a sharp increase in cost of, products and produce sold in FairPrice Group's supermarkets and used by FairPrice Group's Food Premises during the affected period. If FairPrice Group is unable to pass on these increases in cost to its customers, its profits could be materially and adversely affected.

Food-related diseases and food scares could also cause customers to lose confidence in the products offered by FairPrice Group. FairPrice Group's businesses are also likely to be materially and adversely affected. A loss in customer confidence arising from an outbreak of diseases or food scares concerning any particular food ingredient may force FairPrice Group's Food Premises to reduce or totally eliminate the use of that food ingredient in their menus. The elimination of ingredients could affect the taste of the relevant menu items and thereby materially and adversely affect the demand for such menu items. Food scares could also result in customers abstaining from certain types of food ingredients and could cause a reduction in patronage of FairPrice Group's Operating Premises. In addition, alternative sources for such ingredients may be more costly. If FairPrice Group is unable to pass on these increases in cost to its customers, the profits of its businesses may be affected. Any such increase in cost or loss of business faced by FairPrice Group's Operating Premises could materially and adversely affect FairPrice Group's business, financial condition results of operations and prospects.

FairPrice Group faces risks of food contamination and tampering of its products

Food contamination and tampering is a risk inherent to all food and beverage industry participants. At the food manufacturing stage, there is the possibility of contamination given the numerous processes involved in the manufacture of food products. FairPrice Group's sourced products may be subject to illegal tampering. Illegal tampering of products resulting in adulteration of those products may result in loss of customer confidence, product recalls and product destruction. In addition, FairPrice Group may incur substantial litigation costs in defending legal proceedings against it and may be ordered to compensate customers in the event of any illness or death caused by consumption of products which have been tampered with illegally. Such risks of contamination and tampering apply in relation to FairPrice Groups' businesses. Contaminated products may have to be destroyed, and this could involve recall costs and interruption of manufacturing schedules. FairPrice Group's businesses may be materially and adversely affected by the associated negative publicity, and its reputation, business goodwill and profitability may be materially and adversely affected. Its expansion plans may also be materially and adversely affected as loss of customer confidence may also affect its ability to establish itself in new markets.

FairPrice Group may be materially and adversely affected by variances in food and product quality or industry findings

FairPrice Group sells various food and merchandise to its customers. It may be materially and adversely affected by negative publicity concerning food and product quality, illness, injury, publication of unfavourable government or industry findings concerning its food and product, produce or other health concerns or operational issues relating to its Operating Premises. Regardless of the validity of such claims, these negative allegations, especially complaints of illnesses arising from the consumption of food distributed or served by FairPrice Group, may result in a reduction in demand, or the closure of FairPrice Group's Operating Premises.

Moreover, in the event that any of these complaints escalate into legal proceedings, FairPrice Group may have to incur substantial legal costs defending against such claims. In addition, in the event that end customers become ill after consuming food items produced by tenant hawkers or food court operators or contained in FairPrice Group's products, FairPrice Group may be subject to product liability joinder claims or lawsuits by its customers. There can be no assurance that FairPrice Group will be able to defend itself successfully and FairPrice Group may eventually suffer monetary losses.

Furthermore, contaminated food and products may have to be destroyed, and this could involve recall costs and interruption of distribution schedules. All these could materially and adversely affect FairPrice Group's business, financial condition, results of operations and prospects.

FairPrice Group may be materially and adversely affected by suspension of its business licences as a result of non-compliance with hygiene standards

In the food industry, food hygiene is critical. In Singapore, the Singapore Food Agency ("**SFA**") imposes high standards of hygiene on cooked food served by all food establishments and food stalls in Singapore. Operators of food establishments and food stalls are required to maintain high standards of hygiene and are subject to periodic hygiene inspections by the SFA. They are graded "A" to "D" in descending order of merit. If a food establishment or a food stall run by FairPrice Group fails to comply with the standards imposed by the SFA, its licence to operate that food establishments or food stalls may be revoked or suspended. A revocation or suspension of the business licence of any of FairPrice Group's Operating Premises may materially and adversely affect FairPrice Group's business, financial condition, results of operations and prospects.

FairPrice Group may be materially and adversely affected by the revocation of Halal certification issued to its Food Premises

In Singapore, Majlis Ugama Islam Singapura ("**MUIS**"), which is constituted under the Administration of Muslim Law Act 1966 of Singapore, is the sole custodian of Halal certification in Singapore. MUIS issues Halal certificates based on a set of systems-based Halal certification requirements known as the Singapore MUIS Halal Quality Management System and ensures that the requirements of the Muslim law are complied with in the production, processing, marketing and display of products, the provision of services and the carrying out of activities. Halal certifications have been issued to some of FairPrice Group's Food Premises and FairPrice Group's manufacturing facilities in Singapore.

Such Halal certifications have enabled FairPrice Group to expand its customer base to include Muslim customers. To maintain such Halal certifications, FairPrice Group has implemented a system under which all the processes involved in the sourcing, production and handling of FairPrice Group's food products and the provision of FairPrice Group's food services are monitored closely to ensure that they are Halal-compliant.

Nevertheless, there can be no assurance that the Halal certification issued to FairPrice Group's Food Premises and manufacturing facilities will not be revoked or will be renewed in the future. In the event that such Halal certifications are revoked or not renewed, FairPrice Group's customer base may reduce, and this could materially and adversely affect FairPrice Group's business, financial condition, results of operations and prospects.

FairPrice Group is exposed to risks associated with power supply breakdowns

Breakdowns in power supply may disrupt FairPrice Group's business operations as customers may leave, or be deterred from visiting, FairPrice Group's Operating Premises. In addition FairPrice Group carries significant amounts of perishable food products as part of its inventory, such as chilled meat, frozen food products, dairy products and live seafood. Certain perishable food products require particular and consistent conditions for storage, which are in turn dependent on continuous power supply. In the event that FairPrice Group is subject to a prolonged power breakdown, such perishable food products may be subject to spoilage and FairPrice Group may suffer significant losses as a result. There can be no assurance that FairPrice Group's operations will not be subject to power supply breakdowns, which may cause disruptions or cessations of FairPrice Group's business and may materially and adversely affect FairPrice Group's business, financial condition, results of operations and prospects.

FairPrice Group may be subject to disruptions in its supply or distribution networks and store operations

FairPrice Group sources its food products, produce and general merchandise from a large number of domestic and international suppliers and contract manufacturers. Some of FairPrice Group's products are stored in its warehousing and distribution centre and subsequently delivered to its various Operating Premises nationwide. Some of FairPrice Group's products are delivered directly to its Operating Premises by its suppliers. FairPrice Group also stores some products at its premises or premises belonging to third party logistics providers.

Various external factors, including political or economic instability and severe weather conditions or natural disasters in the areas in which FairPrice Group has supply or distribution networks or Operating Premises, may result in closure of such areas, disruption of its supply or distribution networks and store operations, delivery delays, decreases in the availability or selection of products in its Operating Premises and costs increases. Severe weather conditions and natural disasters may also affect the growing conditions, quantity and quality of crops yielded by food producers and materially and adversely affect the availability or cost of certain food produce and products. Such disruptions to FairPrice Group's supply or distribution network or store operations may materially and adversely affect its business, financial condition, results of operations and prospects.

FairPrice Group may be materially and adversely affected by increases in transportation and warehousing costs and other related costs

As FairPrice Group sources its products from a large number of overseas suppliers, it has exposure to fluctuations in freight, logistics and transport costs. The rising price of energy may also drive up such costs. In Singapore, increases in costs of transportation due to a rise in fuel price, electronic road pricing charges, price of certificates of entitlement and/or freight charges may drive up operating expenses and affect the overall profitability of fulfilment network aspect of the business. Failure of FairPrice Group to efficiently plan routing of stock and/or deliveries could cause FairPrice Group to spend more than necessary on fuel and manpower costs. If FairPrice Group is unable to pass on these increases in cost to its customers or if inflationary pressures continue to persist, FairPrice Group's profitability may be materially and adversely affected.

FairPrice Group also leases some of its warehousing and storage spaces. Increases in rental costs of these premises may erode FairPrice Group's profitability and hence its earnings. Relatedly, any failure of FairPrice Group to move stock from warehouses and/or distribution centres in an efficient and timely manner will increase the amount of time spent by stock in such warehouses and/or distribution centres, thereby increasing warehousing and storage costs, which may materially and adversely affect FairPrice Group's business, financial condition, results of operations and prospects.

FairPrice Group is exposed to risks of slow moving perishable stock

In order to meet market demands, FairPrice Group typically maintains inventory for its products, ranging from raw materials to semi-processed and finished products. The maintenance of such inventory levels exposes FairPrice Group to the risk of product wastage as its products are perishable. In the event that products cannot be sold or returned, these products may have to be disposed of, and this may result in losses to FairPrice Group and materially and adversely affect its business, financial condition, results of operations and prospects.

FairPrice Group's sales are subject to seasonal fluctuations

FairPrice Group generally sees higher seasonal sales during certain festive seasons in Singapore, such as Hari Raya, Deepavali, Christmas and Chinese New Year. FairPrice Group may also incur significant additional expenses in the period leading up to these shopping seasons in anticipation of higher sales volume in those periods (including for additional inventory, advertising and employees). FairPrice Group's profitability and cash requirements are therefore affected by the seasonal nature of its business. However, FairPrice Group may not always be successful in making accurate seasonality assumptions with regard to its cash or merchandise requirements. Further, unanticipated events having an adverse effect on customer spending during the periods in which FairPrice Group expects higher sales may have a particularly adverse effect on FairPrice Group's business and operations. As such, there can be no assurance that these fluctuations will not materially and adversely affect FairPrice Group's business, financial condition, result of operations and prospects.

The success of FairPrice Group's food service business is dependent on FairPrice Group's ability to keep up with tastes and preferences

FairPrice Group's continued growth and success depend, in part, on the popularity of the menu items and the dining environment of its Food Premises. Shifts in customer preferences away from the cuisine offered in or dining environment of FairPrice Group's Food Premises, to other types of eateries could materially and adversely affect its business. In addition, FairPrice Group's continued success in the food service business segment largely depends on disposable customer income and customer confidence, all of which can affect discretionary customer spending. Adverse changes in these factors could reduce the flow of customers and impose practical limits on pricing, thus materially and adversely affecting FairPrice Group's profitability.

The furnishings of FairPrice Group's Food Premises are also essential in maintaining the clean, cosy and comfortable ambience to support its image and branding, and to encourage repeat patronage by its customers. The success of FairPrice Group's food retail business is also dependent on its ability to keep up with tastes and preferences, by introducing contemporary design concepts, new restaurant or dining concepts, and new menu innovations.

If FairPrice Group is unable to keep pace with the changing tastes and preferences of customers in the future, the patronage of its food retail establishments and food courts may be reduced and its business, financial condition, results of operations and prospects may be materially and adversely affected.

FairPrice Group may not be able to maintain appropriate inventory levels or anticipate or respond to changing customer preferences on a timely basis

FairPrice Group sells a wide selection of products and produce, including live and chilled produce such as seafood, meat and vegetables, processed, packaged and/or preserved food products, and general merchandise such as toiletries and essential household products. FairPrice Group constantly reviews its inventory control methods and procedures in order to minimise spoilage and overstock and to ensure that sufficient inventory of its products, produce and general merchandise are available to meet the demands of customers. In addition, FairPrice Group constantly reviews and changes the mix of product, produce and general merchandise offered by its supermarkets to customers to ensure that such mix reflects, inter alia, customers' demographics, lifestyles and purchasing patterns, in order to optimise FairPrice Group's sales. In the event that FairPrice Group is unable to maintain appropriate inventory levels or anticipate or respond to changes in its customers' purchasing requirements in an appropriate and timely manner or at all, FairPrice Group's reputation, sales and financial performance may be materially and adversely affected.

Further, in the event that any inventory stored in FairPrice Group's Operating Premises, warehouse or other storage locations is subject to damage, including by floods or fires, this may reduce its inventory levels, disrupt its business operations, and/or materially and adversely affect FairPrice Group's business, financial condition, results of operations and prospects.

FairPrice Group's businesses are dependent on its major suppliers for products, produce and general merchandise and may also be materially and adversely affected by the fluctuations in prices of such products, produce and general merchandise

Notwithstanding that FairPrice Group sources its products, produce and general merchandise from a large number of suppliers and manufacturers, FairPrice Group is dependent on certain major suppliers. Any involuntary or unexpected loss of any of its major suppliers without suitable replacements may temporarily disrupt its supplies and may have a material and adverse effect on its business, financial condition, results of operations and prospects.

Furthermore, there can be no assurance that FairPrice Group's major suppliers will be able to continue to fulfil its needs and expectations in terms of cost and product quality. In the event that its major suppliers are unable to fulfil its requirements or cease to supply products, produce and/or general merchandise to it, FairPrice Group may have to incur additional time and costs in sourcing for new suppliers, which could result in disruptions to its business, and its profitability may be materially and adversely affected.

The costs of the products, produce and general merchandise sold in FairPrice Group's Operating Premises and used by FairPrice Group's Food Premises may also be subject to price fluctuations due to various factors beyond its control, including severe climatic conditions and governmental regulations, which may reduce the supply of such products, produce and/or general merchandise, leading to increases in supply costs. Should there be any significant increase in costs of products, produce and/or general merchandise or should inflationary pressures continue to persist, FairPrice Group's operating results may be materially and adversely affected. In the event that FairPrice Group is unable to pass on any increase in the costs of such products, produce and/or general merchandise to its customers, FairPrice Group's profitability may be materially and adversely affected. Nonetheless, there is no assurance that FairPrice Group's profitability will be maintained even if such increase in costs is passed on, since any upward price adjustment could also result in a decrease in patronage of FairPrice Group's Operating Premises.

Rent hikes in FairPrice Group's Operating Premises and any inability to renew leases at suitable locations may materially and adversely affect FairPrice Group

FairPrice Group typically sets up its premises for its operations at strategic locations at cost-effective rental rates. Most of FairPrice Group's Operating Premises are housed under leased premises and although some of these premises are located within properties which FairPrice Group has investments in, any lease arrangement is still conducted at arm's length and on normal commercial terms. Upon expiry of such leased tenure, the landlords have the right to review and alter the terms and conditions of the lease agreements. FairPrice Group faces the possibility of an increase in the rental prices by the landlords or not being able to renew the leases on terms and conditions which are favourable to FairPrice Group. In general, rental rates of the properties on which FairPrice Group operates its premises have increased over the years and this has and will inevitably increase FairPrice Group's operating costs. As rental costs form a significant component of total costs, any increase in rental costs may materially and adversely affect FairPrice Group's business, financial condition, results of operations and prospects. The non-renewal of the leases, or renewal upon less favourable terms, or early termination of the leases may also force FairPrice Group to relocate the affected operations. Other reasons for relocating FairPrice Group's premises include redevelopment, renovation works or closure of the mall, complex or HDB sites in which the premises are located. In addition, FairPrice Group's premises may relocate if the mall, complex or HDB site in which FairPrice Group's premises are located has poor human foot traffic due to, but not limited to, unattractive tenant mix and poor maintenance of the mall, complex or HDB site.

As such, there is no assurance that FairPrice Group will be able to maintain suitable locations for its Operating Premises, or that FairPrice Group's operations will not be relocated. Such relocation of FairPrice Group's operations will cause disruptions to its normal business operations and it may have to incur additional expenses to, among other things, renovate the new premises.

FairPrice Group may not be able to secure suitable locations for further expansion, maintain an attractive tenant mix or the current occupancy rates for its Operating Premises

FairPrice Group's business volume is, to a large extent, dependent on its ability to continually procure additional suitable locations for its Operating Premises. Good locations are limited and there is no assurance that FairPrice Group will be able to continue to secure good locations to expand its business. Inability of FairPrice Group to secure good locations could limit the growth of its businesses. There is no assurance that new or existing competitors will not offer more attractive rates to secure these good locations, thereby limiting FairPrice Group's growth.

It is also essential that FairPrice Group's Food Premises maintain an attractive mix and consistent quality of food operators that can offer its customers a variety of F&B offerings and consistency in the quality of food and services. An unattractive mix of food operators, or poor or inconsistent quality of food and services could result in customer dissatisfaction and a reduction in patronage of FairPrice Group's Food Premises.

There is no guarantee that FairPrice Group will be able to sustain the current occupancy rates of its Food Premises, as this depends on FairPrice Group's ability to manage its relationships with third party food operators and the fees and rents charged to them. In addition, the sustainability of the trade and availability of food operators depend on the willingness of the younger generation to enter the trade. This may also be affected by rising manpower costs, the size of the labour pool and an ageing workforce in Singapore. In the event the occupancy rates in FairPrice Group's Food Premises decrease, this may materially and adversely affect FairPrice Group's business, financial conditions, results of operations and/or prospects.

FairPrice Group is subject to changes in its leases or sub-leases which may in turn affect rental income

FairPrice Group sub-leases its premises to sub-tenants such as its Operating Premises tenants. In the event that FairPrice Group does not find replacement tenants or sub-tenants or the terms of replacement tenancies or sub-tenancies are less favourable to FairPrice Group than current leases or sub-leases, FairPrice Group faces the risk that vacancies following non-renewal of leases or sub-leases may lead to reduced occupancy levels or that the terms of replacement tenancies or sub-tenancies could be less favourable than current leases or sub-leases, which may in turn reduce FairPrice Group's rental income.

FairPrice Group is subject to fluctuations in labour availability and costs

FairPrice Group's businesses, being primarily retail in nature, is labour-intensive and, as the cost of labour continues to increase, FairPrice Group's ability to meet its labour requirements, whilst controlling wage and labour-related costs, may be subject to numerous external factors, including changes in government policies on employment wages and levies, the availability of a sufficient number of suitable persons in the relevant work force, prevailing wage rates, demographics and health and insurance costs. The availability of its employees in Singapore is also exacerbated by the increasingly ageing workforce. The progressive wage model ("**PWM**"), which was developed by tripartite committees consisting of unions, employers and the government to help uplift wages of low-wage workers by mapping out a clear career pathway for their wages to rise along with training and improvements in productivity and standards, will apply to workers in the retail and food services industries from 1 September 2022 and 1 March 2023 respectively[2]. FairPrice Group intends to support the extension of the PWM to eligible workers in its businesses, leading to an eventual increase in labour cost.

FairPrice Group's operations may also be materially and adversely affected by labour activism or failure to maintain satisfactory relations. FairPrice Group's plans may require FairPrice Group to hire, train and retain a significant number of new employees in the future. As FairPrice Group competes against other businesses and other retailers for these skilled personnel, FairPrice Group may have to increase wages and benefits to attract and retain qualified personnel or risk considerable employee turnover. If FairPrice Group is unable to hire, train and retain qualified employees at a reasonable cost, its business, financial condition, results of operations and prospects may be materially and adversely affected. Notwithstanding the above, FairPrice Group is embarking on measures to increase automation and productivity to reduce reliance on labour in the face of manpower crunch in Singapore.

FairPrice Group's performance is subject to its ability to attract, retain and train qualified managerial and other employees and agents

FairPrice Group's business operations are labour intensive and its continued success depends in part upon its ability to attract, motivate and retain a sufficient number of qualified and skilled employees for its businesses. Relations with employees could deteriorate due to disputes related to, among other things, wage or benefit levels. The loss of key employees may materially and adversely affect FairPrice Group's business, financial condition, results of operations and prospects. In order to manage and support FairPrice Group's growth, FairPrice Group must continue to recruit, train and retain qualified management personnel as well as other administrative and sales and marketing personnel, particularly as it expands into new markets. If

[2] <https://www.mom.gov.sg/newsroom/press-releases/2021/0830-government-accepts-twg-lww-recommendations>

FairPrice Group is not able to retain, hire and train qualified managerial and other employees and agents, its business, financial condition, results of operations and prospects may be materially and adversely affected.

Pilferage and theft by FairPrice Group's employees and outsiders will materially and adversely affect FairPrice Group

In the retail food industry, cash sales and food items are handled by FairPrice Group's employees and lapses in internal controls may occur from time to time. Should FairPrice Group fail to impose strict monitoring on its staff for possible practices of pilferage and theft of inventories and raw materials and cash sales collections by employees and outsiders, FairPrice Group will not be able to prevent such misdeeds from happening. These wrongdoings will not only materially and adversely affect FairPrice Group's business, financial condition, results of operations and prospects, but also its reputation and branding.

FairPrice Group operates in competitive industries and is subject to technological disruptions

FairPrice Group faces competition from both existing players and potential new entrants which could lead to adverse pricing pressure, reduced operating margins, loss of market share, departures of qualified employees and increased capital expenditures. Competition for, amongst other things, capital, technology and skilled personnel may influence the business of FairPrice Group, and some existing competitors, with greater resources and better relationships with particular suppliers, customers or distributors, will compete with FairPrice Group based on factors such as price, quality and customer service.

In addition, disruptions due to evolving technologies and the push towards digitalisation pose a risk to FairPrice Group and, in particular, to its online business. For example, the rise of e-commerce has decreased the barrier to entry for new entrants into the consumer retail industry and compete directly with FairPrice Group. Further, the emergence of alternative channels or business models that better suit the needs of consumers could adversely affect FairPrice Group's market share. FairPrice Group's future business opportunities are also dependent on the continued integration of online and offline retail channels. Whilst FairPrice Group has strived to ride the technological and digitalisation wave in order to stay relevant and accessible to customers, FairPrice Group's efforts in adopting such technologies and digitalisation may require significant capital expenditure and there can also be no assurance that such efforts would be successful.

If FairPrice Group cannot respond to changes in market conditions and technological disruptions more swiftly or effectively than its competitors and retain its market share, its business, financial condition, results of operations and prospects may be materially and adversely affected.

A failure in FairPrice Group's automated and information technology ("IT") systems may materially and adversely affect FairPrice Group

FairPrice Group invests in and relies on automated and IT systems in its operations. The proper functioning of FairPrice Group's inventory distribution and logistics, financial controls, accounting, customer database, customer service and other systems, depends on the stability of its automated and IT systems.

In addition, although FairPrice Group maintains back-up systems designed to be activated in the event of failure, there is no assurance that such systems will not be simultaneously damaged or destroyed in the event of an interference or disruption, whether caused by a natural disaster, physical destruction, system failure or a cyberattack. FairPrice Group seeks to protect its computer systems and network infrastructure from physical break-ins as well as fraud and systems failures. However, there can be no assurance that such events or disruptions will not take place, which may have material and adverse effects on FairPrice Group.

FairPrice Group is exposed to potential risks relating to security of customer data and privacy breaches

In Singapore, the Personal Data Protection Act 2012 imposes certain obligations on FairPrice Group where FairPrice Group collects, uses or discloses personal data. FairPrice Group seeks to protect the privacy of its customers in networks and systems infrastructures, including FairPrice Group's membership programme through the Plus! Programme, which are particularly relevant in its operations in its retail business. Significant failure of security measures may undermine customer confidence and result in litigation by customers and/or regulatory fines and penalties. Failure of security mechanisms may also result in the imposition of additional regulatory measures relating to the security and privacy of customer data, which may materially and adversely affect FairPrice Group's business, financial condition, results of operations and prospects.

Changes in customer data and privacy laws, rules and regulations could materially and adversely affect FairPrice Group's business, financial condition and results of operations. Compliance with these laws, rules and regulations requires us to incur increased expense and devote considerable time to compliance efforts.

FairPrice Group may be involved in disputes, legal and other proceedings arising from its operations from time to time and may be subject to regulatory reviews and queries

FairPrice Group may be involved from time to time in disputes with various parties involved in its retail business, such as contractors, sub-contractors, hawkers, operators, suppliers, customers, lessees, co-tenants and other parties. These disputes may lead to legal and other proceedings (including personal injury claims), and may cause FairPrice Group to suffer additional costs and delays. In addition, FairPrice Group may have disagreements with regulatory bodies in the course of its operations, which may subject it to administrative proceedings and unfavourable decrees that result in financial losses.

In addition, from time to time regulators may subject FairPrice Group to reviews, queries, investigations or other regulatory actions. If the outcomes of such regulatory actions are not favourable, this may materially and adversely affect FairPrice Group's business, financial condition, results of operations and prospects.

FairPrice Group is exposed to the risks of infringement of FairPrice Group's intellectual property by other parties, as well as litigation suits that other parties may bring against it

FairPrice Group believes that its trademarks are an integral aspect of its strategy on branding, and play a significant role in creating brand recognition for its Food Premises and products. Unauthorised use of FairPrice Group's trademarks and brand names may damage the brand names and reputation of FairPrice Group. There is no assurance that its registered trademarks will not be infringed upon. In certain jurisdictions which do not have developed intellectual property laws or a record of protecting intellectual property rights, FairPrice Group may face considerable difficulties and incur high litigation costs in protecting and enforcing such rights. In the event that it is not able to protect its intellectual property rights, its brand reputation and sales volume may be materially and adversely affected.

Further, any claims or litigation involving infringement of intellectual property rights of third parties, whether with or without merit, may result in a diversion of FairPrice Group's resources and materially and adversely affect its business, financial condition, results of operations and prospects.

Risk management policies and procedures may not allow FairPrice Group to fully identify, anticipate or manage all risks, including fraud and corruption, which could materially and adversely affect FairPrice Group

The management of risk, including fraud and corruption, requires, among other things, policies and procedures to record properly and verify a large number of transactions and events. FairPrice Group has devoted significant resources to develop risk management policies and procedures and expects to continue to do so in the future.

Nonetheless, these policies and procedures may not be comprehensive. FairPrice Group uses a variety of data and information, such as historical operational and financial data, to identify key risks and design control procedures to mitigate these risks. These methods may not fully predict future exposures, which can be significantly greater than what historical measures indicate, particularly in volatile markets and environments.

Failure to achieve certain environmental sustainability goals and strategies may adversely affect the Group's reputation and profitability

FairPrice Group has been driving environmental sustainability efforts to align with the objectives and frameworks set out in the United Nations Sustainable Development Goals and Singapore Green Plan 2030. Despite government incentives to encourage the adoption of environmental, social and governance practices, there is no assurance that FairPrice Group will be able to achieve or implement its environmental sustainability goals and strategies or may only be able to do so at an increased cost. The inability to achieve such goals and strategies could adversely affect FairPrice Group's reputation and profitability.

FairPrice Group's insurance coverage may not adequately protect it against certain operational risks and it may be subject to losses that might not be covered in whole or in part by existing insurance coverage

FairPrice Group maintains insurance which it believes is typical in the industries in which it operates and in amounts which it believes are commercially appropriate for a variety of risks. However, such insurance may not be adequate to cover all losses or liabilities that may arise from its operations, particularly when the loss suffered is not easily quantifiable. Even if it has adequate insurance cover, FairPrice Group may not be able to successfully assert its claims for any liability or loss under the relevant insurance policies. Additionally, there may be various other risks and losses for which FairPrice Group is not insured because such risks are either uninsurable or not insurable on commercially acceptable terms. Furthermore, there can be no assurance that in the future the business will be able to maintain insurance of the types or at levels which it deems necessary or adequate.

The occurrence of any event for which FairPrice Group is not insured, where the loss is in excess of insured limits or where FairPrice Group is unable to successfully assert insurance claims from losses, could result in uninsured liabilities. Any such uninsured liabilities could result in material and adverse effects on FairPrice Group's business, financial condition, results of operations and prospects, which could thereby materially and adversely affect the Issuer's ability to fulfil payment or other obligations under the Notes.

RISKS RELATED TO NOTES GENERALLY

The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in light of its own financial position, investment objectives, and all other relevant circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Information Memorandum or any applicable amendment or supplement to this Information Memorandum;

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;

- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets;

- understand thoroughly the nature of all these risks before making a decision to invest in the Notes; and

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

Modification and waivers

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

The Conditions of the Notes also provide that the Trustee may (but is not obliged to) (and is entitled to rely, at the expense of the Issuer, on external legal, financial or other professional advice for this purpose) agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed or any of the other Issue Documents (as defined in the Trust Deed) which in the opinion of the Trustee is of a formal, minor or technical nature, is made to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by Euroclear and/or Clearstream, Luxembourg and/or the Depository and/or any other clearing system in which the Notes may be held and (ii) any other modification (except as mentioned in the Trust Deed) to the Trust Deed and any of the other Issue Documents, and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed or any of the other Issue Documents, which is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders or the Couponholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, unless the Trustee otherwise agrees in writing, the Issuer shall cause such modification, authorisation or waiver to be notified to the Noteholders as soon as practicable in accordance with Condition 16.

A change in Singapore law or administrative practice which governs the Notes may adversely affect Noteholders

The Notes are governed by Singapore law in effect as at the date of issue of the Notes. No assurance can be given as to the impact of any possible judicial decision or change to Singapore law or administrative practice after the date of issue of the Notes and any such change could materially impact the value of any Notes affected by it.

Performance of contractual obligations by the Issuer may be dependent on other parties

The ability of the Issuer to make payments in respect of the Notes may depend upon the due performance by the other parties to the transaction documents of their obligations thereunder including the performance by the Trustee and each of the Agents of their respective obligations. Whilst the non-performance of any relevant party will not relieve the Issuer of its obligations to make payments in respect of the Notes, the Issuer may not, in such circumstances, be able to fulfil its obligations to the Noteholders and/or the Couponholders.

Noteholders are exposed to financial risk

Interest payment, where applicable, and principal repayment for debts occur at specified periods regardless of the performance of the Issuer. The Issuer may be unable to make interest payments, where applicable, or principal repayments, under a series of Notes should the Issuer suffer a serious decline in net operating cash flows.

The Issuer may be unable to redeem the Notes

On certain dates, including the occurrence of any early redemption event specified in the relevant Pricing Supplement or otherwise and at maturity of the Notes, the Issuer may, and at maturity, will, be required to redeem all of the Notes. If such an event were to occur, the Issuer may not have sufficient cash on 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 the Notes in such event may also be limited by the terms of other debt instruments. Failure to repay, repurchase or redeem tendered Notes by the Issuer would constitute an event of default under the Notes, which may also constitute a default under the terms of other indebtedness of the Group.

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

Notes issued under the Programme may be represented by one or more Global Notes or Global Certificates. Such Global Notes or Global Certificates will be deposited with or registered in the name of, or in the name of a nominee of, the Common Depositary, or lodged with CDP (each of Euroclear, Clearstream, Luxembourg and CDP and/or such other clearing system, a "**Clearing System**"). Except in the circumstances described in the relevant Global Note or Global Certificate, investors will not be entitled to receive Definitive Notes or Certificates. The relevant Clearing System will maintain records of their accountholders in relation to the Global Notes and Global Certificates. While the Notes are represented by one or more Global Notes or Global Certificates, investors will be able to trade their beneficial interests only through the relevant Clearing System.

While the Notes are represented by one or more Global Notes or Global Certificates, the Issuer will discharge its payment obligations under the Notes by making payments to the Common Depositary or, as the case may be, to CDP, for distribution to their accountholders or, as the case may be, to the relevant 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 Note or Global Certificate must rely on the procedures of the relevant Clearing System to receive payments under the relevant Notes. The Issuer bears no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes or Global Certificates.

Holders of beneficial interests in the Global Notes and Global Certificates will not have a direct right to vote in respect of the relevant Notes. 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 Notes and Global Certificates will not have a direct right under the respective Global Notes and Global Certificates to take enforcement action against the Issuer following an Event of Default under the relevant Notes but will have to rely upon their rights under the Trust Deed.

Enforcement of remedies

Enforcement of available remedies under the Trust Deed, the Notes, the Coupons and the Talons, could result in delays in recovery of amounts owed to the Noteholders by the Issuer. 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 any Noteholders.

Noteholders may be subject to tax in Singapore and other jurisdictions

Prospective purchasers of the Notes are advised to consult their own tax advisers concerning the overall tax consequences of the acquisition, ownership or disposition of the Notes. See the section titled "Taxation" for certain Singapore tax consequences.

Singapore taxation 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 "Taxation" of this Information Memorandum. However, there is no assurance that the conditions for "qualifying debt securities" will be met or that such Notes will continue to enjoy the tax concessions in connection therewith should the relevant tax laws or MAS circulars be amended or revoked at any time or should the required conditions cease to be fulfilled.

The Trustee may request Noteholders to provide an indemnity, security and/or pre-funding to its satisfaction before taking action on behalf of Noteholders

In certain circumstances (including without limitation the giving of notice to the Issuer pursuant to Condition 10 and the taking of enforcement steps pursuant to Condition 11), the Trustee may (at its sole discretion) request the Noteholders to provide an indemnity and/or security and/or prefunding to its satisfaction before it takes actions on behalf of Noteholders. The Trustee shall not be obliged to take any such actions if not first indemnified and/or secured and/or prefunded to its satisfaction. Negotiating and agreeing to any indemnity and/or security and/or prefunding can be a lengthy process and may impact on when such actions can be taken. The Trustee may not be able to take actions notwithstanding the provision of an indemnity or security or prefunding to it in breach of the terms of the Trust Deed constituting the Notes and in such circumstances, or where there is uncertainty or dispute as to the applicable laws or regulations, to the extent permitted by the agreements and the applicable law, it will be for the Noteholders to take such actions directly.

The Notes are not secured

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

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

RISKS RELATED TO THE STRUCTURE OF A PARTICULAR ISSUE OF NOTES

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of certain such features:

Notes subject to optional redemption by the Issuer

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

The Group may not fully hedge the currency risks associated with Notes denominated in foreign currencies

The majority of the Group's revenue is generally denominated in Singapore dollars and the majority of the Group's operating expenses are generally incurred in Singapore dollars as well. As Notes issued under the Programme can be denominated in currencies other than Singapore dollars, the Group may be affected by fluctuations between Singapore dollars and such foreign currencies in meeting the payment obligations under such Notes. There can be no assurance that the Group will be able to fully hedge the currency risks associated with such Notes denominated in foreign currencies. In addition, hedging involves risks and costs, including transaction costs, which may reduce overall returns.

Variable Rate Notes with a multiplier or other leverage factor

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

Definitive Notes and Certificates which have a denomination that is not an integral multiple of the minimum denomination amount may be illiquid and difficult to trade

In relation to any issue of Notes which have a denomination consisting of a minimum denomination amount (as defined in the Conditions) plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of the minimum denomination amount that are not integral multiples of such minimum denomination amount. In such a case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum denomination amount will not receive a Definitive Note or Certificate in respect of such holding (should Definitive Notes or Certificates be printed) and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more denomination amounts. If Definitive Notes or Certificates are issued, Noteholders should be aware that Definitive Notes or Certificates which have a denomination that is not an integral multiple of the minimum denomination amount may be illiquid and difficult to trade. Definitive Notes and Certificates will in no circumstances be issued to any person holding Notes in an amount lower than the minimum denomination and such Notes will be cancelled and holders will have no rights against the Issuer (including rights to receive principal or interest or to vote or attend meetings of Noteholders) in respect of such Notes.

RISKS RELATED TO THE MARKET GENERALLY

Limited liquidity of the Notes issued under the Programme

There can be no assurance regarding the future development of the market for the Notes issued under the Programme, or the ability of the Noteholders, or the price at which the Noteholders may be able, to sell their Notes.

The Notes may have no established trading market when issued, and one may never develop. Even if a market for the Notes does develop, there can be no assurance as to the liquidity or sustainability of any such market or the price at which Noteholders will be able to sell their Notes. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. Even if there is a secondary market, there can be no assurance that any secondary market activities will be continuous or regular. Value of the Notes may fluctuate for various reasons. This may particularly be the case for Notes 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 Notes generally may have a more limited secondary market and more price volatility than conventional debt securities. If the Notes 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 Notes are trading at a discount, investors may not be able to receive a favourable price for their Notes, and in some circumstances investors may not be able to sell their Notes at their fair market value or at all.

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

Although an application will be made for the listing and quotation of any Notes to 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 such application will be approved, that any particular Series or Tranche of Notes will be so admitted 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 Notes 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 Series or Tranche of Notes.

Fluctuation of market value of the Notes issued under the Programme

Trading prices of the Notes are influenced by numerous factors, including the market for similar securities, operating results and/or financial condition of the Issuer, its subsidiaries, its associated companies (if any) and/or its joint venture companies (if any), political, economic, financial and any other factors that can affect the capital markets, the industry, the Issuer, its subsidiaries, its associated companies (if any) and/or its joint venture companies (if any) generally. Adverse economic developments in Singapore as well as countries in which the Issuer, its subsidiaries, its associated companies (if any) and/or its joint venture companies (if any) operate or have business dealings, could have a material adverse effect on the business, financial performance and financial condition of the Issuer, its subsidiaries, its associated companies (if any) and its joint venture companies (if any).

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

Interest rate risk

An investment in fixed-rate Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes and Noteholders may suffer unforeseen losses due to fluctuation in interest rates. Generally, a rise in interest rates may cause a fall in the price of the Notes, resulting in a capital loss for the Noteholders. However, the Noteholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, the price of the Notes may rise. The Noteholders may enjoy a capital gain but interest payments received may be reinvested at lower prevailing interest rates.

The regulation and reform of "benchmark" rates of interest and indices may adversely affect the value of Notes linked to or referencing such "benchmarks"

The Programme allows for the issuance of Notes that reference certain interest rates or other types of rates or indices which are deemed to be "benchmarks", including the Singapore Overnight Rate Average ("**SORA**"), in particular with respect to certain Floating Rate Notes where the reference rate may be SORA or another such benchmark. The Pricing Supplement for the Notes will specify whether SORA or another such benchmark is applicable.

Interest rates and indices which are deemed to be "benchmarks" (including SORA) 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, to disappear entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked to or referencing such a benchmark.

Regulation (EU) 2016/1011 (the "**EU 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 EU. 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). Regulation (EU) 2016/1011 as it forms part of domestic law by virtue of the EUWA (the "**UK Benchmarks Regulation**") among other things, applies to the provision of benchmarks and the use of a benchmark in the UK. Similarly, it prohibits the use in the UK by UK supervised entities of benchmarks of administrators that are not authorised by the UK Financial Conduct Authority ("**FCA**") or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognised or endorsed).

The EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, could have a material impact on any Notes 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 EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable. 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 the London Interbank Offered Rate ("**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 FCA has indicated through a series of announcements that the continuation of LIBOR on the current basis cannot and will not be guaranteed after 2021. On 5 March 2021, ICE Benchmark Administration Limited ("**IBA**"), the administrator of LIBOR, published a statement confirming its intention to cease publication of all LIBOR settings, together with the dates on which this will occur, subject to the FCA exercising its powers to require IBA to continue publishing such LIBOR settings using a changed methodology (the "**IBA announcement**"). Concurrently, the FCA published a statement on the future cessation and loss of representativeness of all LIBOR currencies and tenors, following the dates on which IBA has indicated it will cease publication (the "**FCA announcement**"). Permanent cessation will occur immediately after 31 December 2021 for all Euro and Swiss Franc LIBOR tenors and certain Sterling, Japanese Yen and US Dollar LIBOR settings and immediately after 30 June 2023 for certain other USD LIBOR settings. In relation to the remaining LIBOR settings (1-month, 3-month and 6-month Sterling, US Dollar and Japanese Yen LIBOR settings), the FCA will consult on, or continue to consider the case for, using its powers to require IBA to continue their publication under a changed methodology for a further period after end-2021 (end-June 2023 in the case of US Dollar LIBOR). The FCA announcement states that consequently, these LIBOR settings will no longer be representative of the underlying market that such settings are intended to measure immediately after 31 December 2021, in the case of the Sterling and Japanese Yen LIBOR settings, and immediately after 30 June 2023, in the case of the USD LIBOR settings. Any continued publication of the Japanese Yen LIBOR settings will also cease permanently at the end of 2022.

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 the Euro Interbank Offered Rate ("**EURIBOR**"). The guiding principles indicate, amongst other things, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the Euro area financial system. On 11 May 2021, the Euro risk-free rate working group published its recommendations on EURIBOR fallback trigger events and fallback rates.

As the SOR methodology relies on USD LIBOR in its computation, the likely discontinuation of LIBOR after June 2023 will impact the future sustainability of the Singapore Dollar Swap Offer Rate ("**SOR**"). On 30 August 2019, the MAS announced that it had established an industry-led steering committee, the Steering Committee for SOR Transition to SORA (the "**SC-STS**") to oversee an industry-wide interest rate benchmark transition from the SOR to the SORA. On 5 August 2020, MAS announced several initiatives to support the adoption of SORA, including prescribing SORA as a financial benchmark under the SFA. The initiatives aim to catalyse greater activity in SORA markets, safeguard the benchmark's integrity and enhance market confidence in SORA. Similarly, the Association of Banks in Singapore has also proposed to discontinue certain tenors for SIBOR and to amend the methodology for determining SIBOR. On 27 October 2020, the SC-STS announced industry timelines to support a coordinated shift away from the use of SOR in financial products, and to concurrently accelerate usage of SORA. SOR is set to be discontinued alongside LIBOR discontinuation after June 2023 and more specifically, all lenders and borrowers are to cease the issuance of SOR-linked loans and securities that mature after end-2021. On 29 July 2021, the SC-STS published a report setting out updated timelines and key recommendations for the industry-wide transition of financial contracts away from the legacy use of SOR. The recommendations cover a wide spectrum of financial products across wholesale and retail markets, and aim to facilitate a smooth transition out of SOR contracts.

It is not possible to predict with certainty whether, and to what extent, any benchmark will continue to be supported going forward. This may cause such benchmark 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.

The Conditions of the Notes provide for certain fallback arrangements in the event that a published benchmark (including any page on which such benchmark may be published (or any successor service)) becomes unavailable, including the possibility that the rate of interest could be set by reference to a benchmark replacement and that such benchmark replacement may be adjusted (if required) in order to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as applicable) to investors arising out of the replacement of the relevant benchmark.

Due to the uncertainty concerning the availability of benchmark replacements and the involvement of an Independent Adviser acting in consultation with the Issuer and the potential for further regulatory developments, there is a risk that the relevant fallback provisions may not operate as intended at the relevant time.

The Conditions of the Notes provide, among others, for discontinuation of benchmark discussed above. The elimination of any 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 notes linked to such benchmarks (including but not limited to Floating Rate Notes or Notes which interest or distribution rates are linked to any benchmark that is subject to reform). Uncertainty as to the continuation of the Original Reference Rate (as defined in the Conditions of the Notes) and the rate that would be applicable if the Original Reference Rate is discontinued may adversely affect the value of, and return on, the Notes.

Benchmark Events (as defined in the Conditions of the Notes) include (amongst other events) permanent discontinuation of the Original Reference Rate. If a Benchmark Event occurs, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser (as defined in the Conditions of the Notes). The Independent Adviser shall endeavour to determine the Benchmark Replacement (as defined in the Conditions of the Notes) to be used in place of the Original Reference Rate. The use of any such Benchmark Replacement may result in the Notes performing differently than they would do if the Original Reference Rate were to continue to apply in its current form.

If a Benchmark Replacement is determined by the Independent Adviser (in consultation with the Issuer) or, as the case may be, the Issuer, the Conditions of the Notes also provide that an Adjustment Spread (as defined in the Conditions of the Notes) may be determined by the Independent Adviser or, as the case may be, the Issuer and applied to such Benchmark Replacement.

The Adjustment Spread is either a spread (which may be positive, negative or zero), or the formula or methodology for calculating a spread, in either case, which the Independent Adviser (in consultation with the Issuer) or the Issuer (as the case may be) determines is required to be applied to the Benchmark Replacement to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders and Couponholders as a result of the replacement of the Original Reference Rate with the Benchmark Replacement and is the spread, formula or methodology which: (i) is formally recommended in relation to the replacement of the Original Reference Rate with the applicable Benchmark Replacement by any Relevant Nominating Body; or (ii) if the applicable Benchmark Replacement is the ISDA Fallback Rate, is the ISDA Fallback Adjustment; or (iii) is determined by the Independent Adviser (in consultation with the Issuer) or the Issuer (as the case may be) having given due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the Original Reference Rate with the applicable Benchmark Replacement for the purposes of determining rates of interest (or the relevant component part thereof) for the same interest period and in the same currency as the Notes.

Furthermore, if a Benchmark Replacement or Adjustment Spread for the Original Reference Rate is determined by the Independent Adviser (in consultation with the Issuer) or, as the case may be, the Issuer, the Conditions of the Notes provide that the Issuer may vary the Conditions of the Notes and the Trust Deed, as necessary to ensure the proper operation of such Benchmark Replacement or Adjustment Spread, without any requirement for consent or approval of the Noteholders.

If, following the occurrence of a Benchmark Event, no Benchmark Replacement is determined, the ultimate fallback for the purposes of calculation of (in the case of Floating Rate Notes) the rate of interest for a particular interest period may result in the rate of interest for the last preceding interest period being used. This may result in the effective application of a fixed rate for such Notes based on the previous applicable rate.

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 Notes linked to or referencing a benchmark.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by any international or national reforms in making any investment decision with respect to any Notes linked to or referencing a benchmark.

The market continues to develop in relation to risk free rates (including overnight rates) as reference rates for Floating Rate Notes

Investors should be aware that the market continues to develop in relation to risk free rates as reference rates in the capital markets and their adoption as alternatives to the relevant interbank offered rates. Please refer to the risk factor entitled "*The regulation and reform of "benchmark" rates of interest and indices may adversely affect the value of Notes linked to or referencing such "benchmarks"*" for further details of the recent interest rates and benchmarks reform.

The market or a significant part thereof may adopt an application of risk free rates that differs significantly from that set out in the Conditions and used in relation to any Notes that reference risk free rates issued under the Programme. The Issuer may in the future also issue Notes referencing risk free rates that differ materially in terms of interest determination when compared with any previous Notes referencing the same risk free rate issued by it under the Programme. The development of risk free rates as interest reference rates for the Eurobond markets and of the market infrastructure for adopting such rates could result in reduced liquidity or increased volatility or could otherwise affect the market price of any Notes issued under the Programme which references any such risk free rate from time to time.

Furthermore, the basis of deriving certain risk free rates, such as SORA, may mean that interest on the Notes which reference any such risk free rate would only be capable of being determined after the end of the relevant observation period and immediately prior to the Interest Payment Date. It may be difficult for investors in Notes which reference any such risk free rate to accurately estimate the amount of interest which will be payable on such Notes, and some investors may be unable or unwilling to trade such Notes without changes to their IT systems, both of which could adversely impact the liquidity of such Notes. Further, in contrast to SIBOR-linked securities, if Notes referencing SORA become due and payable as a result of an event of default under the Conditions, the rate of interest payable for the final Interest Period in respect of such Notes may only be determined on the date which the Notes become due and payable. Investors should consider these matters when making their investment decision with respect to any such Notes.

In addition, the manner of adoption or application of risk free rates in the Eurobond markets may differ materially compared with the application and adoption of such risk free rates in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of risk free rates across these markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Notes referencing such risk free rates. Since risk free rates are relatively new market indices, Notes linked to any such risk free rate may have no established trading market when issued, and an established trading market may never develop or may not be very liquid. Market terms for debt securities indexed to any risk free rate, such as the spread over the index reflected in interest rate provisions, may evolve over time, and trading prices of such Notes may be lower than those of later-issued indexed debt securities as a result. Further, if any risk free rate to which a series of Notes is linked does not prove to be widely used in securities like the Notes, the trading price of such Notes linked to a risk free rate may be lower than those of Notes linked to indices that are more widely used. Investors in such Notes may not be able to sell such Notes at all or may not be able to sell such Notes at prices that will provide them with a yield comparable to similar investments that have a developed secondary market, and may consequently suffer from increased pricing volatility and market risk. There can also be no guarantee that any risk free rate to which a series of Notes is linked will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of investors in the Notes referencing such risk free rate. If the manner in which such risk free rate is calculated is changed, that change may result in a reduction of the amount of distribution payable on such Notes and the trading prices of such Notes.

Inflation risk

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

Notes may be issued at a substantial discount or premium

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

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

The Issuer will pay principal and interest on the Notes in the currency specified. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the currency in which the Notes are denominated (the "**Specified Currency**"). These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency 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 Specified Currency would decrease (i) the Investor's Currency-equivalent yield on the Notes, (ii) the Investor's Currency-equivalent value of the principal payable on the Notes and (iii) the Investor's Currency-equivalent market value of the Notes.

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

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

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

Legal investment considerations may restrict certain investments

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 seek independent legal advice to determine whether and to what extent (i) Notes are legal investments for the potential investor, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

DESCRIPTION OF THE ISSUER

1. Overview

The Issuer is a co-operative society constituted under the Co-operative Societies Act and registered with the Registry of Co-operative Societies on 1 May 1983.

In 2019, the Issuer came together with three other social enterprises, NTUC Foodfare Co-operative Ltd ("**NTUC Foodfare**"), Kopitiam Investment Pte. Ltd. ("**Kopitiam**") and NTUC Link Pte. Ltd. ("**NTUC Link**"), to establish "FairPrice Group" with a view to being a leader in everything food by optimising their resources and leveraging their respective strengths. FairPrice Group's purpose is to nourish generations by bringing quality, accessibility and convenience to Singapore through Everything Food:

(i) Customer First – FairPrice Group's customers are at the core of everything it does. As a social retailer, FairPrice Group continually strives to meet evolving needs, enabled through responsive innovation and rich customer insight;

(ii) Better Value For All – through consistent innovation, FairPrice Group brings great value and quality food solutions to every table. Whether it's online growth or offline demand, FairPrice Group pioneers solutions towards its goal of making lives better; and

(iii) Everything Food Made Easy – FairPrice Group believes in the balance of quality and affordability. Committed to care for its communities, FairPrice Group anchors beloved brands under its FairPrice Group to unlock greater convenience for every need.

The Issuer and its subsidiaries ("**FairPrice Group**") serves the community through more than 500 consumer touchpoints islandwide, including supermarkets, hawker centres, food courts, coffeeshops, pharmacies and convenience stores and through its online presence via the following businesses:

(1) **Retail business**

This comprises supermarket, convenience store and pharmacy retailing, sourcing and developing more affordable daily essentials through various housebrands and online FairPrice grocery platform. NTUC FairPrice Group serves the community through an island-wide network of more than 400 outlets, which comprise multiple retail formats that reach more than half a million customers daily. Its social mission is to moderate the cost of living in Singapore. In order to stay relevant to the evolving needs of the community, NTUC FairPrice Group endeavours to anticipate its customers' needs and adapt to change when the need arises.

(2) **Food services business**

This comprises food courts, coffee shops, hawker centres, quick-service restaurants, institutional catering and food manufacturing. NTUC Foodfare and Kopitiam, as market leaders in the local food and beverage ("**F&B**") scene, operates more than 100 outlets in multiple formats conveniently located across Singapore. Each outlet offers customers an affordable and delicious selection of food options served in comfortable environments, making for a holistic dining experience. Its social mission is to provide affordable, tasty and healthy food.

(3) **Loyalty business**

Together with NTUC FairPrice, Kopitiam and NTUC Foodfare, NTUC Link's mission is to deliver better customer value and convenience in everything food for all Singaporeans. NTUC Link improves the lives of Singaporeans by stretching their dollar on everyday expenses through the Plus! Rewards Programme.

(4) **Other businesses**

The Issuer holds an equity investment in an associate entity – Mercatus Co-operative Limited, which is in the business of property investment, development and management. Mercatus Co-operative Limited holds a portfolio of retail and commercial properties and some of FairPrice Group's Operating Premises are leased from Mercatus Co-operative Limited. In addition, the Issuer has also invested in a digital-only bank together with its majority shareholder, NTUC Enterprise Co-operative Limited; this investment is accounted for as an investee company in the Issuer's financial statements.

Mission and Vision

FairPrice Group's Vision is to be recognised as the leader in Everything Food. There are four pillars to its Mission:

(i) for its customers, FairPrice Group wants to create the most accessible, affordable and enjoyable Everything Food experience, both offline and online;

(ii) as a progressive corporate citizen, FairPrice Group cares about sustainability and sets the standard in its industry and society;

(iii) as a valued partner, FairPrice Group works with the Government[3], suppliers and service providers on win-win solutions and treats one another fairly; and

(iv) for its employees, FairPrice Group is a great place to work, just like a second family, caring for each other as it does its best work and grows together.

FairPrice Group's beginnings and operations are grounded on its founding social mission to moderate the cost of living in Singapore. The social mission of FairPrice Group is at the core of its operations, and this is what sets it apart from other retailers. Apart from keeping the prices of essential items and food low, FairPrice Group has also expanded its social role by value-adding to its members, making a difference during times of crisis and practising corporate social responsibility. As FairPrice Group remains committed and driven by its social mission to do good, its priorities remain rooted to serving customers well and ensuring that they continue to have access to daily necessities at affordable prices.

In particular, the Issuer's Housebrand products, "Stretch Your Dollar" programme, 'Everyday Low Price' items, goods and services tax absorption, various discount schemes to 'Pioneer' and 'Merdeka' generation seniors and Community Health Assist Scheme (CHAS) Blue cardholders are examples of how the Issuer moderates the cost of living in Singapore. Further, the members of FairPrice Group are eligible for patronage rebates when they shop at NTUC FairPrice outlets.

[3] "**Government**" shall be defined as "the government of Singapore".

FairPrice Group pledges to perform its social role to serve, care and share with not just its customers, but also the society and nation. FairPrice Group is able to make a difference to the local community through various national initiatives. As a major food retailer, FairPrice Group is an integral player in the national emergency food plan. FairPrice Group works closely with various Government agencies to secure sufficient supplies and diversify its food sources. By diversifying its food sources, contract farming and stockpiling, FairPrice Group is able to minimise disruption to supply, stabilise prices of staple goods and keep prices affordable in times of uncertainty such as disease outbreaks and pandemics.

When COVID-19 emerged in 2020, the Issuer acted swiftly to put in place precautionary and safety measures to curb profiteering and safeguard the health and safety of its staff and customers. During the height of the COVID-19 pandemic, the Issuer ensured that prices of 100 of the most popular Housebrand daily essentials were kept stable amidst concerns by consumers of possible shortage of food and increase in grocery prices. This initiative also benchmarked prices of essential items for the market, thus ensuring daily essentials remained affordable in Singapore. Recently, the Issuer also launched another initiative by offering discounts and rebates on selected days and holding prices of certain essential items for an extended period.

Apart from moderating the cost of living for the average Singaporean, FairPrice Group is also focused on corporate philanthropy. As part of its social mission, FairPrice Group serves, cares and shares with not just its customers, but also the society and nation. FairPrice Group launched NTUC FairPrice Foundation ("**FairPrice Foundation**") in 2008, a registered charity that focuses its giving on three strategic thrusts – the poor and needy, nation building and community bonding, and advancing workers' welfare. Part of every dollar that customers spend at the Issuer's supermarkets goes back to help the less fortunate through FairPrice Foundation and in the most recent three years (2019 to 2021), Fairprice Group has donated a total of S$51.1 million to the FairPrice Foundation.

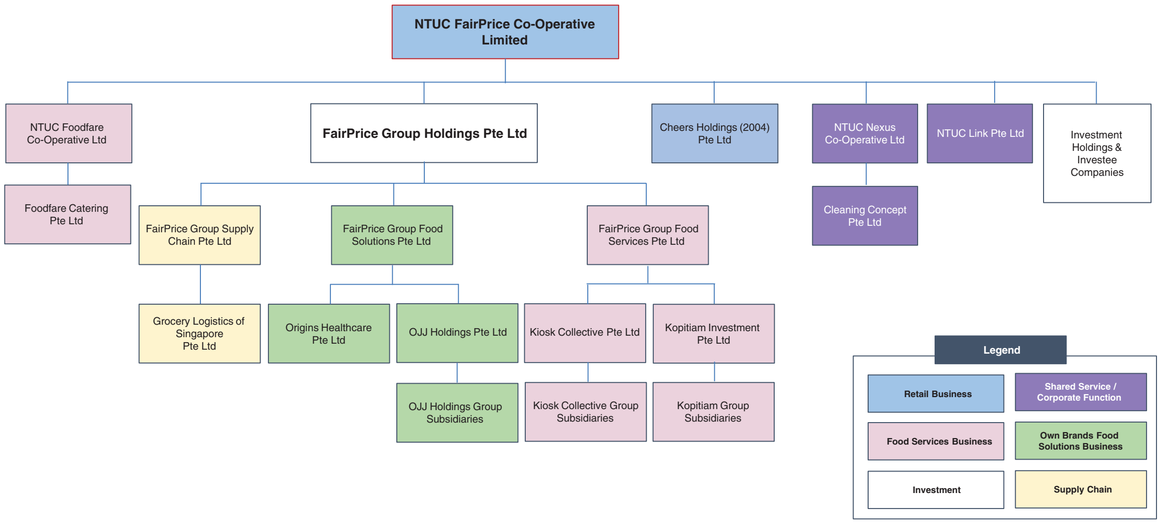
2. History

The National Trades Union Congress ("**NTUC**") social enterprises were set up by the Labour Movement during the 1970s with a social mission to serve the needs of Singapore workers and their families by keeping essential goods and services affordable. Each NTUC social enterprise was set up to meet specific social needs relevant to the times and were charged to operate in a financially sustainable manner. Over time, each NTUC social enterprise grew and evolved to cater to the changing needs of the people.

NTUC launched a supermarket co-operative called NTUC Welcome Co-operative Limited ("**NTUC Welcome**") in 1973 and opened its first outlet in Toa Payoh, with the main objective of stabilising prices of essential consumer products and moderating the cost of living in Singapore. In 1983, the Issuer was formed following the merger of NTUC Welcome and the then Singapore Employees Co-operative Limited, which consisted of the Singapore Industrial Labour Organisation and Pioneer Industries Employees Union Co-operative.

3. Corporate Structure

The following diagram illustrates the relationship among the Issuer and its significant operating business entities as at the Latest Practicable Date:



Members and Shareholding

As at the Latest Practicable Date, the Issuer's founding member, NTUC, owns approximately 37.6 million shares of S$1 each. The Issuer's major shareholder, NTUC Enterprise Co-operative Limited owns approximately 277.9 million shares of S$1 each (being approximately 63.9 per cent.) of the Issuer. The Issuer also has 11 other institutional members holding in aggregate 1.18 million ordinary shares of S$1 each and more than 780,000 ordinary members holding in aggregate 118.0 million ordinary shares of S$1 each.

NTUC is a national confederation of trade unions as well as a network of professional associations and partners across all sectors in Singapore.

NTUC Enterprise Co-operative Limited is the holding co-operative for the group of NTUC social enterprises and is involved in retail, insurance, healthcare, education and property sectors.

Registered Office

The registered address of the Issuer as at the date of this Information Memorandum is No. 1 Joo Koon Circle, #13-01 FairPrice Hub, Singapore 629117.

4. Business Strategies

FairPrice Group strives to be a leader in Everything Food in Singapore by providing value to all consumers and enhancing its social mission to moderate the cost of living. At the same time, it aims to secure financial sustainability by growing its revenues, optimising its costs and investing for the future. Finally, FairPrice Group is driven to serve its people by engaging its employees and nourishing a high-performance culture. Some of the Group's broad strategies are summarised below:

(a) Continuing to increase FairPrice Group's footprint and touchpoints through refreshing store formats and designs, opening more outlets and providing more services and a larger product portfolio

Refreshing store formats and designs enable FairPrice Group's stores to look fresh and interesting. Expanding its omni-channel retail and dining network and touchpoints within Singapore enables FairPrice Group to deliver greater value, ease and convenience to its consumers. Its network expansion further unlocks the potential of scale and pass on greater savings to its customers. The integration also allows FairPrice Group to streamline its operations, and drive productivity and efficiency. In order to optimise its expansion, FairPrice Group may assess potential new sites by analysing demographic, competitive factors, site selection and growth potential. FairPrice Group's strategy for expansion includes providing greater accessibility to its customers as well as leveraging on its expertise and presence in the food retail industry.

FairPrice Group will also further invest in its own brands product portfolio to strengthen its supply position and provide better quality and value to consumers in Singapore.

(b) Continuing to explore growth on a meaningful scale, both organically and inorganically

FairPrice Group adopts a proactive approach in identifying and seeking new opportunities that are both complementary and value additive to its portfolio of business through mergers and acquisitions. FairPrice Group also proactively facilitates collaboration amongst its business units and portfolio companies to harness and share unique proprietary knowledge, best practices and further drive any potential partnerships or operational synergies across FairPrice Group.

For example, NTUC FairPrice's acquisition of Kopitiam in 2019 and the subsequent re-organisation of NTUC FairPrice, NTUC Foodfare and Kopitiam into FairPrice Group have allowed FairPrice Group to capture synergies within the portfolio of companies, raising productivity and efficiency internally. The entities within FairPrice Group are able to achieve savings through bulk purchases and strong negotiation capabilities with vendors and landlords. In addition, there is a central supply chain organisation serving the needs of all entities.

(c) Diversifying FairPrice Group's sources and expanding its international network

FairPrice Group has always placed importance on supply resiliency by supporting local produce and locally made products and it complements these efforts with its continued strategy of diversified sourcing. This ensures that FairPrice Group can offer a stable supply of products at affordable prices to its customers. Supporting locally made products also helps FairPrice Group to maintain a shorter and efficient supply chain.

To secure a stable supply of daily essentials at affordable prices, FairPrice Group also forges strong partnerships with other countries and works with suppliers from more than 100 countries. Through this strategy of diversified sourcing, FairPrice Group was able to ensure the availability and affordability of daily essentials for its customers during the COVID-19 pandemic when global supply chains were impacted. This was achieved through strong partnerships with key stakeholders across its value chain.

(d) Continuing to invest in innovation and digital transformation programmes

FairPrice Group continues to invest in digital transformation and innovation to maintain its leading position in Singapore including in its online and omni-channel capabilities, digital marketing, data analytics and cybersecurity.

As part of its digital transformation strategy, FairPrice Group overhauled its e-commerce grocery platform in 2018 and relaunched FairPrice Online to enhance the online shopping experience of its customers. FairPrice Group has also enhanced its online fulfilment centre with the "Autostore" system, an automated goods-to-man storage and retrieval system that utilises robotics to provide high-density storage, optimise manpower and boost productivity.

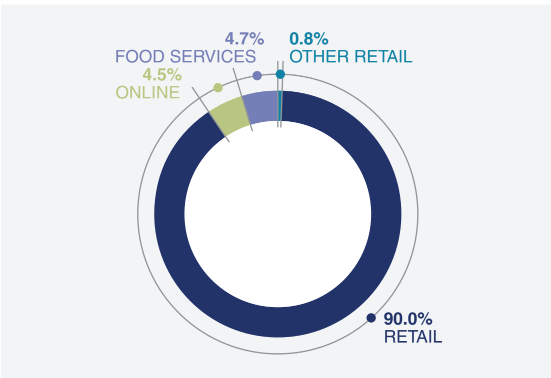
In its retail business, FairPrice Group has explored and invested in innovative solutions to better cater and meet our customers' evolving needs. As an example, FairPrice Group launched its new artificial intelligence (AI)-enabled, cashless and unmanned Cheers store at Our Tampines Hub, which enhances efficiency and productivity while elevating the customer experience. In addition, FairPrice Group scaled up its omni-channel initiative "Scan & Go", which allows customers to shop with ease where they can scan and pay for their products by accessing their FairPrice Online account through their smartphones, and skip the check-out queue. FairPrice Group is also developing new point of sale systems and is rolling out Linkpay in food courts.

Plus! is a multi-channel customer engagement platform which delivers value to merchants and consumers through advanced analytics and data-driven marketing services. Plus! partners can leverage FairPrice Group's large and active membership base, extensive marketing channels, and data-driven marketing capabilities, to effectively increase the loyalty and lifetime value of its customers.

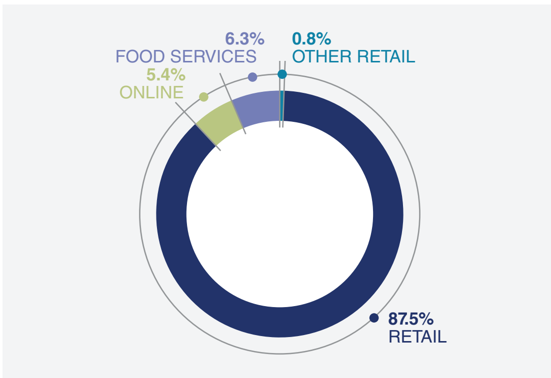
5. Business Segments

The breakdown in revenue contribution by each of FairPrice Group's principal business segments expressed as a percentage of total revenue of FairPrice Group for FY2021 and FY2020 are set out in the pie charts below*:

2020 REVENUE MIX



2021 REVENUE MIX



** Note: "Other Retail" constitutes revenue generated from the Issuer's business-to-business segments.*

(a) Retail and Other Retail Businesses

(i) Retail Operations

Since its founding, FairPrice Group has grown to become a leading retailer in Singapore serving more than half a million shoppers daily through a network of over 400 outlets. Today, with FairPrice Group's multiple retail formats serving the varied needs and interests of people from all walks of life, FairPrice Group has kept pace with the changing needs of its customers while remaining committed to its social mission.

The key brands used under FairPrice Group's retail operations are FairPrice Group's proprietary brands, being:

- **FairPrice Supermarket**: With more than 100 stores located island-wide, FairPrice supermarkets make daily essentials easily accessible to all.

- **FairPrice Xtra**: FairPrice Xtra hypermarkets offer an extensive range of products and services including electronics, clothing and household merchandise.

- **FairPrice Finest**: FairPrice Finest offers a curated range of brands to serve customers who enjoy the finer things in life.

- **FairPrice Finest Gourmet**: FairPrice Finest Gourmet caters to a more discerning and affluent segment of customers, featuring a curated range of premium ingredients and specialty products.

- **FairPrice Shop**: FairPrice Shop is a one-stop store located in the heartlands to serve the basic needs of neighbourhood communities.

- **FairPrice Xpress**: FairPrice Xpress began in 2006 as a collaboration between FairPrice and ExxonMobil and are located at the petrol stations, thus offering 24-hour shopping convenience to drivers.

- **Cheers**: Cheers stores offer 24-hour shopping convenience for customers on-the-go.

- **Warehouse Club**: Warehouse Club offers a range of bulk purchase goods available for purchase by members only.

- **Unity Pharmacy**: Unity offers a wide range of health and wellness products, as well as pharmacist consultation services within the heartlands.

(ii) Own Brands Food Solutions

Own Brands Food Solutions ("**OBFS**") was set up to further FairPrice Group's social mission of moderating the cost of living in Singapore. FairPrice Group does so by providing good quality Own Brands products at affordable prices for households and F&B operators. These are marketed under FairPrice Group's proprietary brands, including FairPrice Housebrand, Pasar, Origins, Golden Chef, Life and SmartChoice.

OBFS strives to realise synergies across the entire food value chain by working more closely with suppliers upstream, so as to pass on value and cost savings to consumers.

FairPrice Housebrand & Private Labels

FairPrice Housebrand was introduced in 1985 to offer better value and savings, and to make essential items more affordable to FairPrice Group's customers. Since then, FairPrice Group has expanded its range of items to meet the evolving needs of its consumers.

Currently, there are over 2,000 products under more than ten FairPrice Housebrand and private labels. They are sourced from over 55 countries and 450 suppliers around the world to ensure greater quality and value.

Chef's Pantry Food Solutions

FairPrice Group's business-to-business business – Chef's Pantry, was launched in 2021 to better serve the F&B industry in Singapore. Chef's Pantry offers F&B pantry essentials and cooking ingredients at competitive prices to help F&B operators moderate their ingredient costs. To support Small and Medium Enterprise ("**SME**") F&B operators particularly hawkers through challenging times, Chef's Pantry offers credit terms to ease their cash flow and accepts a lower minimum order quantity.

Currently, Chef's Pantry serves over 250 business-to-business accounts, covering more than 500 food outlets. Chef's Pantry has also launched its own e-store on FairPrice's digital platform, to enable its corporate clients to make purchases at their convenience.

(iii) Digital

Apart from physical stores and supermarkets, FairPrice Group also launched an e-commerce platform, FairPrice Online in 2002, to make grocery shopping more accessible and convenient for its customers to cater to shifts in consumer behaviour and ensure that FairPrice Group remains relevant and is well-positioned for the future. Harnessing new technology, customer insights and first party data, FairPrice Group continues to develop its e-commerce platform to enhance customer shopping experience and engagement. Leveraging technology helps FairPrice Group better engage with its customers, invest in its people, boost productivity and streamline its processes.

In order to ensure operational efficiency so as to cater to the increased demands for online shopping, FairPrice Group has invested in a high-tech fulfilment system that increases order picking productivity to provide greater convenience and satisfaction for customers.

Other initiatives to digitalise and increase operational efficiency include:

- **Innovative Store**: FairPrice Group launched its first AI-enabled unmanned and cashless store in December 2020. The concept store is powered by state-of-the-art retail and image recognition technologies, which allow customers to self-serve while promoting efficiency and productivity.

- **Scan & Go**: FairPrice Group's Self-Checkout Counters and Electronic Shelf-Labelling not only improves productivity but also customer experience. Its omni-channel Scan & Go initiative enhances the customer's shopping experience by eliminating the need to queue at check-out counters. Instead, customers can use their FairPrice Online accounts to scan and pay for their purchases through their smartphones.

- **Fulfilment Channels**: In addition, to deliver from central warehouse, FairPrice Group also invested in new fulfilment channels including fulfilment from stores ("**FFS**") to deliver the freshest items in the fastest way possible and "Click & Collect" service to enable customers to do self collection at their neighbourhood stores. As of March 2022, FairPrice Group has eight FFS sites located island-wide including one "dark store" located at Orchid Country Club which is a store that resembles a grocery store but is not open to the public and serves as a fulfillment centre for online customers.

(b) Food Services Business

FairPrice Group operates more than 100 food outlets in various formats such as food courts, coffee shops, hawker centres, eateries and cafes across commercial malls, community and workplaces, hawker centres, Lau Pa Sat and healthcare premises. It caters to a range of consumer tastes and preferences by managing a range of brands & concepts including Wang Cafe (Heavenly Wang and Wang Cafe), Food Folks and Shi Hui Yuan.

In addition, through its Institutional Catering and Food Manufacturing, FairPrice Group provides more than 15 million meals annually to various commercial and Government organisations such as the Ministry of Defence. Apart from offering retail management services, it is a major food caterer for the childcare and eldercare sectors.

(c) Loyalty Business

Together with NTUC FairPrice, Kopitiam and NTUC Foodfare, *NTUC Link's* mission is to deliver better customer value and convenience in everything food for all Singaporeans. NTUC Link improves the lives of Singaporeans by stretching their dollar on everyday expenses through the Plus! Rewards Programme. Plus! is a successful coalition loyalty programme that currently reaches more than 2.3 million members and comprises over 150 partners across 1,000 outlets.

(d) Other businesses

The Issuer holds an equity investment in an associate entity – Mercatus Co-operative Limited, which is in the business of property investment, development and management. Mercatus Co-operative Limited holds a portfolio of retail and commercial properties and some of FairPrice Group's Operating Premises are leased from Mercatus Co-operative Limited. In addition, the Issuer has also invested in a digital-only bank together with its majority shareholder, NTUC Enterprise Co-operative Limited; this investment is accounted for as an investee company in the Issuer's financial statements.

6. Supply Chain

FairPrice Group currently operates four distribution centres: Joo Koon Distribution Centre, Benoi Distribution Centre, Unity Distribution Centre and Fresh Food Distribution Centre ("**FFDC**"). The distribution centres serving all FairPrice and Cheers stores operate 24 hours, 7 days a week. Together, they can deliver more than 50 million cartons of products to the stores per year. In addition, a new FFDC is being built on a 2.8 hectares land and the development will consist of a 40-metre-high Automatic Storage and Retrieval System, multi-temperature cold-rooms, ancillary office and facilities. Once completed, it will serve as a distribution centre for the receiving, sorting, storage and distribution of fresh food for FairPrice Group.

FairPrice is the first supermarket chain in Singapore to be awarded the ISO 22000 Food Safety Management System certification in July 2012. ISO 22000 is a global standard that emphasises on system management, communication, sanitation programme, among others to ensure high standards of food safety and handling. It provides added assurance that FairPrice has a system approach and ability to identify and control food safety hazards.

In January 2020, FairPrice Supply Chain launched its Supply Chain Operations Centre ("**SCope**"). SCope is developed to enhance FairPrice Group's daily operations by providing end-to-end visibility of our supply chain. Through the use of digital data to provide asset visibility and analytical capabilities at SCope, FairPrice Group is able to make forecast decisions in business planning and facilitate supply chain crisis management, should the situation arises. SCope also allows FairPrice Group to better support the Government agencies in its national efforts.

7. Competitive Strengths

(a) Strong Brand Recognition

Having operated and served the people in Singapore for over 40 years, the "NTUC" and "FairPrice" brands are instantly recognisable by people in Singapore. In 2021, NTUC FairPrice was named the Top Influential Brands (Supermarket) by Influential Brands. In 2021, NTUC FairPrice was awarded Top Local Brand for the first time by Campaign Asia, resulting in strong brand equity amongst consumers. FairPrice Xtra Parkway Parade was also named the only supermarket in Singapore, amongst the 60 stores around the world, as a store to visit in the stores of the Future 2030 report by IGD. Please also refer to the Section 11 (*Awards and Accolades*) below.

(b) Synergy Across the Entire Food Spectrum

Through its historic organic growth and strategic acquisitions, FairPrice Group has become a one-stop, end-to-end service provider across the entire value chain of the food spectrum through the full suite of services offered by its retail and food services businesses. Being a multi-channel and multi-format retailer, FairPrice Group caters to numerous consumer segments and preferences. The synergy of each unique, yet complementary divisions of FairPrice Group allows it to remain committed to its mission and objectives and to extract greater value from pooled resources and technical know-how. Centralised warehousing facilities also facilitates the centralisation of operations together with supporting functions, allowing for a more comprehensive and consolidated support for FairPrice Group's expansion plans. FairPrice Group's internal supply chain capabilities in terms of managing warehousing, transportation and last-mile fulfilment, also result in continuous process and cost optimisation.

(c) Strong Financials

The Issuer believes that FairPrice Group's strong solvency position is a testament of its long-term financial stability and is expected to facilitate sustained growth and expansion of FairPrice Group's businesses. As at 31 December 2021:

(i) total assets of FairPrice Group stood at S$6.0 billion, of which cash and cash equivalents and investments amounted to S$2.1 billion;

(ii) total revenues were S$4.3 billion, profit from operations were S$98.6 million, net profits were S$137 million and the Issuer's profit for the year, after contributions, were S$99.8 million; and

(iii) total loans and borrowings of FairPrice Group were S$478.9 million. This represented a gross debt to equity ratio of 17 per cent., and a gross debt to total assets ratio of 8 per cent.

(d) Strong Parentage

The majority shareholding in the Issuer is held by NTUC Enterprise Co-operative Limited which is in turn held by Singapore Labour Foundation, NTUC, unions affiliated to NTUC, and NTUC Foundation Limited. The Issuer is able to leverage on the expertise, scale of operations and strong network of relationships of its holding entities.

NTUC is a national confederation of trade unions as well as a network of professional associations and partners across all sectors in Singapore.

(e) Wide Customer Base and Network

In line with the objectives of the Issuer to address the needs of society, FairPrice Group interfaces with thousands of people in Singapore on a daily basis via its extensive network of more than 500 touchpoints. FairPrice Group is widely present via its conveniently located footprint across different business formats all over Singapore. With the growth of omni-channel grocery, FairPrice Group is well positioned to take advantage of this trend given the combination of its strong offline footprint of the stores and food outlets and a strong and credible online e-commerce platform that allows FairPrice Group to be the significant player in this space.

Through NTUC Link, FairPrice Group is able to harness its wide network of customers by tapping into their varied customer base to create and strengthen relationships. This creates a network of increasing benefits for both members and merchants. The Plus! Programme has 2.3 million members and over 150 partners across 1,000 outlets.

(f) Strong Network of Suppliers

FairPrice Group has formed strong partnerships to diversify its procurement supply chain and sources of supply. This has enabled Fairprice Group to maintain a stable supply of essential goods despite supply chain disruptions. In addition, with the evolving needs and preferences of its diverse customers, Fairprice Group is able to procure products and produce through its network of suppliers to stay relevant to its customers.

8. Sustainability

FairPrice Group uses its Sustainability Framework consisting of three pillars – Serving Our Customers, Supporting Livelihoods and Wellbeing and Promoting a Circular and Low Carbon Economy – as a blueprint for sustainability actions across its businesses to fulfil its social objective of making lives better through sustainable and affordable food and daily essentials.

Each of these pillars, with its overarching goals and specific targets, form a blueprint for actions across FairPrice Group's businesses in four strategic focus areas:

(i) Health & Nutrition, its Goal – encourage healthy food options towards 2030;

(ii) Food Resilience, its Goal – halve food waste by 2030;

(iii) Packaging, its Goal – save 30 million plastic bags annually by 2030; and

(iv) Carbon Footprint, its Goal – reduce 50% in carbon footprint by 2030.

A key aspect to serving its customers and moderating the cost of living is to maintain food resiliency. FairPrice Group also aims to double the number of affordable and healthy food options by 2030. Currently, every store at the NTUC Foodfare food courts offers at least one option which bears the Healthier Choice Symbol.

In support of the Government's 30 by 30 goal, which targets to produce 30 per cent of Singapore's nutritional needs locally by 2030, FairPrice Group invested in local SMEs through the Suppliers Support and Development Programme and launched Food Folks @ Lau Pa Sat which focuses on supporting home-grown food brands.

As a social enterprise, the community and employees of FairPrice Group are at the heart of its actions. This is achieved by supporting less fortunate communities and ensuring they have access to daily essentials, while providing a decent work environment for its employees.

As Singapore's leading retailer, FairPrice Group remains committed to reducing its environmental footprint and promoting sustainable production and consumption, while sourcing for products in a responsible manner. To demonstrate its commitment to reducing its environmental footprint, 41 of its Operating Premises have received the Building and Construction Authority ("**BCA**") Green Mark certification to date. FairPrice's new fresh food distribution centre is also expected to receive the BCA Green Mark certification.

9. Impact of COVID-19

Due to the COVID-19 pandemic, FairPrice Group saw an uptick in its retail business due to the surge in demand for goods as customers cooked and ate at home more often. On the other hand, safe management measures introduced by the Government had a negative impact on FairPrice Group's food services business due to the tightening of restrictions on dining-in, most significantly during the Circuit Breaker period between 7 April 2020 and 4 May 2020 imposed by the Government. Nevertheless, FairPrice Group navigated and remained resilient through the crisis by keeping its mission-driven focus and playing its part in the fight against COVID-19. Below is a selection of some initiatives which FairPrice Group was involved in, some of which were to support the Government's initiatives for national deployment and to ensure that daily essentials remained available and affordable:

- Continually sourced for new supplies for face masks

- Ramped up supply of daily essentials to ensure sufficient stock

- Pledged funds to engage the community to do good and provide incentives to appreciate healthcare workers

- Launched Priority Shopping for vulnerable segments of the community

- Introduced grocery purchase limits to ensure greater access to daily essentials

- Launched "FairPrice on Wheels", a pilot community initiative to provide less privileged seniors access to groceries

- Rolled out a support package to help Singaporeans manage cost of living amid COVID-19

- Launched with Enterprise Singapore the YummySG! initiative to help food manufacturers diversify revenue streams and go digital

10. Directors and Management

Board of Directors

Currently, the Board comprises 12 members. As at the date of this Information Memorandum, the Board Member of the Issuer are:

Name	Designation
Mr Bobby Chin Yoke Choong*	Chairman
Mr Seah Kian Peng	Deputy Chairman
Mr Ronald Ong Whatt Soon	Board Member
Mr Albert Cheng Yong Kim	Board Member
Ms Lim Sau Hoong	Board Member
Ms Kristy Tan Ruyan	Board Member
Mr Lee Seow Hiang	Board Member
Mr Ho Wah Lee	Board Member
Mr Kee Teck Koon	Board Member
Mr Ong Hwee Liang	Board Member
Ms Tan Hwee Bin	Board Member
Mr Robert Yap Min Choy	Board Member

Certain information on the business and working experience of the Board Members is set out below:

Mr Bobby Chin Yoke Choong

Chairman

Mr Chin is the Chairman of the Housing & Development Board and Corporate Governance Advisory Committee. He is also the Deputy Chairman of NTUC Enterprise Co-operative Limited. Mr Chin sits on the boards of the Singapore Labour Foundation, Temasek Holdings (Private) Limited, and several listed companies including Ho Bee Land Limited and AV Jennings Limited.

Mr Chin was the Managing Partner of KPMG Singapore from 1992 until his retirement in September 2005. He was the former member of Council of Presidential Advisers from 2010 to 2020.

Mr Seah Kian Peng

Deputy Chairman

Mr Seah is currently the Group CEO of NTUC Enterprise Co-operative Limited and was previously also the Group CEO of NTUC FairPrice. Beyond this, he is also a Member of Parliament. First elected in May 2006, he was re-elected in 2011, 2015 and most recently in 2020. From 2011 to 2015, he was concurrently the Deputy Speaker of Parliament.

* Mr Bobby Chin Yoke Choong will be retiring from the Board of the Issuer on 17 May 2022 and a new Chairman will be elected separately by the Board.

Mr Seah is active on the community front and currently sits on the boards of the Marine Parade Leadership Foundation and Singapore Olympic Foundation. He is also a board member of The Consumer Goods Forum, a global industry network that brings together the CEOs and senior management of some 400 retailers, manufacturers and service providers across 70 countries. Among the myriad of accolades he has received, his most recent was being accorded the Outstanding CEO of the Year 2019/2020 award at the 35th Singapore Business Awards.

Mr Ronald Ong Whatt Soon

Board Member

Mr Ong is the Chairman and Chief Executive Officer of ASEAN at Morgan Stanley. He is also the Chairman of NTUC Income and sits on the Listings Advisory Committee of Singapore Stock Exchange.

Mr Ong was a council member of the Securities Industry Council and committee member of the 1st Capital Markets Committee of the Monetary Authority of Singapore.

Mr Albert Cheng Yong Kim

Board Member

Mr Cheng served as Board Member of NTUC First Campus Co-operative Limited from 2007 to 2016. He is the Group Managing Director of Lion Industries Corporation Berhad. He is also the President Director of P.T. Lion Metal Works Tbk and Vice Chairman of the International Chamber of Commerce Malaysia.

He has more than 40 years of experience in the business operations of the Lion Group encompassing retail, food and beverage, credit financing, property development, mining, steel manufacturing, tyre, motor, agriculture and computer industries.

Ms Lim Sau Hoong

Board Member

Ms Lim is currently the Independent Director of Multi Water Holdings Limited, Group Head for the Committee to Promote Chinese Language Learning, and Chairperson of the Chinese Development Assistance Council Stakeholders Communications Committee.

She was previously the Chief Executive Officer and Executive Creative Director of 10AM Communications Private Limited Singapore. She was also Chairperson for the Public Education Committee of the National Council for Problem Gambling; Promote Mandarin Council and Advisory Committee of Singapore Pavilion, 2010 World EXPO; Vice Chairperson of the Singapore Note and Coin Advisory Committee; the Independent Director of the Board of Ascendas Reit; Member of the National Parks Board; Director of the Singapore Chinese Orchestra Board; Appointed Member of the Singapore50 Culture and Community Committee; and Visual Advisor of the 2008 Beijing Olympics Opening Ceremony.

Ms Kristy Tan Ruyan

Board Member

Ms Tan serves as Senior Director (Advocacy Group) and Deputy Chief Counsel (Civil Division) in the Attorney-General's Chambers ("**AGC**"). Prior to joining the AGC, she spent more than a decade in private practice, and was an Equity Partner at Allen & Gledhill LLP.

She was appointed Senior Counsel in 2021. She is also a Board Member of the Casino Regulatory Authority (where she is presently Chairman of the Board's Legal and Regulatory Committee and Disciplinary Committee), and the Bone Marrow Donor Programme.

Mr Lee Seow Hiang

Board Member

Mr Lee is the Chief Executive Officer of Changi Airport Group. He is concurrently the Deputy Chairman of Changi Airports International Pte Ltd, as well as Chairman of Jewel Changi Airport Holding Pte Ltd, Changi Foundation Board and Singapore National Library Board.

Mr Lee also holds the appointment of President, Airports Council International ("**ACI**") Asia-Pacific Regional Board and is a Director on the ACI World Governing Board.

Mr Ho Wah Lee

Board Member

Mr Ho Wah Lee is a director at BSI Bank Limited, SNP International Pty Ltd (Australia), Amusic Group (Singapore and China), One Asia Music Inc (Taiwan) and Armoire Ante Pte. Ltd. He was appointed a member of the Public Sector Data Security Review Committee on 31 Mar 2019 to review data security practices across the entire Public Service.

Mr Ho retired as a partner from KPMG in 2017 with more than 30 years of experience in Management Consulting, Risk Consulting and Financial Advisory services. He was the Head of Advisory in KPMG Singapore from Oct 2010 to May 2013 and the President Director of PT KPMG Siddharta Advisory from Oct 2014 to Sep 2017. He was a member of the KPMG Global IT Advisory Executive Council.

Mr Kee Teck Koon

Board Member

Mr Kee is a Director of NTUC Enterprise Co-operative Limited, the holding entity and single largest shareholder of the labour movement's social enterprises, including "FairPrice Group" (comprising NTUC FairPrice, NTUC Foodfare, Kopitiam and NTUC Link), NTUC First Campus Co-operative Limited, NTUC Health Co-operative Limited, NTUC Income Insurance Co-operative Limited, NTUC LearningHub Pte Ltd, Mercatus Co-operative Limited and MoneyOwl Pte Ltd, and was previously an Executive Director of NTUC Enterprise Co-operative Limited from January 2017 to September 2018.

He is also the Deputy Chairman of the board of directors of NTUC Income Insurance Co-operative Limited, as well as a director of NTUC FairPrice, CapitaLand Investment Limited, Mandai Park Holdings, Trust Bank Singapore Limited, and Changi Airport Group. In addition, he serves on the Angsana Fund Investment Committee (AFIC) of the Singapore Labour Foundation.

Mr Kee started his career in 1979 with the Singapore Armed Forces and was with the Ministry of Defence until 1991. Thereafter he held senior management appointments with several organisations before joining the CapitaLand Group in 2003. After holding several senior positions, he retired as the Chief Investment Officer of CapitaLand Limited in July 2009.

He was awarded the Public Service Star Medal (BBM), and the NTUC Meritorious Service Award, both in 2021.

Mr Ong Hwee Liang

Board Member

Mr Ong is currently a Vice President of the NTUC Central Committee, the planning, policy and executive organ of NTUC that makes the decisions and takes action to further NTUC's objectives. He also chairs the Labour Movement's Aerospace and Aviation Cluster, and serves as the General Secretary of the SIA Engineering Company Engineers and Executives Union, a post he has held since 2007.

Within the Labour Movement, Mr Ong chairs the NTUC Risk and Audit Committee and is the Chairman of the NTUC Workplace Safety and Health Committee. He is also a Member of the Workplace Safety and Health Council

Ms Tan Hwee Bin

Board Member

Ms Tan is the Executive Director of Wing Tai Holdings Limited. She serves as a Director of Singapore Labour Foundation and NTUC Enterprise Co-operative Limited, and is a Council Member of Singapore National Employers Federation, and a member of the Corporate Governance Advisory Committee.

She was the Chairman for NTUC Health Co-operative Limited and SLF Strategic Advisers Pte Ltd.

Mr Robert Yap Min Choy

Board Member

Mr Yap is the Chairman, Advisory Board and Non-Executive Director of the Management Board for Sunseap Group. He is also the Chairman of Skylab Holding, and Independent Director with Jurong Port, IMDA Singapore and Alexandra Health Fund Limited. He is also a Council member of the Corporate Governance Advisory Committee under the Monetary Authority of Singapore, member of the Council for Board Diversity under the Ministry of Social and Family Development, and senior advisor to Jubilee Partners.

He was the Advisory Board Co-Chairman of Singapore Management University ("**SMU**") Institute of Service Excellence and Dean's Fellow for SMU School of Computing and Information Systems. In 2020, he was conferred SMU Distinguished Fellow and the inaugural Dean's Fellow of Information Systems. He was a member of IBM Corporation Global Advisory

Board in New York, US. His past board directorships of SGX-listed companies included supply chain and technology companies. He was also a Council member for the ASEAN Business Advisory Council and served as Deputy Secretary for Singapore National Employers Federation.

Key management

As at the date of this Information Memorandum, the management team of the Issuer comprises the following members:

Name	**Designation**
Mr Vipul Suren Chawla	Group Chief Executive Officer (GCEO)
Ms Elaine Heng	Chief Executive Officer, Retail Business/Deputy GCEO
Mr Chan Tee Seng	Chief Executive Officer, Food Services Business
Ms Grace Chua	Chief Executive Officer, Own Brands & Food Solutions Business
Mr Raphael Zennou	Chief Executive Officer, Digital Business/Chief Omnichannel Officer
Mr Ngien Hoon Ping*	Chief Executive Officer, Supply Chain
Mr Dennis Seah	Chief Digital and Technology Officer
Mr Alvin Neo	Chief Customer & Marketing Officer
Ms Chia Chey Hui	Chief Financial Officer
Ms Theresa Soikkeli	Chief Human Resources Officer
Mr Tng Ah Yiam	Chief Procurement Officer

On 4 April 2022 Mr Vipul Suren Chawla was appointed Group Chief Executive Officer of NTUC FairPrice. Mr Chawla has 30 years of experience, learning, growing and leading Fortune 500 companies throughout the world. His last 15 years have spanned global roles based out of UK, Singapore and USA, covering packaged consumer goods, and global brands which are market leaders in their categories across personal care, home care and food; and restaurant retail. He spent 20 years in Unilever and was with Yum! Brands Inc. for 10 years. Mr Chawla was the Division President for Pizza Hut International, a part of Yum! Brands Inc. where he is responsible for driving the brand strategy and performance of Pizza Hut's international business outside the U.S.

11. Awards and Accolades

The Issuer has garnered numerous awards and accolades since the commencement of its operations. The awards and accolades from the past three years are outlined below:

Year	Recipient	Awards and Accolades
2021	FairPrice Group	Marketing Magazine; Marketing Magazine's PR Awards 2021, SEA (Best PR-led Integrated Communications)
	FairPrice Group	Agency for Integrated Care; Friends of Community Care Award
	NTUC FairPrice	Singapore Business Review; SBR Management Excellence Awards 2021 (COVID Management Initiative of the Year – Retail, Executive of the Year – Retail)

* Mr Ngien Hoon Ping has resigned from NTUC FairPrice.

Year	Recipient	Awards and Accolades
	NTUC FairPrice	Asia Fruit Congress; Asia Fruit Award (Produce Retailer of the Year Award)
	NTUC FairPrice	Reader's Digest Trusted Brand 2021; Platinum (Supermarket & Online Grocery); Gold (Cooking Oil, Rice, Tissue Paper)
	NTUC FairPrice	Influential Brands 2021; Top Influential Brands (Supermarket)
	NTUC FairPrice	Retail Asia; Corporate Social Responsibility Initiative of the Year – Singapore, Hypermarket of the Year – Singapore, FMCG Asia Awards (Home Brand of the Year, Campaign of the Year, Product Packaging of the Year for Singapore)
	NTUC FairPrice Foundation	Community Chest Awards 2021; Charity Platinum Award
	NTUC FairPrice Foundation	Singapore Red Cross Awards 2020/2021; Distinguished Friend of Singapore Red Cross Award
	NTUC Link	Marketing-Interactive; Gold (Best CRM Strategy, Best Use of Consumer Insights/Data Analysis)
	NTUC FairPrice	BCA Green Mark Awards 2021; Platinum (FairPrice at Woodlands Civic Centre); GoldPlus (FairPrice Xtra at Vivocity, FairPrice Xtra at Hougang 1); Gold (FairPrice Finest at Funan, FairPrice at Tekka, FairPrice Finest at PLQ, FairPrice Xtra at Parkway Parade, FairPrice Finest at Lequest)
	Seah Kian Peng	Tatler Singapore; Asia's Most Influential
	NTUC FairPrice	IGD; FairPrice Xtra at Parkway Parade is named as the top 8 global stores to visit in the Stores of the Future 2030 report
2020	NTUC Fairprice Cooperative Ltd	Singapore Business Awards 2020; Group CEO Mr Seah Kian Peng accorded "Outstanding Chief Executive Officer of the Year 2019/2020"
	NTUC FairPrice	Influential Brands 2020; 2020 Asia's Top Influential Brands (Top Brand Supermarket)
	FairPrice Finest	BCA Green Mark Awards 2020; GoldPlus (FairPrice Finest at TripleOne Somerset); Gold (FairPrice Finest at Jewel Changi Airport)
	NTUC FairPrice	Trusted Brands Asia 2020; Platinum (Supermarket & Online Grocery); Gold (Rice, Tissue Paper, Cooking Oil)
	NTUC FairPrice	Marketing Excellence Awards 2020; Gold (Excellence in Communications/Public Relations, Excellence in Advertising, Excellence in Launch/Re-launch Marketing, Excellence in Pivot Marketing, Excellence in Shopper Marketing); Bronze (Excellence in Media Strategy)
	Shi Hui Yuan	Marketing Excellence Awards 2020; Silver (Excellence in Marketing Transformation)
	Shi Hui Yuan – Tubby Belly	Marketing Excellence Awards 2020; Bronze (Excellence in Shopper Marketing)

Year	Recipient	Awards and Accolades
	NTUC FairPrice	Loyalty & Engagement Awards 2020; Gold (Best Use of Social Media, Best Use of Content Marketing)
	NTUC Link	Loyalty & Engagement Awards 2020; Gold (Best Loyalty Programme – Retailer, Best CRM Strategy, Best Use of Consumer Insights/Data Analytics); Silver (Best Partnership in a Loyalty Programme, Best Use of Consumer Insights/Date Analytics)
	NTUC FairPrice	ASIA eCommerce Awards 2020; Gold (eCommerce Team of the Year); Silver (Best in eCommerce – Supermarkets/Hypermarkets)
	NTUC FairPrice	Campaign Asia Top Local Brands in 2020; Top Local Brand
	NTUC FairPrice Foundation	People's Association Community Spirit Award 2020
2019	NTUC FairPrice	Influential Brands 2019; 2019 Asia's Top Influential Brand (Supermarket)
	NTUC FairPrice	Campaign Asia Top Local Brands in 2019 Top 100 Singapore Brands; 3rd place
	NTUC FairPrice	Reader's Digest Trusted Brand 2019; Platinum (Supermarket & Online Grocery); Gold (Cooking Oil, Rice, Tissue Paper)
	NTUC FairPrice Foundation	Community Chest Award (2019 Corporate Platinum)
	NTUC FairPrice Foundation	People's Association Community Partnership Excellence Award
	NTUC FairPrice Foundation	Chinese Development Assistance Council 20-Year Partner Award
	NTUC FairPrice	BCA Green Mark Awards 2019; GoldPlus (NTUC FairPrice at Kampung Admiralty); Gold (Toa Payoh A and AMK Hub)
	NTUC FairPrice	SG Enable Enabling Employers Certification of Recognition

SELECTED FINANCIAL INFORMATION

The following tables present the selected audited financial information of FairPrice Group from (i) the consolidated statements of financial position as at 31 December 2019, 31 December 2020 and 31 December 2021, (ii) the consolidated statements of profit or loss for FY 2019, FY 2020 and FY 2021 and (iii) the consolidated statements of comprehensive income for FY 2019, FY 2020 and FY 2021. The selected consolidated financial information as at and for the financial years ended 31 December 2019, 31 December 2020 and 31 December 2021 should be read in conjunction with the audited consolidated financial statements of FairPrice Group and the related notes thereto which are included elsewhere in this Information Memorandum.

FairPrice Group's audited consolidated financial statements for FY 2021 and FY 2020 have been audited by its independent auditor, KPMG LLP, whose reports for FY 2021 and FY 2020 are included herein. The audited consolidated financial statements of FairPrice Group have been prepared in accordance with Singapore Financial Reporting Standards.

Audited Statements of Financial Position

	FY 2021 Audited $'000	FY 2020 Audited $'000	FY 2019 Audited $'000
Non-current assets			
Property, plant and equipment	738,789	620,598	629,107
Right-of-use assets	1,362,066	1,432,285	1,446,600
Investment properties	10,852	3,116	8,746
Intangible assets	291,249	251,763	323,499
Associates	939,787	894,494	869,355
Other investments	1,596,303	1,472,486	1,325,925
Trade and other receivables	64,214	12,346	10,790
	5,003,260	**4,687,088**	**4,614,022**
Current assets			
Other investments	–	–	239,401
Trade and other receivables	216,886	280,431	128,438
Inventories	291,264	356,611	298,763
Cash and cash equivalents	535,438	618,869	414,535
	1,043,588	**1,255,911**	**1,081,137**
Total assets	**6,046,848**	**5,942,999**	**5,695,159**
Current liabilities			
Borrowings	208,349	40,000	88,744
Lease liabilities	276,565	257,283	271,366
Trade and other payables	1,219,385	1,244,937	1,014,922
Current tax liabilities	2,672	432	1,482
	1,706,971	**1,542,652**	**1,376,514**
Non-current liabilities			
Borrowings	270,516	414,005	267,490
Lease liabilities	1,158,682	1,229,131	1,199,066
Provisions	58,340	51,152	53,211
Deferred tax liabilities	27,135	23,173	23,389
Trade and other payables	6,767	7,452	10,740
	1,521,440	**1,724,913**	**1,553,896**
Total liabilities	**3,228,411**	**3,267,565**	**2,930,410**

	FY 2021 Audited $'000	FY 2020 Audited $'000	FY 2019 Audited $'000
Equity			
Share capital	435,493	436,205	436,740
Retained earnings	2,152,508	2,107,594	1,944,755
Other reserves	214,269	127,012	379,070
Equity attributable to members of the Co-operative	**2,802,270**	**2,670,811**	**2,760,565**
Non-controlling interests	**16,167**	**4,623**	**4,184**
Total equity	**2,818,437**	**2,675,434**	**2,764,749**

Notes for FY 2021 Audited vs FY 2020 Audited

Net increase in Total Assets for FY 2021 was contributed mainly by the following factors:

(i) increase in Property, Plant and Equipment due to the construction-in-progress for the new Fresh Food Distribution Centre;

(ii) increase in Intangible Assets as a result of acquisition of new subsidiaries; and

(iii) movements in Other Investments which were attributable to the mark-to-market of the underlying financial instruments,

offset by:

(i) decrease in Right-of-use Assets due to renewal of certain lease agreements;

(ii) decrease in Inventories after our businesses stabilised in tandem with the stabilisation of COVID-19 situation during the financial year; and

(iii) decrease in Cash and Cash Equivalents as part of overall working capital management of the FairPrice Group's businesses.

Notes for FY 2020 Audited vs FY 2019 Audited

Net increase in Total Assets for FY 2020 was contributed mainly by the following factors:

(i) increases in Trade and Other Receivables and Inventories in the Retail Business to support its day-to-day business operations and partnership with the government in view of the increase in demand and to ensure that the supply resiliency of the nation is safeguarded; consequently, Cash and Cash Equivalents also increased as a result; and

(ii) increases in Associates where equity accounting of the underlying profits was undertaken,

offset by an impairment of Intangible Assets and goodwill, for the food services business unit which was adversely impacted by the COVID-19 pandemic situation and movements in Other Investments which were attributable to the mark-to-market of the underlying financial instruments.

Net increase in Total Liabilities was contributed mainly by the following factors:

(i) increases in purchases in tandem with the increase in business activities during the year which resulted in higher Trade and Other Payables;

(ii) increases in deferred income recognition arising from government grants such as the Job Support Scheme ("**JSS**") and larger accruals made for employee related benefits;

(iii) higher Borrowings[4] were required during the year to augment the working capital cash flows from the business operations and for acquisition purposes including long-term assets; and

(iv) increase in Lease Liabilities arising from increase in outlets and renewal of rental agreements.

[4] FairPrice Group's borrowings are largely based on a fixed rate basis with various maturity dates between 2021 and 2024. S$40 million is maturing in 2021 and the remaining S$414 million is maturing between 2022 and 2024.

Audited Statements of Profit or Loss and Statement of Comprehensive Income

	FY 2021 Audited $'000	FY 2020 Audited $'000	FY 2019 Audited $'000
Revenue	4,252,342	4,507,232	3,573,045
Inventories consumed	(3,043,635)	(3,244,277)	(2,646,510)
Other income	399,024	400,314	220,441
Staff and related costs	(699,467)	(711,528)	(456,217)
Depreciation expense	(383,559)	(388,309)	(290,389)
Impairment loss on non-financial assets	–	(68,600)	–
Other operating expenses	(426,089)	(455,834)	(335,355)
Profit from operations	**98,616**	**38,998**	**65,015**
Investment income	60,614	42,937	63,486
Finance costs	(49,355)	(51,456)	(39,177)
Share of profit of equity-accounted investees (net of tax)	33,949	23,711	34,714
Profit before tax and contributions	**143,851**	**54,190**	**124,038**
Tax expense	(728)	(203)	(899)
Contributions to:			
– Central Co-operative Fund	–	–	(50)
– Singapore Labour Foundation	(6,095)	(25,307)	(21,280)
Profit for the year	**137,028**	**28,680**	**101,809**
Profit attributable to:			
Members of the Co-operative	134,830	27,954	101,714
Non-controlling interests	2,198	726	95
Profit for the year	**137,028**	**28,680**	**101,809**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Equity investments at FVOCI			
– net change in fair value	74,584	(38,890)	144,075
Items that are or may be reclassified subsequently to profit or loss			
Debt investments at FVOCI			
– net change in fair value	–	(800)	9,438
– reclassified to profit or loss	–	(6,587)	(18)
Share of net change in reserves of associates	9,916	–	–
Other comprehensive income for the year, net of tax	**84,500**	**(46,277)**	**153,495**
Total comprehensive income for the year	**221,528**	**(17,597)**	**255,304**
Total comprehensive income attributable to:			
Members of the Co-operative	219,309	(18,117)	255,177
Non-controlling interests	2,219	520	127
Total comprehensive income for the year	**221,528**	**(17,597)**	**255,304**

Notes for FY 2021 Audited vs FY 2020 Audited

Total Liabilities remained relatively stable on an overall basis after FairPrice Group's businesses stabilised as mentioned above.

Notes for FY 2020 Audited vs FY 2019 Audited

Revenue was higher for FY 2020 due to the positive effect of the COVID-19 pandemic on the Retail Business unit. However, this was offset by the adverse impact (lockdown measures and dine-in restrictions) on FairPrice Group's food services business unit and consequently, an impairment charge on goodwill amounting to $68.6 million was recorded. As such, the overall profit from operations for FY2020 was lower when compared to FY 2019. Other Income increased due mainly to government grants and rental reliefs as part of the government measures to help businesses impacted by the COVID-19 pandemic.

Higher operating costs, which included Staff and Related Costs and Other Operating Expenses, were also incurred in FY 2020 to support the requirements of the government regulations on safe management measures and to keep FairPrice Group's front-line employees safe. However, such costs were partially offset by various government initiatives including JSS, rental and property tax rebates. In addition, there was a full-year impact from the entities acquired under the group restructuring exercise since the acquisition took place in late 2019.

Profit Before Tax and Contributions was derived after taking into account Investment Income (mainly dividend and interest income), Financing Costs (mainly bank loans), and Share of Profit of Equity-accounted Investees. Financing Costs were also higher given that higher Borrowings were required during the year to augment the working capital cash flows from the business operations and for acquisition purposes.

Total Comprehensive Income for the Year including the Profit for the Year and Other Comprehensive Income (fair value of equity investments). The general investment climate was lacklustre in FY 2020 as a result of the effect of the COVID-19 pandemic on the financial and economic conditions and this resulted in the lower fair valuation of FairPrice Group's investments.

USE OF PROCEEDS

The net proceeds arising from the issue of Notes under the Programme (after deducting issue expenses) will be used for general corporate purposes of the Group, including refinancing of borrowings, financing investments, general working capital and capital expenditure requirements of the Group or such other purposes as may be specified in the relevant Pricing Supplement.

CLEARING AND SETTLEMENT

Clearing and Settlement under the Depository System

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

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

In respect of Notes which are accepted for clearance by CDP, the entire issue of the Notes is to be held by CDP in the form of a Global Note or a Global Certificate for Depositors. Delivery and transfer of Notes between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors.

Settlement of over-the-counter trades in the Notes through the Depository System may only be effected through securities sub-accounts held with Depository Agents. Depositors holding the Notes in direct securities accounts with CDP, and who wish to trade Notes through the Depository System, must transfer the Notes to 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 counter-party in the settlement of trades of debt securities. However, CDP will make payments of interest and repayment of principal on behalf of issuers of debt securities.

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

Clearing 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 Notes held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the relevant Paying Agent, to the cash accounts of the relevant Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

TAXATION

The 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 or 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 Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. The statements below should not be regarded as advice on the tax position of any person and should be treated with appropriate caution. Prospective Noteholders are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the acquisition, ownership or disposal of the Notes, including the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Issuer, the Arranger, the Dealer(s) and any other persons involved in the Programme accept responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Notes.

1. Taxation relating to payment on Notes

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., and is proposed to be increased to 24.0 per cent. from the year of assessment 2024 pursuant to the Singapore Budget Statement 2022. 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.

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

(a) interest from debt securities derived on or after 1 January 2004;

(b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and

(c) prepayment fee, redemption premium or break cost from debt securities derived on or after 15 February 2007,

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

References to "prepayment fee", "redemption premium" and "break cost" in this Singapore tax disclosure have the same meaning as defined in the ITA.

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.

As the Programme as a whole is arranged by DBS Bank Ltd. which is a Financial Sector Incentive (Standard Tier) Company or Financial Sector Incentive (Capital Market) Company (as defined in the ITA) at such time, any Tranche of the Notes issued as debt securities under the Programme during the period from the date of this Information Memorandum to 31 December 2023 (the "**Relevant Notes**") would be, pursuant to the ITA, "qualifying debt securities" for the purposes of the ITA, to which the following treatment shall apply:

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

(b) subject to certain conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities for the Relevant Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require), Specified Income from the Relevant Notes paid by the Issuer and derived by any company or body of persons (as defined in the ITA) in Singapore is generally subject to tax at a concessionary rate of 10.0 per cent. (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and

(c) subject to:

    (i) the Issuer including in all offering documents relating to the Relevant Notes a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Specified Income) derived from the Relevant Notes is not exempt from tax shall include such income in a return of income made under the ITA; and

    (ii) the Issuer, or such other person as the MAS may direct, furnishing to the MAS a return on debt securities for the Relevant Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Relevant Notes as the MAS may require,

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

However, notwithstanding the foregoing:

(A) if during the primary launch of any Tranche of Relevant Notes, the Relevant Notes of such Tranche are issued to fewer than four (4) persons and 50.0 per cent. or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by a related party or related parties of the Issuer, such Relevant Notes would not qualify as"qualifying debt securities"; and

(B) even though a Tranche of Relevant Notes are "qualifying debt securities", if, at any time during the tenure of such Tranche of Relevant Notes, 50.0 per cent. or more of such Relevant Notes which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Specified Income derived from such Relevant Notes held by:

    (i) any related party of the Issuer; or

    (ii) any other person who acquires such Relevant Notes with funds obtained, directly or indirectly, from any related party of the Issuer,

    shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term "related party", in relation to a person (*A*), means any other person who, directly or indirectly, controls *A*, or is controlled, directly or indirectly, by *A*, or where *A* and that other person, directly or indirectly, are under the control of a common person.

Where interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Specified Income) is derived from any of the Relevant Notes 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 "qualifying debt securities" under the ITA (as mentioned above) shall not apply if such person acquires such Relevant Notes using the funds and profits of such person's operations through a permanent establishment in Singapore.

Notwithstanding that the Issuer is permitted to make payments of Specified Income in respect of the Relevant Notes without deduction or withholding for tax under Section 45 or Section 45A of the ITA, any person whose Specified Income (whether it is interest, discount income, prepayment fee, redemption premium or break cost) derived from the Relevant Notes is not exempt from tax 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 Notes will not be taxable in Singapore. However, any gains derived by any person from the sale of the Notes which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Noteholders who adopt or are adopting Singapore Financial Reporting Standard 39 – Financial Instruments: Recognition and Measurement ("**FRS 39**") or Singapore Financial Reporting Standard 109 – Financial Instruments ("**FRS 109**") or Singapore Financial Reporting Standard (International) 9 – Financial Instruments ("**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 Notes, 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 or SFRS(I) 9 Treatment for Singapore Income Tax Purposes".

3. Adoption of FRS 39, FRS 109 or SFRS(I) 9 Treatment 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".

Noteholders 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 Notes.

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

The Arranger, the Dealer(s) or any of their respective affiliates may have performed certain banking and advisory services for the Issuer and/or its 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 the Issuer and/or its affiliates in the ordinary course of the Issuer's or its respective affiliates' business. The Issuer may also from time to time agree with the relevant Dealer(s) that the Issuer may pay certain third-party commissions (including, without limitation, rebates to private bank investors in the Notes).

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

In connection with the issue of any Tranche of Notes, such Notes, when issued, may not have a market. The Dealer or Dealers (if any) may advise the Issuer that they intend to make a market in such Notes as permitted by applicable law. They are not obligated, however, to make a market in the Notes 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 Notes.

The Arranger, the Dealer(s) or any of their respective affiliates may purchase Notes for its own account or enter into secondary market transactions or derivative transactions relating to the Notes, 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 Notes. Such transactions may be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Notes to which this Information Memorandum relates (notwithstanding that such selected counterparties may also be a purchaser of the Notes). As a result of such transactions, the Arranger, the Dealer(s) or any of their respective affiliates may hold long or short positions relating to the Notes.

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

Accordingly, references herein to the Notes being "offered" should be read as including any offering of the Notes to the Arranger, the Dealer(s) 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 Dealer(s) 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 Dealer(s) 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 Notes. The Arranger, the Dealer(s) 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 Notes.

United States

The Notes have not been and will not be registered under the Securities Act, and may not be offered or sold within the United States, 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.

The Notes 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 and regulations thereunder.

Each Dealer has agreed, and each further Dealer appointed under the Programme will be required to agree that, except as permitted by the Programme Agreement, it will not offer or sell or deliver Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the relevant issue date, within the United States, and it will have sent to each Dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States. Terms used in this paragraph have the meanings given to them by Regulation S.

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

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

Prohibition of Sales to EEA Retail Investors

Unless the Pricing Supplement in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", 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, sold or otherwise made available and will not offer, sell or otherwise make available any Notes 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. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

  (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**");

(ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, 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 the Prospectus Regulation; and

(b) the expression "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the Pricing Supplement in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each Member State of the European Economic Area (each, a "**Member 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 Notes 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 Member State except that it may make an offer of such Notes to the public in that Member State:

(a) if the Pricing Supplement in relation to the Notes specifies that an offer of those Notes may be made other than pursuant to Article 1(4) of the Prospectus Regulation in that Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Member State or, where appropriate, approved in another Member State and notified to the competent authority in that Member 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 Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

(b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Regulation;

(c) 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 Issuer for any such offer; or

(d) at any time in any other circumstances falling within Article 1(4) of the Prospectus Regulation,

provided that no such offer of Notes referred to in (b) to (d) above shall require the 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 Notes to the public**" in relation to any Notes in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes, and the expression "**Prospectus Regulation**" means Regulation (EU) 2017/1129, as amended.

United Kingdom

Prohibition of Sales to UK Retail Investors

Unless the Pricing Supplement in respect of any Notes specifies "Prohibition of Sales to UK Retail Investors" as "Not Applicable", 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, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by the Information Memorandum as completed by the Pricing Supplement in relation thereto to any retail investor in the United Kingdom. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

  (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 ("**EUWA**"); or

  (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA; or

  (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation; and

(b) the expression an "**offer**" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the applicable Pricing Supplement in respect of any Notes specifies the "Prohibition of Sales to UK Retail Investors" as "Not Applicable", 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 Notes which are the subject of the offering contemplated by the Information Memorandum as completed by the Pricing Supplement in relation thereto to the public in the United Kingdom except that it may make an offer of such Notes to the public in the United Kingdom:

(a) if the Pricing Supplement in relation to the Notes specify that an offer of those Notes may be made other than pursuant to Section 86 of the FSMA (a "**Public Offer**"), following the date of publication of a prospectus in relation to such Notes which either (i) has been approved by the Financial Conduct Authority, or (ii) is to be treated as if it had been approved by the Financial Conduct Authority in accordance with the transitional provision in Regulation 74 of the Prospectus (Amendment etc.) (EU Exit) Regulations 2019, provided that any such prospectus has subsequently been completed by the Pricing Supplement contemplating such Public Offer, in the period beginning and ending on the dates specified in such prospectus or Pricing Supplement, as applicable, and the Issuer has consented in writing to its use for the purpose of that Public Offer;

(b) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;

(c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the United Kingdom subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(d) at any time in any other circumstances falling within Section 86 of the FSMA,

provided that no such offer of Notes referred to in (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression "**an offer of Notes to the public**" in relation to any Notes means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes and the expression "**UK Prospectus Regulation**" means Regulation (EU) 2017/1129 as it forms part of domestic law by virtue of the EUWA.

Other regulatory restrictions

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

(a) in relation to any Notes which have a maturity of less than one year, (i) 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 (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as 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 Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any 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 Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Hong Kong

In relation to each Tranche of Notes issued by the Issuer, 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 Notes other than (a) to "**professional investors**" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (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 Notes, 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 Notes 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, and each further Dealer appointed under the Programme will be required to acknowledge, that this Information Memorandum has not been and will not be registered as a prospectus with the MAS. Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Information Memorandum or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to persons in Singapore other than (a) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (b) 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 or (c) 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 2001 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

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

Each Dealer has agreed that it will comply with all applicable securities laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers Notes or any interest therein or rights in respect thereof or has in its possession or distributes this Information Memorandum, any Pricing Supplement or any other document in connection with the offer or sale, or invitation for subscription or purchase, of the Notes. Other persons into whose hands this Information Memorandum or any Pricing Supplement comes are required by the Issuer and the Dealer(s) to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Information Memorandum or any Pricing Supplement or any related offering material, in all cases at their own expense.

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

APPENDIX I

GENERAL AND OTHER INFORMATION

SHAREHOLDING AND SHARE CAPITAL

1. As at the date of this Information Memorandum, there are two classes of shares in the Issuer. The rights and privileges attached to the ordinary shares and the permanent shares are stated in the By-Laws of the Issuer. The voting rights of the shareholders of the Issuer are set out in the By-Laws of the Issuer.

2. As at the Latest Practicable Date, the issued share capital of the Issuer is as follows:

Share Designation	Issued Share(s) (No.)	Issued Share Capital (S$)
Ordinary shares	434,881,073	434,881,073
Permanent shares	0	0

BORROWINGS

3. Save as disclosed in Appendix III to this Information Memorandum, the Group had, as at 31 December 2021, 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 material contingent liabilities.

WORKING CAPITAL

4. After taking into account the banking facilities and debt financing presently available to the Group and cash flows from the Group's operations and the net proceeds of the issue of the Notes, the Group will have adequate working capital for its present requirements.

CHANGES IN ACCOUNTING POLICIES

5. There have been no significant changes in the accounting policies of the Issuer since its audited consolidated financial statements for FY 2021.

LITIGATION

6. There are no legal or arbitration proceedings pending or, to the best of the knowledge of the Issuer, threatened against the Issuer or the Group 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 or profitability of the Issuer and/or the Group.

MATERIAL ADVERSE CHANGE

7. There has been no material adverse change in the financial condition or business of the Issuer or the Group since 31 December 2021.

AUDITOR'S CONSENT

8. KPMG 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.

LEGAL ENTITY IDENTIFIER

9. The Legal Entity Identifier of the Issuer is 549300PJTCQSCZT20U69.

DOCUMENTS AVAILABLE FOR INSPECTION

10. Copies of the following documents may be inspected at the registered office of the Issuer at 1 Joo Koon Circle, FairPrice Hub, #13-01, Singapore 629117 during normal business hours:

    (a) the By-Laws of the Issuer;

    (b) the Trust Deed;

    (c) the letter of consent referred to in paragraph 8 above; and

    (d) the audited financial statements of the Group for FY 2020 and FY 2021.

FUNCTIONS, RIGHTS AND OBLIGATIONS OF THE TRUSTEE

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

APPENDIX II

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY 2021

The information in this Appendix II has been extracted and reproduced from the audited consolidated financial statements of the Group for FY 2021 and has not been specifically prepared for inclusion in this Information Memorandum. An annual general meeting has been convened and will be held on 17 May 2022 for the adoption by the members of the Issuer of the financial statements of the Group for FY 2021.

Directors' Statement

The Directors present this annual report to the members together with the audited financial statements of NTUC Fairprice Co-operative Limited (the "Co-operative") for the financial year ended 31 December 2021.

In our opinion:

(a) the financial statements set out on pages 6 to 81 are drawn up so as to give a true and fair view of the state of affairs of the Group and the Co-operative as at 31 December 2021 and of the results, changes in equity of the Group and the Co-operative and cash flows of the Group for the year ended on that date in accordance with the provisions of the Co-operative Societies Act, Chapter 62 (the "Act") and Financial Reporting Standards in Singapore;

(b) at the date of this statement, there are reasonable grounds to believe that the Co-operative will be able to pay its debts when they fall due; and

(c) the receipts, expenditure, investment of monies, acquisition and disposal of assets made by the Co-operative during the year ended 31 December 2021 have been made in accordance with the By-Laws of the Co-operative and the provisions of the Act and the Rules (made under section 95 of the Act).

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

(A) DIRECTORS

The Directors of the Co-operative in office at the date of this statement are as follows:

Bobby Chin Yoke Choong
Ronald Ong Whatt Soon
Albert Cheng Yong Kim
Lim Sau Hoong
Kristy Tan Ruyan
Lee Seow Hiang
Ho Wah Lee
Kee Teck Koon
Tan Hwee Bin
Ong Hwee Liang
Robert Yap Min Choy
Seah Kian Peng (Appointed on 5 April 2022)

(B) ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES OR DEBENTURES

Neither at the end of, nor at any time during the financial year, was the Co-operative a party to any arrangement whose object is to enable the Directors of the Co-operative to acquire benefits by means of the acquisition of shares in or debentures of the Co-operative or any other body corporate.

Directors' Statement

(C) DIRECTORS' INTERESTS

The Directors of the Co-operative held office during the financial year who had interests in the shares of the Co-operative and its related corporations as recorded in the register of Directors' shareholdings kept by the Co-operative are as follows:

Name of Directors and Co-operative in which interests are held	Shareholdings registered in the name of Directors At beginning of the financial year	At end of the financial year
NTUC Fairprice Co-operative Limited		
Bobby Chin Yoke Choong	20	20
Stephen Lim Beng Lin	20	*
Ronald Ong Whatt Soon	20	20
Albert Cheng Yong Kim	20	20
Lim Sau Hoong	20	20
Kristy Tan Ruyan	20	20
Lee Seow Hiang	20	20
Ho Wah Lee	20	20
Kee Teck Koon	20	20
Tan Hwee Bin	5,000	5,000
Ong Hwee Liang	26	26
Robert Yap Min Choy	–	20

* Retired on 27 May 2021

(D) SHARE OPTIONS

There were no share options granted by the Co-operative during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Co-operative.

There were no unissued shares of the Co-operative under options as at the end of the financial year.

(E) AUDITORS

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

On behalf of the Board of Directors

Bobby Chin Yoke Choong
Director

Ho Wah Lee
Director

Singapore
18 April 2022

Independent Auditors' Report

Members of the Co-operative
NTUC Fairprice Co-operative Limited

REPORT ON THE AUDIT OF FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of NTUC Fairprice Co-operative Limited ('the Co-operative') and its subsidiaries ('the Group'), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Co-operative as at 31 December 2021, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and statement of profit or loss, statement of comprehensive income and statement of changes in equity of the Co-operative for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 6 to 81.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position, statement of profit or loss, statement of comprehensive income and statement of changes in equity of the Co-operative are properly drawn up in accordance with the provisions of the Co-operative Societies Act, Chapter 62 ('the Act') and Financial Reporting Standards in Singapore ('FRSs') so as to give a true and fair view of the state of affairs of the Group and the Co-operative as at 31 December 2021 and of the results and changes in equity of the Group and the Co-operative and consolidated cash flows of the Group 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 '*Auditors' 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 *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.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

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 FRSs, and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

Independent Auditors' Report

Members of the Co-operative
NTUC Fairprice Co-operative Limited

Auditors' 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 auditors' 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 controls.

- Obtain an understanding of internal controls 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 controls.

- 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 auditors' 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 auditors' 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 consolidated financial statements. We are responsible for the direction, supervision and performance of the group 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 controls that we identify during our audit.

Independent Auditors' Report

Members of the Co-operative
NTUC Fairprice Co-operative Limited

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion

In our opinion:

(a) the receipt, expenditure, investment of monies and the acquisition and disposal of assets by the Co-operative during the year are, in all material respects, in accordance with the By-laws of the Co-operative and the provisions of the Act and the Rules (made under section 95 of the Act); and

(b) proper accounting and other records have been kept by the Co-operative.

Basis for opinion

We conducted our audit in accordance with SSAs. Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the compliance audit*' section of our report. We are independent of the Group in accordance with the 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 on management's compliance.

Management's responsibility for compliance with legal and regulatory requirements

Management is responsible for ensuring that the receipt, expenditure, investment of monies and the acquisition and disposal of assets, are in accordance with the By-laws of the Co-operative and the provisions of the Act and the Rules (made under section 95 of the Act). This responsibility includes monitoring related compliance requirements relevant to the Co-operative, and implementing internal controls as management determines are necessary to enable compliance with the By-laws of the Co-operative and the provisions of the Act and the Rules (made under section 95 of the Act).

Auditors' responsibility for the compliance audit

Our responsibility is to express an opinion on management's compliance based on our audit of the financial statements. We planned and performed the compliance audit to obtain reasonable assurance about whether the receipt, expenditure, investment of monies and the acquisition and disposal of assets, are in accordance with the By-laws of the Co-operative and the provisions of the Act and the Rules (made under section 95 of the Act).

Our compliance audit includes obtaining an understanding of the internal control relevant to the receipt, expenditure, investment of monies and the acquisition and disposal of assets; and assessing the risks of material misstatement of the financial statements from non-compliance, if any, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. Because of the inherent limitations in any internal control system, non-compliances may nevertheless occur and not be detected.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
18 April 2022

Statements of Financial Position

As at 31 December 2021

	Note	Group 2021 $'000	Group 2020 $'000	Co-operative 2021 $'000	Co-operative 2020 $'000
Non-current assets					
Property, plant and equipment	4	**738,789**	620,598	**537,669**	432,903
Right-of-use assets	5	**1,362,066**	1,432,285	**1,103,015**	1,174,303
Investment properties	6	**10,852**	3,116	**–**	–
Intangible assets	7	**291,249**	251,763	**7,516**	10,136
Subsidiaries	8	**–**	–	**310,477**	310,477
Associates	9	**939,787**	894,494	**1,008,844**	990,889
Other investments	10	**1,596,303**	1,472,486	**1,590,543**	1,467,014
Trade and other receivables	11	**64,214**	12,346	**230,688**	127,417
Total non-current assets		**5,003,260**	4,687,088	**4,788,752**	4,513,139
Current assets					
Trade and other receivables	11	**216,886**	280,431	**160,184**	248,865
Inventories	12	**291,264**	356,611	**271,348**	337,937
Cash and cash equivalents	13	**535,438**	618,869	**404,239**	477,456
Total current assets		**1,043,588**	1,255,911	**835,771**	1,064,258
Total assets		**6,046,848**	5,942,999	**5,624,523**	5,577,397
Equity					
Share capital	14	**435,493**	436,205	**435,493**	436,205
Retained earnings		**2,152,508**	2,107,594	**1,968,244**	1,958,374
Other reserves	15	**214,269**	127,012	**200,432**	126,212
Equity attributable to members of the Co-operative		**2,802,270**	2,670,811	**2,604,169**	2,520,791
Non-controlling interests	8	**16,167**	4,623	**–**	–
Total equity		**2,818,437**	2,675,434	**2,604,169**	2,520,791
Non-current liabilities					
Borrowings	16	**270,516**	414,005	**267,000**	414,005
Lease liabilities	17	**1,158,682**	1,229,131	**966,460**	1,033,658
Provisions	18	**58,340**	51,152	**46,575**	39,737
Deferred tax liabilities	19	**27,135**	23,173	**–**	–
Trade and other payables	20	**6,767**	7,452	**94,329**	–
Total non-current liabilities		**1,521,440**	1,724,913	**1,374,364**	1,487,400
Current liabilities					
Borrowings	16	**208,349**	40,000	**207,000**	40,000
Lease liabilities	17	**276,565**	257,283	**184,130**	174,153
Trade and other payables	20	**1,219,385**	1,244,937	**1,254,860**	1,355,053
Current tax liabilities		**2,672**	432	**–**	–
Total current liabilities		**1,706,971**	1,542,652	**1,645,990**	1,569,206
Total liabilities		**3,228,411**	3,267,565	**3,020,354**	3,056,606
Total liabilities and equity		**6,046,848**	5,942,999	**5,624,523**	5,577,397

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

Statements of Profit or Loss

Year ended 31 December 2021

	Note	Group 2021 $'000	Group 2020 $'000	Co-operative 2021 $'000	Co-operative 2020 $'000
Revenue	21	**4,252,342**	4,507,232	**3,835,069**	4,135,527
Inventories consumed		**(3,043,635)**	(3,244,277)	**(2,978,005)**	(3,207,917)
Other income	22	**399,024**	400,314	**266,853**	269,122
Staff and related costs		**(699,467)**	(711,528)	**(500,785)**	(503,786)
Depreciation expense		**(383,559)**	(388,309)	**(243,303)**	(236,691)
Impairment loss on non-financial assets		**–**	(68,600)	**–**	(68,600)
Other operating expenses	23	**(426,089)**	(455,834)	**(311,894)**	(290,389)
Profit from operations		**98,616**	38,998	**67,935**	97,266
Investment income	24	**60,641**	42,937	**82,685**	75,791
Finance costs	25	**(49,355)**	(51,456)	**(44,772)**	(46,031)
Share of profit of equity-accounted investees (net of tax)		**33,949**	23,711	**–**	–
Profit before tax and contributions		**143,851**	54,190	**105,848**	127,026
Tax expense	26	**(728)**	(203)	**–**	–
Contributions to:					
– Central Co-operative Fund		**–**	–	**25**	(25)
– Singapore Labour Foundation	27	**(6,095)**	(25,307)	**(6,087)**	(25,307)
Profit for the year		**137,028**	28,680	**99,786**	101,694
Profit attributable to:					
Members of the Co-operative		**134,830**	27,954	**99,786**	101,694
Non-controlling interest		**2,198**	726	**–**	–
Profit for the year		**137,028**	28,680	**99,786**	101,694

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

Statements of Comprehensive Income

Year ended 31 December 2021

	Group		Co-operative	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Profit for the year	**137,028**	28,680	**99,786**	101,694
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Equity investments at FVOCI – net change in fair value	**74,584**	(38,890)	**74,220**	(14,124)
Items that are or may be reclassified subsequently to profit or loss				
Debt investments at FVOCI – net change in fair value	**–**	(800)	**–**	(742)
Debt investments at FVOCI – reclassified to profit or loss	**–**	(6,587)	**–**	(6,587)
Share of net change in reserves of associates	**9,916**	–	**–**	–
Other comprehensive income/(loss) for the year, net of tax	**84,500**	(46,277)	**74,220**	(21,453)
Total comprehensive income/(loss) for the year	**221,528**	(17,597)	**174,006**	80,241
Total comprehensive income/(loss) attributable to:				
Members of the Co-operative	**219,309**	(18,117)	**174,006**	80,241
Non-controlling interest	**2,219**	520	**–**	–
Total comprehensive income/(loss) for the year	**221,528**	(17,597)	**174,006**	80,241

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

Consolidated Statement of Changes in Equity

Year ended 31 December 2021

	Note	Attributable to members of the Co-operative							
		Share capital $'000	Retained earnings $'000	Fair value reserve $'000	Foreign currency translation reserve $'000	Capital reserve $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
Group									
At 1 January 2020		436,740	1,944,755	377,810	(276)	1,536	2,760,565	4,184	2,764,749
Total comprehensive income for the year									
Profit for the year		–	27,954	–	–	–	27,954	726	28,680
Other comprehensive income									
Net change in fair value:									
– equity investments at FVOCI		–	–	(38,684)	–	–	(38,684)	(206)	(38,890)
– debt investments at FVOCI		–	–	(800)	–	–	(800)	–	(800)
Debt investments at FVOCI – reclassified to profit or loss		–	–	(6,587)	–	–	(6,587)	–	(6,587)
Total other comprehensive loss		–	–	(46,071)	–	–	(46,071)	(206)	(46,277)
Total comprehensive loss for the year		–	27,954	(46,071)	–	–	(18,117)	520	(17,597)
Transactions with owners, recognised directly in equity									
Contributions by and distributions to owners									
Issue of shares	14	670	–	–	–	–	670	–	670
Redemption of shares	14	(1,205)	–	–	–	–	(1,205)	–	(1,205)
Payments relating to appropriations/ distributions approved by members of the Co-operative:									
– Dividends	28	–	(21,587)	–	–	–	(21,587)	(81)	(21,668)
– Patronage rebates		–	(49,630)	–	–	–	(49,630)	–	(49,630)
Write-back of Patronage rebates		–	115	–	–	–	115	–	115
Total transactions with owners		(535)	(71,102)	–	–	–	(71,637)	(81)	(71,718)
Transfer of fair value reserve of equity investments at FVOCI upon disposal		–	205,987	(205,987)	–	–	–	–	–
At 31 December 2020		436,205	2,107,594	125,752	(276)	1,536	2,670,811	4,623	2,675,434

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

Consolidated Statement of Changes in Equity (cont'd)

Year ended 31 December 2021

	Note	Attributable to members of the Co-operative							
		Share capital $'000	Retained earnings $'000	Fair value reserve $'000	Foreign currency translation reserve $'000	Capital reserve $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
Group									
At 1 January 2021		436,205	2,107,594	125,752	(276)	1,536	2,670,811	4,623	2,675,434
Total comprehensive income for the year									
Profit for the year		–	134,830	–	–	–	134,830	2,198	137,028
Other comprehensive income									
Net change in fair value:									
– equity investments at FVOCI		–	–	74,563	–	–	74,563	21	74,584
Share of net change in reserves of associates		–	–	(2,519)	(6,250)	18,685	9,916	–	9,916
Total other comprehensive income		–	–	72,044	(6,250)	18,685	84,479	21	84,500
Total comprehensive income for the year		–	134,830	72,044	(6,250)	18,685	219,309	2,219	221,528
Transactions with owners, recognised directly in equity									
Contributions by and distributions to owners									
Acquisition of subsidiaries under common control	32	–	–	–	–	3,067	3,067	–	3,067
Issue of shares	14	651	–	–	–	–	651	–	651
Redemption of shares	14	(1,363)	–	–	–	–	(1,363)	–	(1,363)
Payments relating to appropriations/ distributions approved by members of the Co-operative:									
– Dividends	28	–	(23,579)	–	–	–	(23,579)	(300)	(23,879)
– Patronage rebates		–	(66,584)	–	–	–	(66,584)	–	(66,584)
Write-back of Patronage rebates		–	247	–	–	–	247	–	247
		(712)	(89,916)	–	–	3,067	(87,561)	(300)	(87,861)
Changes in ownership interest in subsidiary									
Acquisition of subsidiaries with non-controlling interest	32	–	–	–	–	(289)	(289)	9,625	9,336
Total transactions with owners		(712)	(89,916)	–	–	2,778	(87,850)	9,325	(78,525)
At 31 December 2021		435,493	2,152,508	197,796	(6,526)	22,999	2,802,270	16,167	2,818,437

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

Statement of Changes in Equity
Year ended 31 December 2021

	Note	Share capital $'000	Retained earnings $'000	Fair value reserve $'000	Total $'000
Co-operative					
At 1 January 2020		436,740	1,770,673	304,774	2,512,187
Total comprehensive income for the year					
Profit for the year		–	101,694	–	101,694
Other comprehensive income					
Net change in fair value:					
– equity investments at FVOCI		–	–	(14,124)	(14,124)
– debt investments at FVOCI		–	–	(742)	(742)
Debt investments at FVOCI – reclassified to profit or loss		–	–	(6,587)	(6,587)
Total other comprehensive loss		–	–	(21,453)	(21,453)
Total comprehensive income for the year		–	101,694	(21,453)	80,241
Transactions with owners, recognised directly in equity					
Contributions by and distributions to owners					
Issue of shares	14	670	–	–	670
Redemption of shares	14	(1,205)	–	–	(1,205)
Payments relating to appropriations/distributions approved by members of the Co-operative:					
– Dividends	28	–	(21,587)	–	(21,587)
– Patronage rebates		–	(49,630)	–	(49,630)
Write-back of Patronage rebates		–	115	–	115
Total transactions with owners		(535)	(71,102)	–	(71,637)
Transfer of fair value in respect of equity investments at FVOCI upon disposal		–	157,109	(157,109)	–
At 31 December 2020		436,205	1,958,374	126,212	2,520,791

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

Statement of Changes in Equity (cont'd)

Year ended 31 December 2021

	Note	Share capital $'000	Retained earnings $'000	Fair value reserve $'000	Total $'000
Co-operative					
At 1 January 2021		**436,205**	**1,958,374**	**126,212**	**2,520,791**
Total comprehensive income for the year					
Profit for the year		–	99,786	–	99,786
Other comprehensive income					
Net change in fair value:					
– equity investments at FVOCI		–	–	74,220	74,220
Total other comprehensive income		–	–	74,220	74,220
Total comprehensive income for the year		–	99,786	74,220	174,006
Transactions with owners, recognised directly in equity					
Contributions by and distributions to owners					
Issue of shares	14	651	–	–	651
Redemption of shares	14	(1,363)	–	–	(1,363)
Payments relating to appropriations/distributions approved by members of the Co-operative:					
– Dividends	28	–	(23,579)	–	(23,579)
– Patronage rebates		–	(66,584)	–	(66,584)
Write-back of Patronage rebates		–	247	–	247
Total transactions with owners		(712)	(89,916)	–	(90,628)
At 31 December 2021		435,493	1,968,244	200,432	2,604,169

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

Consolidated Statement of Cash Flows

Year ended 31 December 2021

	Note	2021 $'000	2020 $'000
Cash flows from operating activities			
Profit before tax and contributions		**143,851**	54,190
Adjustments for:			
Allowance for inventory obsolescence		**2,479**	9,425
Amortisation of intangible assets		**10,275**	12,406
Depreciation of property, plant and equipment		**78,977**	88,245
Depreciation of right-of-use assets		**304,416**	300,064
Depreciation of investment properties		**166**	248
Loss/(gain) on derecognition of right-of-use assets		**430**	(245)
Gain on disposal of debt investments – FVOCI		**–**	(6,587)
Loss on disposal of other investment		**190**	–
Gain on disposal of investment property		**–**	(6,618)
Intangible assets written-off		**44**	222
Inventories written-off		**41,959**	44,881
Loss on disposal of intangible assets		**–**	1,128
(Gain)/loss on disposal of property, plant and equipment, net		**(278)**	8,254
Property, plant and equipment written-off		**927**	2,593
Impairment losses/(reversal of) recognised on:			
– trade receivables		**4,341**	1,185
– debt investments – FVOCI		**–**	(309)
– intangible assets		**–**	68,600
Share of profit of equity-accounted investees		**(33,949)**	(23,711)
Dividend income		**(49,662)**	(19,164)
Interest income		**(10,979)**	(16,877)
Finance costs		**49,165**	51,456
		542,352	569,386
Changes in:			
– inventories		**21,262**	(112,154)
– trade and other receivables		**65,159**	(258,453)
– trade and other payables		**(81,653)**	222,346
– provision		**(1,158)**	(2,558)
Cash generated from operations		**545,962**	418,567
Contribution to Central Co-operative Fund paid		**–**	(25)
Contribution to Singapore Labour Foundation paid		**(25,901)**	(23,277)
Taxes paid		**(88)**	(1,469)
Net cash from operating activities		**519,973**	393,796

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

Consolidated Statement of Cash Flows (cont'd)

Year ended 31 December 2021

	Note	2021 $'000	2020 $'000
Cash flows from investing activities			
Acquisitions through business combinations (net of cash acquired)	32	**(8,758)**	–
Additions in investments in associates		**(1,428)**	(1,428)
Dividend received		**49,662**	19,164
Interest received		**10,935**	19,553
Proceeds from disposal of property, plant and equipment		**1,388**	1,256
Proceeds from sale of investment property		**–**	12,000
Proceeds from sale of other investments		**–**	154,550
Purchase of property, plant and equipment		**(187,435)**	(92,267)
Purchase of intangible assets		**(1,642)**	(7,202)
Purchase of other investments		**(49,423)**	–
Receipt of deferred income	20	**43,609**	–
Loan to a related party		**(47,000)**	–
Net cash (used in)/from investing activities		**(190,092)**	105,626
Cash flows from financing activities			
Dividends paid on members' shares	28	**(23,579)**	(21,587)
Dividends paid to non-controlling interest		**(300)**	–
Interest paid		**(49,165)**	(51,456)
Fixed deposit pledged with bank		**(129)**	–
Proceeds from issuance of shares		**651**	670
Proceeds from borrowings		**47,000**	150,000
Payment made for redemption of shares	14	**(1,363)**	(1,205)
Payment of patronage rebates to members		**(66,584)**	(49,630)
Repayment of borrowings		**(30,464)**	(52,229)
Payment of lease liabilities		**(289,508)**	(269,522)
Net cash used in financing activities		**(413,441)**	(294,959)
Net (decrease)/increase in cash and cash equivalents		**(83,560)**	204,463
Cash and cash equivalents at beginning of the year		**618,869**	414,406
Cash and cash equivalents at end of the year	13	**535,309**	618,869

Significant non-cash transactions:

- During the year, the Group acquired subsidiaries, Kiosks Collective Pte Ltd and NTUC Link Pte Ltd for total considerations amounting to $33,471,000 (note 32).
- Dividends amounting to $17,955,000 (2020: $22,768,000) were paid by an associate to the Group in the form of subscribing additional shares in the associate.
- In 2020, the Group and Co-operative transferred investment portfolio amounting to $1,010,053,000 to Angsana Macro Fund (AMF) in exchange for 744,997,614 units in AMF which holds investments in quoted unit trust, quoted equity investments and quoted debt investment.

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

Notes to the financial statements
Year ended 31 December 2021

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 18 April 2022.

1 DOMICILE AND ACTIVITIES

NTUC Fairprice Co-operative Limited (the "Co-operative") is a co-operative incorporated in Singapore with its principal place of business and registered office at No. 1 Joo Koon Circle, #13-01, Singapore 629117.

The Co-operative's immediate and ultimate holding entity is NTUC Enterprise Co-operative Limited, which is incorporated in the Republic of Singapore.

The principal activities of the Co-operative are those relating to supermarket, department store and convenience store retailing and investment holding, with the social mission to contribute towards a reduction in the cost of living in Singapore.

The principal activities of the subsidiaries are disclosed in note 8.

The financial statements of the Group as at and for the year ended 31 December 2021 comprise the Co-operative and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in equity-accounted investees.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with the provisions of the Co-operative Societies Act, Chapter 62 (the "Act") and Financial Reporting Standards ("FRSs") in Singapore.

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Co-operative's functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Notes to the financial statements
Year ended 31 December 2021

2 BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgements (cont'd)

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Management is of the opinion that there are no critical judgements in applying the Group's accounting policies that have significant effect on the amounts recognised in the financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included in the following notes:

- Note 4 – measurement of recoverable amounts of property, plant and equipment;
- Note 5 – measurement of recoverable amounts of right-of-use assets;
- Note 7 – measurement of recoverable amounts of intangible assets;
- Note 8 – assumptions of recoverable amounts relating to investments in subsidiaries;
- Note 9 – assumptions of recoverable amounts relating to investments in associates;
- Note 11 – measurement of expected credit loss (ECL) allowance for trade receivables: key assumptions in determining the weighted-average loss rate; and
- Note 18 – provision for reinstatement cost.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. The finance team has overall responsibility for all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

The finance team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as property valuations, broker quotes or pricing services, is used to measure fair values, then the finance team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 : inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).
- Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.
Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 6 – investment properties
- Note 33 – financial instruments

Notes to the financial statements
Year ended 31 December 2021

2 BASIS OF PREPARATION (CONT'D)

2.5 Changes in accounting policies

New standards and amendments

The Group has applied the following FRSs, amendments to and interpretations of FRSs for the first time for the annual period beginning on 1 January 2021:

- *COVID-19-Related Rent Concessions (Amendments to FRS 116)*

- *Interest Rate Benchmark Reform – Phase 2 (Amendments to FRS 109, FRS 39 and FRS 107, FRS 104 and FRS 116)*

The application of these standards and amendments to standards did not have a material effect on the financial statements.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities.

3.1 BASIS OF CONSOLIDATION

(i) Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group (see note ii). In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus

- the recognised amount of any non-controlling interest ("NCI") in the acquiree; plus

- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree, over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by FRSs.

Notes to the financial statements
Year ended 31 December 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

(i) Business combinations (cont'd)

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

(iii) Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group's controlling shareholder's financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any gain or loss arising is recognised directly in equity.

(iv) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(v) Investments in associates ("equity-accounted investees")

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity.

Investments in associates are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("OCI") of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its investment in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Notes to the financial statements
Year ended 31 December 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

(vii) Subsidiaries and associates in the separate financial statements

Investments in subsidiaries and associates are stated in the Co-operative's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are generally recognised in profit or loss. However, foreign currency differences arising from the translation of an equity investment designated as at fair value through other comprehensive income ("FVOCI") are recognised in the OCI.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI, and presented in the foreign currency translation reserve ("translation reserve") in equity. When a foreign operation is disposed of such that significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant control or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

3.3 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables and debt investments issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, or minus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Notes to the financial statements

Year ended 31 December 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (cont'd)

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

<u>Financial assets at amortised cost</u>

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

<u>Debt investments at FVOCI</u>

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

<u>Equity investments at FVOCI</u>

On initial recognition of an equity investment that is not held-for-trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

<u>Financial assets at FVTPL</u>

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Notes to the financial statements
Year ended 31 December 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Group's management;

- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;

- terms that may adjust the contractual coupon rate, including variable rate features;

- prepayment and extension features; and

- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Notes to the financial statements
Year ended 31 December 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (cont'd)

(ii) Classification and subsequent measurement (cont'd)

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either:
  - substantially all of the risks and rewards of ownership of the financial asset are transferred; or
  - the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

Notes to the financial statements
Year ended 31 December 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (cont'd)

(iii) Derecognition (cont'd)

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

(vi) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

Members' shares

Members' shares are classified as equity. Incremental costs directly attributable to the issue of members' shares are recognised as a deduction from equity.

3.4 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Notes to the financial statements

Year ended 31 December 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.4 Property, plant and equipment (cont'd)

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Provision for instatement costs

A provision is recognised for the estimated costs of dismantlement, removal or restoration of property, plant and equipment arising from the acquisition or use of assets. The estimated costs are capitalised and included in the cost of property, plant and equipment and are depreciated over the useful life of the asset.

(iv) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Freehold land and construction-in-progress are not depreciated.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years are as follows:

Freehold buildings	–	20 to 52 years
Leasehold buildings	–	15 to 84 years
Furniture, fittings and renovation	–	1 to 15 years
Plant and machinery	–	2 to 20 years
Equipment and motor vehicles	–	2 to 10 years
Computers	–	1 to 5 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.5 Intangible assets

(i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see note 3.1(i).

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the associates.

Notes to the financial statements
Year ended 31 December 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Intangible assets (cont'd)

(ii) Brand name

Brand names that arise upon acquisition of subsidiaries are measured initially at cost. The cost of brand name acquired is the fair value as at the date of acquisition. Following to initial acquisition, brand name is measured at cost less accumulated amortisation and impairment losses. These costs are amortised to profit or loss using straight-line method over 10 to 15 years.

A brand name is assessed to have indefinite useful life when there is no foreseeable limit to the period over which the brand name is expected to generate net cash inflows for the Group based on the current market share of the brand name. The brand name is tested for impairment annually or whenever there is indication of impairment.

The useful life of the brand name with 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.

(iii) Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated based on the cost of asset, less its residual value.

Amortisation is recognised on a straight-line basis over the estimated useful lives of other intangible assets, from the date that they are available for use. The estimated useful lives for current and comparative years are as follows:

Software and licenses	–	3 to 5 years
Tenant contracts	–	4 to 5 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

3.6 Investment properties

Investment properties are held either to earn rental income or capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition or construction of the investment properties. The cost of self-constructed investment properties includes the cost of materials and direct labour and any other costs directly attributable to bringing the investment properties to a working condition for their intended use and capitalised borrowing costs.

Notes to the financial statements
Year ended 31 December 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.6 Investment properties (cont'd)

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives at each component of investment properties.

The estimated useful lives for the current year are as follows:

Investment properties	–	26 to 84 years

3.7 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

Notes to the financial statements
Year ended 31 December 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Leases (cont'd)

(i) As a lessee (cont'd)

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'right-of-use assets' and lease liabilities in the statements of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies FRS 115 to allocate the consideration in the contract.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'. Rental income from sub-leased property is recognised as "other income".

3.8 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average method, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

3.9 Impairment

(i) Non-derivative financial assets

The Group recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI; and
- lease receivables.

Notes to the financial statements

Year ended 31 December 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Impairment (cont'd)

(i) Non-derivative financial assets (cont'd)

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or

- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables (including lease receivables). The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt investments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;

- a breach of contract such as a default;

Notes to the financial statements
Year ended 31 December 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Impairment (cont'd)

(i) Non-derivative financial assets (cont'd)

Credit-impaired financial assets (cont'd)

- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statements of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

For debt investments at FVOCI, loss allowances are charged to profit or loss and recognised in OCI.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amounts of any goodwill allocated to the CGU ("group of CGUs"), and then to reduce the carrying amounts of the other assets in the group of CGUs on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and only to the extent that the recoverable amount increases. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Notes to the financial statements

Year ended 31 December 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Impairment (cont'd)

(ii) Non-financial assets (cont'd)

An impairment loss in respect of an associate is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with the requirements for non-financial assets. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and only to the extent that the recoverable amount increases.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

3.10 Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.11 Provision

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.12 Revenue

(i) Sale of food and beverages and retail goods

Revenue from sale of goods in the ordinary course of business is recognised when the Group satisfied a performance obligation ("PO") by transferring control of a promised good to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods. The individual stand-alone selling price of a good that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those POs.

Transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods. Consideration payable to a customer is deducted from the transaction price if the Group does not receive a separate identifiable benefit from the customer.

(ii) Income from food and beverage operations

Rental income arising from investment properties and operating leases on sub-leases of food stall is accounted for on a straight-line basis over the lease term. 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. The variable portion of the rental income which is computed based on a percentage of the food court tenants' gross sales is recognised when such sales are earned.

Notes to the financial statements
Year ended 31 December 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.13 Other income

(i) Rental income

Rental income arising from operating leases on sub-leases of space 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. The variable portion of the rental income which is computed based on a percentage of the tenants' gross sales is recognised when such sales are earned.

(ii) Concessionary and commission income

Concessionary and commission income are recognised at a point of time in which the services are provided by the Group.

(iii) Advertising, promotion and other service income

Advertising, promotion and other service income are recognised over time based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

(iv) Management fee income

Management fee income received from subsidiaries and related parties relates to the charges of services provided to the subsidiaries and related parties.

3.14 Investment income

(i) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

(ii) Interest income or interest expense

The Group's interest income and finance costs include:

- interest income;
- interest expense; or
- loss on disposal of other investment.

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

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

Notes to the financial statements

Year ended 31 December 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.15 Government grants

Government grants related to assets are initially recognised as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. These grants are then recognised in profit or loss as 'other income' on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses incurred are recognised in profit or loss as 'other income' on a systematic basis in the same periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

3.16 Patronage rebates

Patronage rebates distributed to the members of the Co-operative/NTUC Union cardholders ("members") are recognised as a liability in the Co-operative's and the Group's financial statements in the period in which the patronage rebates are approved by the members at the annual general meeting. Patronage rebates which are not claimed within 3 years from the date of payment by members are written back in accordance with By-laws 12.4 and the rules of NTUC Union Card Scheme.

3.17 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

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

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;

- temporary differences related to investments in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Notes to the financial statements
Year ended 31 December 2021

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 Tax (cont'd)

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

3.18 New standards and interpretations not yet effective

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2021 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new FRSs, interpretations and amendments to FRSs are not expected to have a significant impact on the Group's consolidated financial statements and the Co-operative's statement of financial position.

- FRS 117 *Insurance Contracts* and Amendments to *FRS 117 Insurance Contracts*
- *Classification of Liabilities as Current or Non-current* (Amendments to FRS 1)
- *Covid-19-Related Rent Concessions beyond 30 June 2021* (Amendment to FRS 116)
- *Reference to the Conceptual Framework* (Amendments to FRS 103)
- *Property, Plant and Equipment – Proceeds before Intended Use* (Amendments to FRS 16)
- *Onerous Contracts – Costs of Fulfilling a Contract* (Amendments to FRS 37)
- *Annual Improvements to FRSs 2018 – 2020*
- *Disclosure of Accounting Policies* (Amendments to FRS 1 and FRS Practice Statement 2)
- *Definition of Accounting Estimates* (Amendments to FRS 8)
- *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (Amendments to FRS 12)

Notes to the financial statements
Year ended 31 December 2021

4 PROPERTY, PLANT AND EQUIPMENT

	Note	Freehold land and buildings $'000	Leasehold buildings $'000	Furniture, fittings and renovation $'000	Equipment, motor vehicles and computers $'000	Construction-in-progress $'000	Total $'000
Group							
Cost							
At 1 January 2020		27,010	449,980	442,560	417,028	16,987	1,353,565
Additions		–	–	21,060	18,186	56,011	95,257
Disposals/Write-off		(3)	(8)	(37,531)	(41,853)	–	(79,395)
Reclassification and transfer		–	(37,867)	1,009	(390)	33,830	(3,418)
At 31 December 2020		27,007	412,105	427,098	392,971	106,828	1,366,009
Acquisitions of subsidiaries	32	–	–	2,999	1,576	–	4,575
Additions		–	–	34,876	25,583	145,387	205,846
Disposals/Write-off		–	(8,962)	(25,223)	(12,590)	–	(46,775)
Reclassification and transfer		–	(8,799)	(860)	1,635	(2,445)	(10,469)
At 31 December 2021		**27,007**	**394,344**	**438,890**	**409,175**	**249,770**	**1,519,186**
Accumulated depreciation and impairment losses							
At 1 January 2020		14,749	98,866	326,375	284,468	–	724,458
Depreciation charge for the year		357	11,965	42,707	33,216	–	88,245
Disposals/Write-off		(2)	(3)	(31,771)	(35,516)	–	(67,292)
At 31 December 2020		15,104	110,828	337,311	282,168	–	745,411
Acquisitions of subsidiaries	32	–	–	914	706	–	1,620
Depreciation charge for the year		357	12,037	37,456	29,127	–	78,977
Disposals/Write-off		–	(8,962)	(24,417)	(11,359)	–	(44,738)
Reclassification and transfer		–	(897)	(783)	807	–	(873)
At 31 December 2021		**15,461**	**113,006**	**350,481**	**301,449**	**–**	**780,397**
Carrying amounts							
At 1 January 2020		12,261	351,114	116,185	132,560	16,987	629,107
At 31 December 2020		11,903	301,277	89,787	110,803	106,828	620,598
At 31 December 2021		**11,546**	**281,338**	**88,409**	**107,726**	**249,770**	**738,789**

Notes to the financial statements
Year ended 31 December 2021

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold land and buildings $'000	Leasehold buildings $'000	Furniture, fittings and renovation $'000	Equipment, motor vehicles and computers $'000	Construction-in-progress $'000	Total $'000
Co-operative						
Cost						
At 1 January 2020	27,010	352,687	280,024	235,147	–	894,868
Additions	–	–	10,640	10,396	47,911	68,947
Disposals/Write-off	(3)	–	(7,796)	(20,756)	–	(28,555)
Reclassification and transfer	–	(37,867)	846	(63)	37,867	783
At 31 December 2020	27,007	314,820	283,714	224,724	85,778	936,043
Additions	–	–	17,047	16,795	118,376	152,218
Disposals/Write-off	–	–	(6,253)	(5,696)	–	(11,949)
At 31 December 2021	**27,007**	**314,820**	**294,508**	**235,823**	**204,154**	**1,076,312**
Accumulated depreciation and impairment losses						
At 1 January 2020	14,749	55,199	215,996	189,361	–	475,305
Depreciation charge for the year	357	10,466	18,425	20,620	–	49,868
Disposals/Write-off	(2)	–	(6,507)	(16,307)	–	(22,816)
Reclassification and transfer	–	–	783	–	–	783
At 31 December 2020	15,104	65,665	228,697	193,674	–	503,140
Depreciation charge for the year	357	10,466	20,201	16,392	–	47,416
Disposals/Write-off	–	–	(6,236)	(5,677)	–	(11,913)
At 31 December 2021	**15,461**	**76,131**	**242,662**	**204,389**	**–**	**538,643**
Carrying amounts						
At 1 January 2020	12,261	297,488	64,028	45,786	–	419,563
At 31 December 2020	11,903	249,155	55,017	31,050	85,778	432,903
At 31 December 2021	**11,546**	**238,689**	**51,846**	**31,434**	**204,154**	**537,669**

Included within the carrying amounts of furniture, fittings and renovation is provision for reinstatement costs of $18,428,000 (2020: $19,869,000) for the Group and $15,792,000 (2020: $16,387,800) for the Co-operative.

Notes to the financial statements
Year ended 31 December 2021

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Impairment test for property, plant and equipment and right-of-use assets

The Group reviews the carrying amounts of the assets at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. When considering impairment indicators, the Group considers both internal (e.g. adverse changes in operating and financial performance of the assets) and external sources (e.g. adverse changes in the business environment). If an indicator of impairment is noted, further management estimate is required to determine the amount of impairment, if any. The recoverable amount of the Group's property, plant and equipment was determined based on the higher of fair value less costs to sell and value-in-use calculation.

Determining the value-in-use ("VIU") of property, plant and equipment and right-of-use assets, which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Group to make estimates and assumptions that can materially affect the financial statements. Any resulting impairment losses could have a material adverse impact on the Group's financial condition and results of operations.

The Group has considered the market conditions (including the impact of COVID-19) as at the reporting date, in making estimates and judgments on the recoverability of assets. Based on the management's VIU assessment, no impairment loss is necessary as at the reporting date. As the COVID-19 pandemic continues to evolve, the Group continues to be impacted by the measures taken by the government to combat the spread of the pandemic. The Group expects that the situation will not persist with the "measured approach" to reopening. If the situation persists beyond management's current expectations, the Group's assets may be subject to impairment loss in the subsequent financial periods.

5 RIGHT-OF-USE ASSETS

	Note	Land and buildings $'000	Equipment $'000	Total $'000
Group				
Cost				
At 1 January 2020		1,730,502	21	1,730,523
Additions		188,422	626	189,048
Reassessment and modification		71,599	–	71,599
Derecognition of right-of-use assets*		(93,060)	(39)	(93,099)
At 31 December 2020		1,897,463	608	1,898,071
Acquisitions of subsidiaries	32	17,608	19	17,627
Additions		157,094	202	157,296
Reassessment and modification		(41,596)	–	(41,596)
Derecognition of right-of-use assets*		(18,713)	(125)	(18,838)
At 31 December 2021		**2,011,856**	**704**	**2,012,560**

Notes to the financial statements
Year ended 31 December 2021

5 RIGHT-OF-USE ASSETS (CONT'D)

	Note	Land and buildings $'000	Equipment $'000	Total $'000
Group				
Accumulated depreciation and impairment losses				
At 1 January 2020		283,919	4	283,923
Depreciation charge for the year		299,912	152	300,064
Reassessment and modification		(67,600)	–	(67,600)
Derecognition of right-of-use assets*		(50,590)	(11)	(50,601)
At 31 December 2020		465,641	145	465,786
Acquisitions of subsidiaries	32	1,932	1	1,933
Depreciation charge for the year		304,110	306	304,416
Reassessment and modification		(106,086)	–	(106,086)
Derecognition of right-of-use assets*		(15,499)	(56)	(15,555)
At 31 December 2021		**650,098**	**396**	**650,494**
Carrying amounts				
At 1 January 2020		1,446,583	17	1,446,600
At 31 December 2020		1,431,822	463	1,432,285
At 31 December 2021		**1,361,758**	**308**	**1,362,066**
Co-operative				
Cost				
At 1 January 2020		1,334,054	–	1,334,054
Additions		60,375	–	60,375
Reassessment and modification		84,801	–	84,801
Derecognition of right-of-use assets*		(3,905)	–	(3,905)
At 31 December 2020		1,475,325	–	1,475,325
Additions		56,781	–	56,781
Reassessment and modification		(24,476)	–	(24,476)
Derecognition of right-of-use assets*		(2,168)	–	(2,168)
At 31 December 2021		**1,505,462**	**–**	**1,505,462**
Accumulated depreciation and impairment losses				
At 1 January 2020		182,121	–	182,121
Depreciation charge for the year		186,823	–	186,823
Reassessment and modification		(65,492)	–	(65,492)
Derecognition of right-of-use assets*		(2,430)	–	(2,430)
At 31 December 2020		301,022	–	301,022
Depreciation charge for the year		195,887	–	195,887
Reassessment and modification		(93,455)	–	(93,455)
Derecognition of right-of-use assets*		(1,007)	–	(1,007)
At 31 December 2021		**402,447**	**–**	**402,447**
Carrying amounts				
At 1 January 2020		1,151,933	–	1,151,933
At 31 December 2020		1,174,303	–	1,174,303
At 31 December 2021		**1,103,015**	**–**	**1,103,015**

* Derecognition of the right-of-use assets including early termination of the lease agreements.

Information about leases for which the Group and Co-operative is a lessee is discussed in note 30.

Notes to the financial statements
Year ended 31 December 2021

6 INVESTMENT PROPERTIES

	Group $'000
Cost	
At 1 January 2020	12,403
Disposal of assets	(6,500)
At 31 December 2020	5,903
Transfer from property, plant and equipment	8,775
At 31 December 2021	**14,678**
Accumulated depreciation	
At 1 January 2020	3,657
Depreciation charge for the year	248
Disposal of assets	(1,118)
At 31 December 2020	2,787
Depreciation charge for the year	166
Transfer from property, plant and equipment	873
At 31 December 2021	**3,826**
At 1 January 2020	8,746
At 31 December 2020	3,116
At 31 December 2021	**10,852**

The fair value of investment properties for the Group as at 31 December 2021 is $14,850,000 (2020: $5,970,000).

The management has considered sale of comparable properties approach in arriving at the fair value as at the reporting date. The sale of comparable properties approach involves the analysis of comparable sales of similar properties and adjusting the sales prices to that reflective of the investment properties.

The valuation technique involves certain estimates. The key assumption used to determine the fair value of investment properties include price per square meter.

The fair values of the investment properties are categorised as Level 3 fair value.

Notes to the financial statements
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7 INTANGIBLE ASSETS

	Note	Goodwill $'000	Brand name $'000	Software and licences $'000	Tenant contracts $'000	Total $'000
Group						
Cost						
At 1 January 2020		206,332	100,678	33,918	4,490	345,418
Additions		250	–	6,952	–	7,202
Transfer from property, plant & equipment	4	–	–	3,418	–	3,418
Write-off/Disposal		–	–	(2,381)	–	(2,381)
At 31 December 2020		206,582	100,678	41,907	4,490	353,657
Acquisitions of subsidiaries	32	19,461	26,808	2,694	–	48,963
Additions		–	–	1,642	–	1,642
Transfer from property, plant & equipment	4	–	–	1,694	–	1,694
Write-off/Disposal		–	–	(1,154)	–	(1,154)
At 31 December 2021		**226,043**	**127,486**	**46,783**	**4,490**	**404,802**
Amortisation and impairment losses						
At 1 January 2020		–	–	21,733	186	21,919
Amortisation charge for the year		–	–	11,283	1,123	12,406
Write-off/Disposal		–	–	(1,031)	–	(1,031)
Impairment losses		68,600	–	–	–	68,600
At 31 December 2020		68,600	–	31,985	1,309	101,894
Acquisitions of subsidiaries	32	–	–	2,494	–	2,494
Amortisation charge for the year		–	2,012	7,364	899	10,275
Write-off/Disposal		–	–	(1,110)	–	(1,110)
At 31 December 2021		**68,600**	**2,012**	**40,733**	**2,208**	**113,553**
Carrying amounts						
At 1 January 2020		206,332	100,678	12,185	4,304	323,499
At 31 December 2020		137,982	100,678	9,922	3,181	251,763
At 31 December 2021		**157,443**	**125,474**	**6,050**	**2,282**	**291,249**

Notes to the financial statements
Year ended 31 December 2021

7 INTANGIBLE ASSETS (CONT'D)

	Goodwill $'000	Software and licences $'000	Total $'000
Co-operative			
Cost			
At 1 January 2020	6,085	20,509	26,594
Additions	–	6,649	6,649
Write-off	–	(2,099)	(2,099)
At 31 December 2020	6,085	25,059	31,144
Additions	–	674	674
Write-off	–	(9)	(9)
At 31 December 2021	**6,085**	**25,724**	**31,809**
Amortisation			
At 1 January 2020	–	14,308	14,308
Amortisation charge for the year	–	7,681	7,681
Write-off	–	(981)	(981)
At 31 December 2020	–	21,008	21,008
Amortisation charge for the year	–	3,294	3,294
Write-off	–	(9)	(9)
At 31 December 2021	**–**	**24,293**	**24,293**
Carrying amounts			
At 1 January 2020	6,085	6,201	12,286
At 31 December 2020	6,085	4,051	10,136
At 31 December 2021	**6,085**	**1,431**	**7,516**

During the year, the Group recognised goodwill of $19,461,000 due to purchase consideration paid for the acquisition of Kiosks Collective Pte Ltd. Please refer to note 32 for additional information on the acquisition.

In 2020, the Group recognised additional goodwill of $250,000 due to additional purchase consideration paid for the acquisition of Kopitiam in 2019.

Impairment testing of CGUs containing goodwill

For the purpose of impairment testing, goodwill has been allocated to the Group's CGU as follows:

	2021 $'000	2020 $'000
Food and beverage	**134,174**	114,713
Retail	**6,085**	6,085
Trading	**17,184**	17,184
	157,443	137,982

Notes to the financial statements
Year ended 31 December 2021

7 INTANGIBLE ASSETS (CONT'D)

Impairment test

Key assumptions used in the estimation of value in use were as follows:

	Discount rate		Average growth rate		Terminal growth rate	
	2021	2020	2021	2020	2021	2020
	%	%	%	%	%	%
Food and beverage	**7.0 – 10.0**	7.5	**10.2 – 10.8**	14.6	**1.5**	1.5
Retail	**6.5**	7.0	**1.0**	1.0	**1.0**	1.0
Trading	**6.5**	7.0	**1.0**	1.0	**1.0**	1.0

In 2020, the food and beverage CGU was adversely impacted by the COVID-19 pandemic, with the economic downturn, lockdown measures and dine-in restrictions leading to losses recorded. The recoverable amount of the CGU was estimated and $68,600,000 impairment losses was recognised.

The impairment loss on goodwill in the food and beverage CGU was included in 'impairment of non-financial assets' in profit or loss. No asset other than goodwill was impaired.

In 2021, no further impairment losses were recognised as the recoverable amounts exceeded the carrying value.

The recoverable amounts of the CGUs are determined based on value in use calculations. The value in use calculation is a discounted cash flow model using cash flow projections based on the most recent forecasts approved by management covering 1 to 5 years. Cash flows beyond these periods are extrapolated using the estimated terminal growth rates stated in the table above. The terminal growth rates used for each CGU are within management's expectation of the long-term average growth rates of the respective industry in which the CGUs operate. The discount rates applied are the weighted average cost of capital from the relevant business segments.

Management has identified that a reasonably possible change in a key assumption could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which this assumption would need to change for the estimated recoverable amount to be equal to the carrying amount.

	Change required for carrying amount to equal to the recoverable amount	
	2021	2020
	%	%
Discount rate:		
– Food and beverage	**1.7**	*
– Retail	**4.0**	2.2
– Trading	**10.9**	6.1

* Not relevant for 31 December 2020 as the food and beverage CGU has been impaired to its recoverable amount

Notes to the financial statements

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8 SUBSIDIARIES

	Co-operative 2021 $'000	Co-operative 2020 $'000
Unquoted equity shares, at cost	**39,352**	383,613
Less: Impairment loss	**(4,536)**	(73,136)
	34,816	310,477
Advances to subsidiaries	**275,661**	–
	310,477	310,477

Movement in allowance for impairment loss is as follows:

	Co-operative 2021 $'000	Co-operative 2020 $'000
As at 1 January	**73,136**	4,536
Disposal of a subsidiary	**(68,600)**	–
Impairment loss during the year	**–**	68,600
As at 31 December	**4,536**	73,136

During the year, the Co-operative transferred certain subsidiaries to intermediate holding companies, which are direct subsidiaries of the Co-operative, as part of a group restructuring exercise. As a result of the group restructuring, the investments have been converted to advances to the intermediate holding companies of the subsidiaries. There is no impact to the Group as this is a common control transaction.

The advances to subsidiaries are unsecured, interest-free and have no fixed terms of repayment. The settlement of the advances is neither planned nor likely to occur in the foreseeable future and hence the advances are classified as non-current. Allowance for impairment on these advances is insignificant.

The Co-operative assessed the carrying amount of its investments in subsidiaries for indicators of impairment loss. Based on the Co-operative's assessment, the Co-operative has recognised an impairment loss of $nil (2020: $68,600,000) on its investment in Kopitiam Investment Pte Ltd ("Kopitiam"). The recoverable amount of Kopitiam is determined based on the value-in-use calculations by management, on CGU basis. Kopitiam is the holding company of the food and beverage CGU, which goodwill was recognised and tested for impairment at Group level (note 7).

As at the reporting date, the impairment loss of $4,536,000 recognised on its investment in NewFront Investments Pte Ltd in the prior years continued to be appropriate as the subsidiary was still loss-making. The recoverable amount of the investment was determined based on net asset position of the subsidiary which approximated its fair value as at 31 December 2021.

As at 31 December 2021, there were no indications of impairment loss for the other subsidiaries.

Notes to the financial statements
Year ended 31 December 2021

8 SUBSIDIARIES (CONT'D)

Details of the subsidiaries as at 31 December are as follows:

Name of subsidiaries	Principal activities	Country of incorporation and operation	Ownership interest 2021 %	2020 %
AlphaPlus Investments Pte Ltd [1]	Investment holding	Singapore	**100.0**	100.0
NewFront Investments Pte Ltd [1]	Investment holding	Singapore	**100.0**	100.0
Cheers Holdings (2004) Pte Ltd [1]	Convenience store operator	Singapore	**100.0**	100.0
Interstates Market (2007) Pte Ltd [1]	Trading	Singapore	**100.0**	100.0
FPTM Pte Ltd [1]	Investment holding	Singapore	**100.0**	100.0
Fairprice International (2010) Pte Ltd[1]	Investment holding	Singapore	**100.0**	100.0
NTUC Enterprise Nexus Co-operative Limited ("Nexus") [1]	Shared services provider	Singapore	**99.0**	99.0
NTUC Foodfare Co-operative Ltd ("NTUC Foodfare") [1]	Managing of food outlets	Singapore	**99.9**	99.9
Fairprice Group Holdings Pte Ltd [1]	Investment holding	Singapore	**100.0**	100.0
NTUC Link Private Limited ("Link")[1]	Operation of a loyalty program business	Singapore	**100.0**	–
<u>Subsidiary of Fairprice Group Holdings Pte Ltd</u>				
Fairprice Group Food Services Pte Ltd [1]	Operation of food courts and food kiosks	Singapore	**100.0**	100.0
Fairprice Group Food Solutions Pte Ltd [1]	Wholesale of food and beverages	Singapore	**100.0**	100.0
Fairprice Group Supply Chain Pte Ltd [1]	Wholesale trade of goods without a dominant product	Singapore	**100.0**	100.0
<u>Subsidiary of Fairprice Group Supply Chain Pte Ltd</u>				
Grocery Logistics of Singapore Pte Ltd [1]	Warehousing and distribution	Singapore	**100.0**	100.0
<u>Subsidiary of Fairprice Group Food Solutions Pte Ltd</u>				
Origins Healthcare Pte Ltd [1]	Trading	Singapore	**100.0**	100.0
<u>Subsidiary of Fairprice Group Food Services Pte Ltd</u>				
Kopitiam Investment Pte Ltd [1]	Food outlets operator	Singapore	**100.0**	100.0
Kiosks Collective Pte Ltd ("Kiosks Collective") [2]	Investment holding	Singapore	**60.0**	–

Notes to the financial statements
Year ended 31 December 2021

8 SUBSIDIARIES (CONT'D)

Name of subsidiaries	Principal activities	Country of incorporation and operation	Ownership interest 2021 %	2020 %
Subsidiary of AlphaPlus Investments Pte Ltd [i]				
Thomson Plaza Investments Pte Ltd [1]	Property owner	Singapore	**100.0**	100.0
Subsidiary of Nexus				
Cleaning Concept Pte Ltd [1]	Provision of cleaning services	Singapore	**100.0**	100.0
Subsidiary of NTUC Foodfare				
Foodfare Catering Pte Ltd [1]	Catering and supply of food and beverages	Singapore	**70.0**	70.0
Subsidiaries of Kopitiam				
Kopitiam Properties Pte Ltd[1]	Investment holding	Singapore	*	100.0
S28 Holdings Pte Ltd[1]	Investment holding	Singapore	*	100.0
Renaissance Properties Pte Ltd [1]	Operation of food courts/ centre, operation and promotion of the Lau Pa Sat festival market and provision of related services	Singapore	**100.0**	100.0
Shiok! Retail Concepts Pte Ltd (f.k.a Shi Hui Yuan Pte Ltd) [1]	Food stall operator and restaurants	Singapore	**100.0**	100.0
iMetrics Pte Ltd ** [1]	Software and hardware engineering and all activities related to information technology	Singapore	**100.0**	100.0
Fairprice Group Hawker Centre Pte Ltd (f.k.a OTMH Pte Ltd) [1]	Operation of food courts/ coffee shops	Singapore	**100.0**	100.0
Ichido Pte Ltd ** [1]	Toto and 4D retailer	Singapore	**100.0**	100.0
Subsidiary of Link				
Link Loyalty Services Pte Ltd [1]	General trading and operation of a jointly controlled business	Singapore	**100.0**	–

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8 SUBSIDIARIES (CONT'D)

Name of subsidiaries	Principal activities	Country of incorporation and operation	Ownership interest 2021 %	2020 %
Subsidiary of Kiosks Collective Pte Ltd				
Pezzo-International Pte Ltd [(2)]	Leasing of non-financial intangible assets	Singapore	**60.0**	–
Pezzo Singapore Pte Ltd [(2)]	Operation of food kiosks	Singapore	**60.0**	–
Crave Foods Pte Ltd [(2)]	Operation of food kiosks	Singapore	**60.0**	–
Ya Lor Braised Duck Pte Ltd [(2)]	Operation of food kiosks	Singapore	**42.0**	–
Hey Yogurt Pte Ltd [(2)]	Operation of food kiosks	Singapore	**60.0**	–
Big Bird Takeout Pte Ltd [(2)]	Operation of food kiosks	Singapore	**60.0**	–
Lucky Dumplings Pte Ltd [(2)]	Operation of food kiosks	Singapore	**42.0**	–

(1) Audited by KPMG LLP, Singapore.
(2) Audited by Assurance Partners LLP.
* The entities are amalgamated into Kopitiam Investment Pte Ltd during the year.
** The entities are under voluntary liquidation.
(i) AlphaPlus Investment Pte Ltd is a member of NTUC Fairprice Foundation Ltd. The result and net assets of NTUC Fairprice Foundation Ltd ("Foundation") have not been consolidated as the Memorandum of Association ("M&A") of the Foundation provides that it cannot pay, or transfer directly or indirectly from its income and property to the member in the form of dividend, bonus, or by way of profit, except for payments made in good faith in return for goods and services. Furthermore, the Memorandum provides that in the event of winding up of the Foundation, the residual assets after the satisfaction of all its debts and liabilities shall not be paid to or distributed to the member of the Foundation. Approval from the Commissioner of Charities is required if the member were to amend the clauses in the M&A. Consequently, the Group does not have control over the assets and reserve of the Foundation and hence the Foundation is not accounted for as a subsidiary of the Group.

Non-controlling interests

Name of entity	Country of incorporation	Ownership interests held by NCI 2021 %	2020 %
NTUC Foodfare	Singapore	**0.025**	0.025
Kiosks Collective Pte Ltd	Singapore	**40**	–

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Year ended 31 December 2021

8 SUBSIDIARIES (CONT'D)

The following summarises the financial information of the Group's subsidiaries with material non-controlling interests, prepared in accordance with FRS and the Group's accounting policies. The information is before inter-company eliminations with other entities in the Group.

	NTUC Foodfare $'000	Kiosks Collective $'000	Total $'000
2021			
Revenue	83,878	40,037	123,915
Profit for the year	5,473	4,105	9,578
Other comprehensive income for the year	369	–	369
Total comprehensive income for the year	5,842	4,105	9,947
Attributable to NCI from the date of acquisition to 31 December:			
– Profit	1,266	932	2,198
– Other comprehensive income	21	–	21
– Total comprehensive income	1,287	932	2,219
Non-current assets	86,723	18,697	105,420
Current assets	36,389	12,313	48,702
Non-current liabilities	(33,665)	(10,827)	(44,492)
Current liabilities	(39,446)	(14,983)	(54,429)
Net assets	50,001	5,200	55,201
Net assets attributable to Group	5,610	1,885	7,495
Goodwill	–	9,340	9,340
Amortisation of brand name	–	(668)	(668)
Net assets attributable to NCI	5,610	10,557	16,167
Cash flows from operating activities	19,828	9,662	29,490
Cash flows used in investing activities	(6,260)	(1,950)	(8,210)
Cash flows used in financing activities	(20,170)	(5,868)	(26,038)
Net (decrease)/increase in cash and cash equivalents	(6,602)	1,844	(4,758)

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8 SUBSIDIARIES (CONT'D)

	NTUC Foodfare $'000
2020	
Revenue	79,214
Loss for the year	(7,407)
Other comprehensive loss for the year	(783)
Total comprehensive loss for the year	(8,190)
Attributable to NCI from the date of acquisition to 31 December:	
– Profit	726
– Other comprehensive loss	(206)
– Total comprehensive income	520
Non-current assets	90,500
Current assets	40,172
Non-current liabilities	(43,714)
Current liabilities	(42,099)
Net assets	44,859
Net assets attributable to NCI	4,623
Cash flows from operating activities	52,250
Cash flows used in investing activities	(35,106)
Cash flows used in financing activities	(20,294)
Net decrease in cash and cash equivalents	(3,150)

9 ASSOCIATES

	Group		Co-operative	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Interests in associates	**939,787**	894,494	**1,008,844**	990,889

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9 ASSOCIATES (CONT'D)

Details of the associates as at 31 December are as follows:

Name of associates	Principal activities	Country of incorporation and operation	Ownership interest 2021 %	Ownership interest 2020 %
SG Domain Pte Ltd [(1)]	Investment holding	Singapore	**20.0**	20.0
Mercatus Co-operative Limited [(1)]	Property investment	Singapore	**41.37**	41.37
Associates of NewFront Investments Pte Ltd				
NTUC Co-operatives Suzhou Investments Pte Ltd [(1)]	Investment holding	Singapore	**26.6**	26.6
Nextmall (Cayman Islands) Holdings Corporation [(2)]	Hypermarket retailing	Cayman Islands	**33.7**	33.7
Associate of AlphaPlus Investments Pte Ltd				
Stellar Alpha Pte. Ltd. (f.k.a SMRT Alpha Pte Ltd) [(3)]	Real estate management	Singapore	**30.0**	30.0
Associate of Fairprice International (2010) Pte Ltd				
Saigon Co-operative Fairprice Limited Liability Company [(4)]	Supermarket retailing	Vietnam	**36.0**	36.0

(1) Audited by KPMG LLP, Singapore.
(2) Under members' voluntary liquidation.
(3) Audited by PricewaterhouseCoopers LLP, Singapore.
(4) Audited by A&C Auditing and Consulting Co., Ltd.

Notes to the financial statements
Year ended 31 December 2021

9 ASSOCIATES (CONT'D)

Summarised financial information of each of the Group's material associates, based on their respective unaudited financial statements prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies and analysis, in aggregate, the carrying amount and share of profit and other comprehensive income of the remaining individually immaterial associates are as follows:

	Mercatus Co-operative Limited $'000	Immaterial associates $'000	Total $'000
2021			
Revenue	253,723		
Profit after tax	89,908		
Other comprehensive income	27,876		
Total comprehensive income	117,784		
Attributable to investee's shareholders	115,423		
Attributable to NCI	2,361		
Non-current assets	4,676,631		
Current assets	620,553		
Non-current liabilities	(2,057,198)		
Current liabilities	(588,513)		
Net assets	2,651,473		
Attributable to NCI	145,972		
Attributable to investee's shareholders	2,505,501		
Group's interest in net assets of investee at beginning of the year	845,516	48,978	894,494
Group's share of:			
– Profit after tax	32,917	1,032	33,949
– Other comprehensive income	13,043	(3,127)	9,916
– Total comprehensive income	45,960	(2,095)	43,865
Dividend received during the year	(17,955)	–	(17,955)
Group's contribution during the year	17,955	1,428	19,383
Carrying amount of interest in investee at end of the year	891,476	48,311	939,787

Notes to the financial statements
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9 ASSOCIATES (CONT'D)

	Mercatus Co-operative Limited $'000	Immaterial associates $'000	Total $'000
2020			
Revenue	222,397		
Profit after tax	54,420		
Other comprehensive income	(15,632)		
Total comprehensive income	38,788		
Attributable to investee's shareholders	36,985		
Attributable to NCI	1,803		
Non-current assets	4,371,093		
Current assets	556,789		
Non-current liabilities	(2,030,095)		
Current liabilities	(362,904)		
Net assets	2,534,883		
Attributable to NCI	144,805		
Attributable to investee's shareholders	2,390,078		
Group's interest in net assets of investee at beginning of the year	826,128	43,227	869,355
Group's share of:			
– Profit after tax and other comprehensive income	19,388	4,323	23,711
– Total comprehensive income	19,388	4,323	23,711
Dividend received during the year	(22,768)	–	(22,768)
Group's contribution during the year	22,768	1,428	24,196
Carrying amount of interest in investee at end of the year	845,516	48,978	894,494

During the year, $17,955,000 (2020: $22,768,000) of the Group's contribution relates to the dividend paid via issuance of ordinary shares by Mercatus Co-operative Limited.

The Group's share of results of certain associates has been recognised to the extent of the carrying amount of the investments as there is no obligation to contribute to any losses in excess of the amount of investment. The accumulated unrecognised share of losses amounted to approximately $10,202,000 (2020: $15,650,000).

There are no significant restrictions on the ability of associates to transfer funds to the Group in form of cash dividends, or to repay loans or advances made by the Group.

At each reporting date, the Group assesses whether the investments are impaired. This assessment takes into account the assumptions about future business outlook, operational and financial cash flows of the investee companies. Under the Group's formal impairment assessment of its investment, the recoverable amount is determined based on the higher of fair value less costs to sell and value-in-use calculations by management, on CGU basis.

Based on the Group's assessment, there were no indications of possible impairment for its interests in associates.

Notes to the financial statements
Year ended 31 December 2021

10 OTHER INVESTMENTS

	Group		Co-operative	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Quoted equity investments – FVOCI	**5,254**	4,960	**–**	–
Unquoted equity investments – FVOCI	**1,260,449**	1,136,776	**1,259,943**	1,136,264
Unquoted debt investment – at amortised cost	**330,000**	330,000	**330,000**	330,000
Other investments	**600**	750	**600**	750
	1,596,303	1,472,486	**1,590,543**	1,467,014
Non-current	**1,596,303**	1,472,486	**1,590,543**	1,467,014
	1,596,303	1,472,486	**1,590,543**	1,467,014

The fair value of quoted equity investments is based on quoted bid price.

Dividend income related to equity investments at FVOCI for the Group and Co-operative amounting to $49,662,000 (2020: $19,164,000) and $49,406,000 (2020: $15,962,000) respectively.

In 2020, the Group and Co-operative transferred investment portfolio amounting to $1,010,053,000 to Angsana Macro Fund (AMF) in exchange for 744,997,614 units in AMF which holds investments in quoted unit trust, quoted equity investments and quoted debt investment.

The fair value of the unquoted equity investments is categorised as Level 2 fair value based on observable market data (see note 2.4).

Investments in unquoted debt with effective interest rate of 3.1% (2020: 3.1%) per annum for the Group and Co-operative have maturity date until April 2047 (2020: April 2047).

Notes to the financial statements
Year ended 31 December 2021

11 TRADE AND OTHER RECEIVABLES

	Group		Co-operative	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Trade receivables	**60,050**	51,714	**20,360**	22,024
Less: Impairment loss	**(13,476)**	(8,989)	**(794)**	(270)
	46,574	42,725	**19,566**	21,754
Trade amounts due from:				
– Ultimate holding entity	**212**	844	**–**	–
– Related parties	**4,866**	4,364	**1,783**	–
– Subsidiaries	**–**	–	**9,867**	20,245
– Associates	**–**	28	**–**	–
	5,078	5,236	**11,650**	20,245
Loans to subsidiaries	**–**	–	**280,650**	178,183
Less: Impairment loss	**–**	–	**(50,790)**	(50,766)
	–	–	**229,860**	127,417
Loans to associates	**–**	4,333	**–**	–
Less: Impairment loss	**–**	(4,333)	**–**	–
	–	–	**–**	–
Lease receivables	**2,954**	125	**2,954**	125
Deposits	**64,367**	53,090	**35,580**	23,882
Prepayments	**21,835**	84,736	**18,902**	82,208
Interest receivables	**7,275**	7,231	**8,858**	8,164
Unbilled receivables	**68,184**	88,768	**55,506**	80,778
Other receivables:				
– External parties	**17,233**	8,938	**5,268**	6,635
– Ultimate holding entity	**500**	554	**500**	528
– Subsidiaries	**–**	–	**2,128**	3,174
– Associates	**26**	–	**26**	–
– Related parties	**47,074**	1,374	**74**	1,372
	281,100	292,777	**390,872**	376,282
Non-current	**64,214**	12,346	**230,688**	127,417
Current	**216,886**	280,431	**160,184**	248,865
	281,100	292,777	**390,872**	376,282

The average credit period on sale of goods is 30 to 60 days (2020: 30 to 60 days).

The loans to subsidiaries of $222,471,000 (2020: $127,674,000) are unsecured and bear interest ranging from 0.46% to 2.26% (2020: 2.9% to 3.0%) per annum and are not expected to be repaid within 12 months from the reporting period. The remaining loans to subsidiaries of $58,179,000 (2020: $50,509,000) are interest-free and are not expected to be repaid within 12 months from the reporting period. The Co-operative has recognised an impairment loss of $24,000 (2020: $113,000) on loans to subsidiaries during the year.

Loans to associates are written off during the year. The loans were fully impaired in prior year.

Included in the other receivables to related parties in 2021 is a loan amounted to $47,000,000 which is unsecured, bears interest rate of 0.46% per annum and is not expected to be repaid within 12 months from the reporting period (2020: $nil).

Unbilled receivables mainly relate to receivables from government and external parties. Prepayments comprise amounts paid to suppliers and for certain acquisition made by the Group.

The Group and the Co-operative's exposure to credit and currency risks, and impairment losses for trade and other receivables, are disclosed in note 33.

Notes to the financial statements
Year ended 31 December 2021

12 INVENTORIES

	Group		Co-operative	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Raw materials and consumables	**4,093**	3,510	**–**	–
Retail goods	**291,391**	362,526	**275,529**	347,362
Allowance for inventory obsolescence	**(4,220)**	(9,425)	**(4,181)**	(9,425)
	291,264	356,611	**271,348**	337,937

Movement in allowance for inventory obsolescence during the financial year are as follows:

	Group		Co-operative	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
At 1 January	**9,425**	–	**9,425**	–
Allowance made during the year	**4,220**	9,425	**4,181**	9,425
Reversal of allowance during the year	**(1,741)**	–	**(1,741)**	–
Utilised during the year	**(7,684)**	–	**(7,684)**	–
At 31 December	**4,220**	9,425	**4,181**	9,425

Inventories of $41,959,000 (2020: $44,881,000) and $39,995,000 (2020: $42,817,000) for the Group and the Co-operative respectively was written off in profit or loss during the year.

During the year, the Group and the Co-operative wrote down the inventories to their net realisable value, which resulted in a loss of $4,220,000 and $4,181,000 respectively (2020: $9,425,000 and $9,425,000).

Source of estimation uncertainty

The Group recognises allowance on inventory obsolescence when inventories are identified as obsolete. Obsolescence is based on the physical condition of inventory items and other factors including the age of the inventories, forecasted demand as well as discontinuation plan of the goods.

13 CASH AND CASH EQUIVALENTS

	Group		Co-operative	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Cash on hand	**9,213**	10,822	**7,149**	8,846
Cash at bank	**525,832**	605,779	**397,090**	468,610
Fixed deposits	**393**	2,268	**–**	–
	535,438	618,869	**404,239**	477,456
Deposit pledged	**(129)**	–	**–**	–
Cash and cash equivalents in the consolidated statement of cash flows	**535,309**	618,869	**404,239**	477,456

Fixed deposits of the Group bear interest at average rates ranging from 0.1% to 0.5% (2020: 0.04% to 1.85%) per annum. The fixed deposits are placed with the financial institutions for an average tenure of approximately 90 days to 365 days (2020: 30 days).

During the year, fixed deposits of the Group amounting to $129,000 were pledged to the banks for banking facilities granted to the Group.

Notes to the financial statements
Year ended 31 December 2021

14 SHARE CAPITAL

	Co-operative			
	2021	2020	2021	2020
	Number of ordinary shares			
	'000	'000	$'000	$'000
Authorised:				
Ordinary shares	**500,000**	500,000	**500,000**	500,000
Issued and paid up:				
At beginning of the year	**436,205**	436,740	**436,205**	436,740
Issued during the year	**651**	670	**651**	670
Redemption during the year	**(1,363)**	(1,205)	**(1,363)**	(1,205)
At end of the year	**435,493**	436,205	**435,493**	436,205
The share capital is represented by:				
Members' shares held by the founder member				
National Trade Union Congress [b] [c] [d]	**35,643**	82,800	**35,643**	82,800
Other members' shares [a] [c] [d]	**399,850**	353,405	**399,850**	353,405
	435,493	436,205	**435,493**	436,205

[a] This relates to the shares held by members where the Co-operative has the right of refusal to redeem the members' shares. Included in the members' shares is 100,000,000 shares allotted to NTUC Enterprise Co-operative Limited by the Co-operative amounting to $100,000,000 which are not to be withdrawn or transferred within ten years from the date of their issue. Members include an individual person or institution or organisation duly admitted to the membership of the Co-operative in accordance with the By-laws of the Co-operative. In accordance with By-laws 5.6, the shares are redeemable at the lower of the nominal value of $1 per share or the net asset value of the share.

[b] This relates to the shares held by the founder member National Trade Union Congress.

[c] In accordance with By-laws 4.2.2, the Board of Directors shall have the absolute discretion to approve or reject any application for membership or for additional shares without assigning any reason for its decision. By-laws 4.6 also states that, every member shall, unless otherwise disqualified under the Co-operative Societies Act, Chapter 62 or the By-laws, have the right to:

(i) avail himself of all services of the Society;
(ii) stand for election to office, subject to the provisions of the Act and the By-laws, where applicable;
(iii) be co-opted to hold office in the Society, where applicable;
(iv) participate and vote at general meetings; and
(v) enjoy all other rights, privileges or benefits provided under the By-laws.

[d] The Co-operative's ordinary shares carry no right to fixed income.

15 OTHER RESERVES

	Group		Co-operative	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Fair value reserve [a]	**197,796**	125,752	**200,432**	126,212
Foreign currency translation reserve [b]	**(6,526)**	(276)	**–**	–
Capital reserve [c]	**22,999**	1,536	**–**	–
	214,269	127,012	**200,432**	126,212

[a] The fair value reserve comprises:

- the cumulative net change in the fair value of quoted equity investment and unquoted equity investment designated at FVOCI; and
- the cumulative net change in fair value of debt investments at FVOCI until the assets are derecognised or reclassified. This amount is reduced by the amount of loss allowance.

[b] Foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign associates.

[c] Capital reserve arises from acquisition of subsidiaries under common control and share of reserves of associates.

Notes to the financial statements
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16 BORROWINGS

	Group 2021 $'000	Group 2020 $'000	Co-operative 2021 $'000	Co-operative 2020 $'000
Non-current				
Unsecured bank loan	**267,000**	267,000	**267,000**	267,000
Unsecured loan	**3,516**	147,005	**–**	147,005
	270,516	414,005	**267,000**	414,005
Current				
Unsecured bank loan	**87,131**	40,000	**87,000**	40,000
Unsecured loan	**121,218**	–	**120,000**	–
	208,349	40,000	**207,000**	40,000
	478,865	454,005	**474,000**	454,005

Information about the Group's and the Co-operative's exposure to interest rate and liquidity risks is included in note 33.

Terms and debt repayment schedule

Terms and conditions of outstanding Singapore dollar borrowings are as follows:

	Nominal interest rate %	Year of maturity	Face value $'000	Carrying amount $'000
Group				
2021				
Unsecured loan	**2**	**2022 – 2025**	**124,912**	**124,734**
Unsecured bank loan	**0.46 – 5**	**2022 – 2024**	**368,916**	**354,131**
			493,828	**478,865**
2020				
Unsecured loan	–	2023	150,000	147,005
Unsecured bank loan	1.63 – 2.76	2021 – 2024	329,694	307,000
			479,694	454,005
Co-operative				
2021				
Unsecured loan	**–**	**2022**	**120,000**	**120,000**
Unsecured bank loan	**0.46 – 2.76**	**2022 – 2024**	**368,783**	**354,000**
			488,783	**474,000**
2020				
Unsecured loan	–	2023	150,000	147,005
Unsecured bank loan	1.63 – 2.76	2021 – 2024	329,694	307,000
			479,694	454,005

Notes to the financial statements
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17 LEASE LIABILITIES

	Group		Co-operative	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Non-current	**1,158,682**	1,229,131	**966,460**	1,033,658
Current	**276,565**	257,283	**184,130**	174,153
	1,435,247	1,486,414	**1,150,590**	1,207,811

Terms and conditions of outstanding Singapore dollar lease liabilities are as follows:

	Nominal interest rate %	Year of maturity	Face value $'000	Carrying amount $'000
Group				
2021				
Lease liabilities	**0.72 – 5.25**	**2022 – 2072**	**1,603,988**	**1,435,247**
2020				
Lease liabilities	0.81 – 4.32	2021 – 2072	1,671,709	1,486,414
Co-operative				
2021				
Lease liabilities	**0.81 – 3.07**	**2022 – 2072**	**1,293,923**	**1,150,590**
2020				
Lease liabilities	0.81 – 1.95	2021 – 2072	1,380,458	1,207,811

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Lease liabilities $'000	Borrowings $'000	Total $'000
Group			
Balance at 1 January 2020	1,470,432	356,234	1,826,666
Changes from financing cash flows			
Repayment of borrowings	–	(52,229)	(52,229)
Proceeds from borrowings	–	150,000	150,000
Payment of lease liabilities	(269,522)	–	(269,522)
Interest paid	(42,043)	(9,413)	(51,456)
Total changes from financing cash flows	(311,565)	88,358	(223,207)
Other changes			
Liability-related			
New leases and revised rental rate	328,247	–	328,247
Interest expense	42,043	9,413	51,456
Derecognition of lease liabilities	(42,743)	–	(42,743)
Total liability-related other changes	327,547	9,413	336,960
Balance at 31 December 2020	1,486,414	454,005	1,940,419

Notes to the financial statements
Year ended 31 December 2021

17 LEASE LIABILITIES (CONT'D)

Reconciliation of movements of liabilities to cash flows arising from financing activities (cont'd)

	Note	Lease liabilities $'000	Borrowings $'000	Total $'000
Group				
Balance at 1 January 2021		**1,486,414**	**454,005**	**1,940,419**
Changes from financing cash flows				
Repayment of borrowings		**–**	**(30,464)**	**(30,464)**
Proceeds from borrowings		**–**	**47,000**	**47,000**
Payment of lease liabilities		**(289,508)**	**–**	**(289,508)**
Interest paid		**(39,607)**	**(9,558)**	**(49,165)**
Total changes from financing cash flows		**(329,115)**	**6,978**	**(322,137)**
Changes arising from obtaining control of subsidiaries	32	**16,579**	**5,320**	**21,899**
Other changes				
Liability-related				
Interest expense		**39,607**	**9,558**	**49,165**
Derecognition of lease liabilities		**(2,917)**	**–**	**(2,917)**
New leases and revised rental rate		**224,679**	**–**	**224,679**
Amortisation of deemed interest expense		**–**	**3,004**	**3,004**
Total liability-related other changes		**261,369**	**12,562**	**273,931**
Balance at 31 December 2021		**1,435,247**	**478,865**	**1,914,112**

18 PROVISIONS

This relates to the provision of reinstatement cost to be incurred for dismantle, removal or restoration of the property, plant and equipment arising from the acquisition or use of assets, which is capitalised and included in the cost of property, plant and equipment.

Movements in the provision are as follows:

	Note	Group 2021 $'000	Group 2020 $'000	Co-operative 2021 $'000	Co-operative 2020 $'000
At beginning of the year		**51,152**	53,211	**39,737**	40,907
Assumed in business combinations	32	**775**	–	**–**	–
Provisions made during the year		**7,571**	499	**6,853**	–
Utilised		**(951)**	(650)	**(15)**	(249)
Provisions reversed		**(207)**	(1,908)	**–**	(921)
At end of the year		**58,340**	51,152	**46,575**	39,737

A provision for reinstatement cost is recognised when the Group and the Co-operative have a legal and constructive obligation to rectify wear and tear to leased premises under property lease agreements with external parties. The unexpired lease terms range from 1 month to 51 years (2020: 1 month to 52 years). The provision is based on the best estimate of the expenditure with reference to past experience. It is expected that these costs will be incurred after one year from the date of the financial year. The provision is discounted using a current rate of 5.0% (2020: 5.0%) that reflects the risks specific to the liability.

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19 DEFERRED TAX LIABILITIES

The following are the major deferred tax liabilities recognised by the Group, and the movements thereon, during the current and prior reporting periods:

	At 1 January 2020 $'000	Recognised in profit or loss (note 26) $'000	At 31 December 2020 $'000	Recognised in profit or loss (note 26) $'000	Acquisition of subsidiaries (note 32) $'000	At 31 December 2021 $'000
Group						
Deferred tax liabilities						
Property, plant and equipment	6,329	(1,776)	4,553	8,014	25	**12,592**
Intangible assets	17,138	–	17,138	(763)	4,557	**20,932**
Provisions	767	1,765	2,532	(2,802)	–	**(270)**
Approved donation	(935)	(200)	(1,135)	(3,542)	–	**(4,677)**
Lease Liabilities	–	–	–	(12,558)	–	**(12,558)**
Right-of-use assets	–	–	–	12,176	–	**12,176**
Others	90	(5)	85	(1,145)	–	**(1,060)**
	23,389	(216)	23,173	(620)	4,582	**27,135**

20 TRADE AND OTHER PAYABLES

	Group 2021 $'000	Group 2020 $'000	Co-operative 2021 $'000	Co-operative 2020 $'000
Trade payables				
External parties	**668,478**	703,408	**600,079**	637,576
Amount due to ultimate holding entity	**3**	5	**–**	–
Amount due to subsidiaries	**–**	–	**22,628**	33,157
Amount due to associates	**2**	–	**–**	–
Amount due to related parties	**97**	72	**–**	–
	668,580	703,485	**622,707**	670,733
Other payables				
Amounts due to:				
– External parties	**13,253**	–	**13,253**	–
– Ultimate holding entity[(a)]	**4**	1,453	**4**	–
– Subsidiaries[(a)]	**–**	–	**207,308**	282,563
– Associates[(a)]	**30,714**	30,643	**30,643**	30,643
– Related parties[(a)]	**201**	11,441	**130**	329
Loan from a subsidiary[(b)]	**–**	–	**94,329**	–
Accrued operating expenses[(c)]	**150,563**	157,109	**121,687**	112,225
Accrued short-term employee benefits	**149,605**	134,768	**114,034**	105,468
Contributions to:				
– Central Co-operative Fund[(d)]	**50**	50	**25**	50
– Singapore Labour Foundation[(e)]	**5,501**	25,307	**5,494**	25,307
Contract liabilities[(f)]	**82,297**	54,894	**73,418**	54,894
Deposits received	**23,136**	24,739	**4,892**	5,445
Deferred grant income[(g)]	**3,137**	48,657	**–**	39,284
Deferred income[(h)]	**43,609**	–	**40,265**	–
Stored value cards[(i)]	**23,265**	20,724	**–**	–
Others	**32,237**	39,119	**21,000**	28,112
	557,572	548,904	**726,482**	684,320
Total	**1,226,152**	1,252,389	**1,349,189**	1,355,053

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20 TRADE AND OTHER PAYABLES (CONT'D)

	Group		Co-operative	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Non-current	**6,767**	7,452	**94,329**	–
Current	**1,219,385**	1,244,937	**1,254,860**	1,355,053
	1,226,152	1,252,389	**1,349,189**	1,355,053

[a] Outstanding non-trade balances with ultimate holding entity, subsidiaries, associates and related parties are unsecured, interest-free and repayable on demand.

[b] The loan from a subsidiary of $94,329,000 is unsecured, bears interest of 1.95% per annum and expected to be repaid on 29 August 2025.

[c] Accrued operating expenses include accruals for purchases of property, plant and equipment for the Group and the Co-operative amounting to $18,473,000 and $12,929,000 (2020: $7,633,000 and $6,456,000) respectively.

[d] In accordance with Section 71(2)(a) of the Co-operative Societies Act, Chapter 62, the Co-operative contributes 5% of the first $500,000 of its surplus resulting from the operations of the Co-operative to the Central Co-operative Fund and this amount is due to be paid in the next financial year.

[e] In accordance with Section 71(2)(b) of the Co-operative Societies Act, Chapter 62, the Co-operative has opted to contribute 20% of the surplus in excess of $500,000 from the operations of the Co-operative to the Singapore Labour Foundation ("SLF") and the amount is due to be paid in the next financial year.

[f] The contract liabilities primarily relate to advance consideration received from customers for sale of gift vouchers, gift card and e-voucher of $73,418,000 (2020: $54,894,000) and loyalty points redeemable by cardholders of $8,879,000 (2020: $nil)

[g] Deferred grant income relates to the wage support and subsidies received from the government but not earned as at reporting period.

[h] Deferred income relates to payment received from vendor but not earned as at reporting period.

[i] The amount represents advance payments from customers by way of purchase and top-up of Kopitiam card.

The average credit period on purchase of goods is 45 to 60 days (2020: 45 to 60 days). Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs.

The Group and the Co-operative's exposures to currency and liquidity risks for trade and other payables are disclosed in note 33.

21 REVENUE

	Group		Co-operative	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Sale of food and beverage	**158,526**	125,323	**–**	–
Sale of retail goods	**3,983,962**	4,290,502	**3,835,069**	4,135,527
Income from food and beverage operations	**109,854**	91,407	**–**	–
	4,252,342	4,507,232	**3,835,069**	4,135,527

Revenue is recognised when control of the goods has transferred, being at the point the customer purchases the goods at the food court or retail outlets.

Payment of the transaction price is due immediately at the point the customer purchases the goods. It is the Group's policy to sell its retail goods to the end customers with a right of return. Based on the accumulated historical experience, the estimated amount of returns was negligible. It is considered highly probable that a significant reversal in the cumulative revenue recognised will not occur given the consistent level of returns in the past years. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.

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Year ended 31 December 2021

21 REVENUE (CONT'D)

Significant changes in the contract liabilities during the year are as follows:

	Note	Group		Co-operative	
		2021 $'000	2020 $'000	2021 $'000	2020 $'000
At 1 January		**54,894**	61,911	**54,894**	57,157
Revenue recognised that was included in the contract liabilities at the beginning of the period		**(54,894)**	(61,911)	**(54,894)**	(57,157)
Additions due to advances received but performance obligation not fulfilled		**82,297**	54,894	**73,418**	54,894
At 31 December	20	**82,297**	54,894	**73,418**	54,894

22 OTHER INCOME

	Group		Co-operative	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Advertising, promotion and other service income	**124,757**	83,542	**109,909**	79,422
Concessionary and commission income	**31,244**	23,677	**27,714**	20,114
Discounts received	**2,187**	2,266	**2,076**	2,157
Government grants	**92,804**	146,459	**59,484**	105,408
Gain on disposal of property, plant and equipment	**322**	–	**–**	–
Gain on disposal of investment property	**–**	6,618	**–**	–
Gain on derecognition of right-of-use assets	**–**	245	**–**	25
Management fee	**11,607**	2,870	**133**	–
Rental income from property sublease	**26,032**	24,825	**34,909**	30,581
Interest income from lease receivables	**45**	23	**45**	23
Subscription fee	**14**	112	**14**	112
Rental relief	**20,889**	45,127	**1,771**	16,328
Others	**89,123**	64,550	**30,798**	14,952
	399,024	400,314	**266,853**	269,122

Government grants recognised mainly relate to the wage support and subsidies from government to support businesses during the period of economic uncertainty due to the COVID-19 pandemic.

Rental relief recognised relates to rental waiver given by landlords to the Group and the Co-operative.

Notes to the financial statements
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23 OTHER OPERATING EXPENSES

	Group		Co-operative	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Amortisation of intangible asset	**10,275**	12,406	**3,294**	7,681
Donation to NTUC Fairprice Foundation Limited	**21,134**	20,000	**21,134**	4,650
Expenses relating to short-term leases	**409**	4,961	**–**	–
Expenses relating to leases of low-value assets	**286**	4	**135**	–
Expenses relating to variable lease payments	**12,640**	29,490	**6,621**	7,202
Impairment loss on loans to subsidiaries	**–**	–	**24**	113
Intangible assets written off	**44**	222	**–**	–
Property, plant and equipment written off	**927**	2,593	**36**	–
Loss on disposal of property, plant and equipment	**44**	8,254	**–**	5,693
Loss on derecognition of right-of-use assets	**430**	–	**–**	–
Loss on disposal of intangible assets	**–**	1,128	**–**	1,118
Marketing expenses	**30,057**	40,740	**36,237**	38,983
Packing and logistic expenses	**106,240**	94,202	**65,442**	56,316
Property tax	**4,041**	3,767	**1,910**	1,998
Professional fee	**18,809**	27,072	**15,804**	21,487
Management fee	**613**	–	**34,082**	–
Repair, maintenance and supplies	**56,620**	63,891	**41,559**	49,213
Impairment loss on trade receivables	**4,341**	1,185	**539**	242
Security expense	**3,785**	5,501	**3,785**	5,501
Sundry expense	**31,492**	38,869	**30,247**	36,863
Utilities	**57,757**	49,235	**35,261**	33,486
Grant expenses	**12,074**	3,051	**934**	1,940
IT related expenses	**25,094**	12,615	**–**	–
Others	**28,977**	36,648	**14,850**	17,903
	426,089	455,834	**311,894**	290,389

24 INVESTMENT INCOME

	Group		Co-operative	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Dividend income				
– Associates	**–**	–	**17,955**	22,768
– Subsidiaries	**–**	–	**400**	10,400
– Other investments	**49,662**	19,164	**49,406**	15,962
Interest income				
– Financial institutions	**705**	1,456	**496**	1,100
– Debt investments	**–**	5,163	**–**	5,163
– Ultimate holding entity	**10,202**	10,258	**10,202**	10,258
– Loan to a related party	**72**	–	**–**	–
– Loans to subsidiaries	**–**	–	**4,226**	3,244
Gain on disposal of debt investments – FVOCI	**–**	6,587	**–**	6,587
Reversal of impairment loss				
– Debt investments – FVOCI	**–**	309	**–**	309
	60,641	42,937	**82,685**	75,791

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25 FINANCE COSTS

	Group		Co-operative	
	2021	2020	2021	2020
	$'000	$'000	$'000	$'000
Interest expense				
– Subsidiaries	**–**	–	**5,079**	3,782
– Financial institutions	**9,558**	9,413	**9,451**	9,274
Interest on lease liabilities	**39,607**	42,043	**30,127**	32,975
Loss on disposal of other investment	**190**	–	**115**	–
	49,355	51,456	**44,772**	46,031

26 TAX EXPENSE

	Note	Group	
		2021	2020
		$'000	$'000
Current tax expense:			
Current year		**2,308**	787
Changes in estimates related to prior years		**(960)**	(368)
		1,348	419
Deferred tax expense:			
Origination and reversal of temporary difference		**3,578**	(1,172)
Changes in estimates related to prior years		**(4,198)**	956
	19	**(620)**	(216)
Total tax expense		**728**	203

Reconciliation of effective tax rate

	2021	2020
Profit before tax	**143,851**	54,190
Tax expense at statutory tax rate of 17% (2020: 17%)	**24,455**	9,212
Non-deductible expenses	**2,379**	15,448
Exempt income [1]	**(19,034)**	(19,107)
Effect of share of profit of equity-accounted investees	**(5,772)**	(4,031)
Unrecognised deferred tax assets	**4,361**	4,039
Effect of tax concessions-donations	**(38)**	(5,946)
Changes in estimates related to prior years	**(5,158)**	588
Others	**(465)**	–
	728	203

[1] Exempt income mainly pertains to the Co-operative's income. The income of any Co-operative Society registered under the Co-operative Societies Act, Chapter 62 is exempted from income tax under Section 13(1)(f)(ii) of the Singapore Income Tax Act, Chapter 134.

No deferred tax assets have been recognised in respect of the following:

	Group	
	2021	2020
	$'000	$'000
Deductible temporary differences	**21,315**	15,026
Unutilised tax losses	**37,854**	18,265
Capital allowances	**846**	1,071
	60,015	34,362

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom. The unutilised tax losses which is available for set off against future profits are subject to agreement by the tax authority and compliance with tax regulations. These temporary differences and unutilised tax losses do not expire under the current the legislation.

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27 CONTRIBUTIONS TO SINGAPORE LABOUR FOUNDATION

	Group		Co-operative	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Current year	**14,599**	25,307	**14,591**	25,307
Changes related to prior year	**(8,504)**	–	**(8,504)**	–
	6,095	25,307	**6,087**	25,307

In December 2021, the Ministry of Culture, Community and Youth gazetted that COVID-19-related income will be exempted from Co-operative's contributions. Accordingly, the contribution relating to prior year was adjusted.

28 DIVIDEND

	Group		Co-operative	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Distributions to members of the Co-operative – first and final dividend in respect of prior year of 5.5% (2020: 5.0%)	**23,579**	21,587	**23,579**	21,587

29 PATRONAGE REBATES, DIRECTORS' HONORARIA AND DIVIDENDS

Subsequent to the end of the financial year, the Board of Directors proposed the following patronage rebates, directors' honoraria and dividends. The patronage rebates, directors' honoraria and dividends have not been provided for, subject to approval in the Annual General Meeting.

	Group and Co-operative	
	2021	**2020**
	$'000	**$'000**
Patronage rebates of 4.5% (2020: 4.5%)	**63,575**	66,168
Directors' honoraria	**562**	553
First and final dividend of 5.5% (2020: 5.5%)	**23,952**	23,991
	88,089	90,712

30 LEASES

Leases as lessee

The Group leases properties and warehouses. The leases typically run for a period of three to five years, with an option to renew the lease after that date. Lease payments are renegotiated every three to five years to reflect market rentals. For certain leases, the Group is restricted from entering into any sub-lease arrangements.

The Group leases IT equipment with contract terms of one to three years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Information about leases for which the Group is a lessee is presented below.

(i) Right-of-use assets

The Group and Co-operative leases many assets including land and buildings and equipment (see note 5 for right-of-use assets recognised on the statements of financial position as at reporting date).

Notes to the financial statements
Year ended 31 December 2021

30 LEASES (CONT'D)

(ii) Amounts recognised in profit or loss

	Group		Co-operative	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Interest on lease liabilities	**39,607**	42,043	**30,127**	32,975
Income from sub-leasing right-of-use assets presented in 'other income'	**(26,032)**	(24,825)	**(34,909)**	(30,581)
Expenses relating to short-term leases	**409**	4,961	**–**	–
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	**286**	4	**135**	–

(iii) Amounts recognised in consolidated statement of cash flows

	Group	
	2021 $'000	2020 $'000
Total cash outflow for leases	**329,115**	311,565

Extension options

Some property leases contain extension options exercisable by the Group up to nine months before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

Leases as lessor

The Group leases out its property leases. All leases are classified as operating leases from a lessor perspective with the exception of a sub-lease, which the Group has classified as a finance sub-lease.

Finance lease

During 2021, the Group has sub-leased a building that has been presented as part of a right-of-use asset.

During 2021, the Group and the Co-operative recognised interest income on lease receivables of $45,000 (2020: $23,000).

Notes to the financial statements
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30 LEASES (CONT'D)

Finance lease (cont'd)

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date.

	2021 $'000	2020 $'000
Less than one year	**1,438**	125
One to two years	**1,438**	–
Two to three years	**121**	–
Total undiscounted lease receivable	**2,997**	125
Unearned finance income	**(43)**	–
Net investment in the lease	**2,954**	125

Operating lease

The Group leases out its leased properties. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Rental income from property sub-lease recognised by the Group during 2021 was $26,032,000 (2020: $24,825,000).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	Group		Co-operative	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Less than one year	**54,000**	66,835	**20,656**	28,760
One to two years	**22,475**	35,990	**12,245**	18,417
Two to three years	**6,526**	10,150	**4,283**	8,059
Three to four years	**894**	1,677	**717**	1,469
Four to five years	**178**	718	**146**	628
More than five years	**116**	124	**101**	106
Total	**84,189**	115,494	**38,148**	57,439

31 COMMITMENTS

As at the end of the financial year, the Group and the Co-operative have the following outstanding commitments which have not been provided in the financial statements:

	Group		Co-operative	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Capital commitments:				
Purchase of property, plant and equipment – contracted	**92,020**	269,186	**49,432**	147,206

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32 ACQUISITION OF SUBSIDIARIES

On 1 January 2021, the Group acquired 60% of the shares and voting interests in Kiosks Collective from Chiang Zhan Xiang. On the same date, the Group acquired 100% of the shares and voting interests in Link (NTUC Link Private Limited) with net asset of $3,067,000 from the immediate and ultimate holding entity, NTUC Enterprise Co-operative Limited, through an internal restructuring at a nominal consideration of $1.

From the date of acquisition to 31 December 2021, Kiosks Collective and Link contributed revenue of $40,037,000 and $nil respectively, and a profit of $4,105,000 and a loss of $745,000 respectively to the Group results.

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

	Note	2021 $'000
Property, plant and equipment	4	**2,955**
Right-of-use assets	5	**15,694**
Intangible assets	7	**27,008**
Inventories		**353**
Trade and other receivables		**7,950**
Cash and cash equivalents		**24,713**
Trade and other payables		**(24,024)**
Provisions	18	**(775)**
Current tax liabilities		**(980)**
Deferred tax liabilities	19	**(4,582)**
Borrowings	17	**(5,320)**
Lease liabilities	17	**(16,579)**
Non-controlling interest		**(9,336)**
Total identifiable net assets		**17,077**
Goodwill arising from acquisition of business	7	**19,461**
Gain from acquisition of subsidiaries under common control		**(3,067)**
Total purchase considerations		**33,471**
Less: Cash and cash equivalents in subsidiaries acquired		**(24,713)**
Net cash outflow		**8,758**

Goodwill and gain from acquisition of subsidiary under common control

Goodwill from business combinations and gain from acquisition of subsidiaries under common control in the financial year ended 31 December 2021 amounted to $19,461,000 and $3,067,000 respectively. Gain from acquisition of subsidiary under common control is recognised in capital reserve.

The goodwill arising is mainly from expected synergies from combining operations.

Notes to the financial statements
Year ended 31 December 2021

32 ACQUISITION OF SUBSIDIARIES (CONT'D)

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets required	Valuation technique
Intangible assets	Relief-from-royalty method: The relief-from-royalty method considers the discounted estimated royalty payments that are expected to be avoided as result of the brand name being owned.

33 FINANCIAL INSTRUMENTS

Financial risk management

Risk management framework

The Group's activities expose it to a variety of financial risks, particularly credit risk, liquidity risk and market risk. Where appropriate, the Group's risk management policies seek to minimise potential adverse effects of these risks on the financial performance of the Group.

Matters pertaining to risk management strategies and execution require the decision and approval of the Board of Directors.

The Board of Directors is regularly updated on the Group's financial investments.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Financial risk exposures are measured using sensitivity analysis indicated below.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, related parties and investments.

Transactions involving financial instruments are entered into only with counterparties that are of acceptable credit quality. Cash and fixed deposits are placed with banks and financial institutions which are regulated.

At the reporting date, there is no significant concentration of credit risk. The carrying amounts of financial assets represent the Group and the Co-operative's maximum exposure to credit risk, before taking into account any collateral held. The Group and the Co-operative do not hold any collateral in respect of their financial assets, except for balances with tenants where security deposits are obtained.

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33 FINANCIAL INSTRUMENTS (CONT'D)

Credit risk (cont'd)

Impairment loss

Expected credit loss assessment

The Group uses an allowance matrix to measure the ECLs of trade receivables.

Loss rates are based actual credit loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December:

		Group	
	Weighted average loss rate %	Gross carrying amount $'000	Impairment loss allowance $'000
2021			
Current (not past due)	**–**	**28,378**	**–**
1 – 30 days past due	**0.11**	**6,650**	**(7)**
31 – 60 days past due	**0.34**	**3,481**	**(12)**
More than 60 days past due	**50.55**	**26,619**	**(13,457)**
		65,128	**(13,476)**
2020			
Current (not past due)	–	18,713	–
1 – 30 days past due	–	10,283	–
31 – 60 days past due	–	5,629	–
More than 60 days past due	40.26	22,325	(8,989)
		56,950	(8,989)

		Co-operative	
	Weighted average loss rate %	Gross carrying amount $'000	Impairment loss allowance $'000
2021			
Current (not past due)	**–**	**21,441**	**–**
1 – 30 days past due	**–**	**7,026**	**–**
31 – 60 days past due	**–**	**1,667**	**–**
More than 60 days past due	**42.32**	**1,876**	**(794)**
		32,010	**(794)**
2020			
Current (not past due)	–	25,317	–
1 – 30 days past due	–	8,007	–
31 – 60 days past due	–	537	–
More than 60 days past due	3.21	8,408	(270)
		42,269	(270)

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33 FINANCIAL INSTRUMENTS (CONT'D)

Credit risk (cont'd)

Other receivables/deposits/lease receivables

The Group assesses on a forward-looking basis the expected credit loss associated with financial assets at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Group considers that the credit risk of these counter parties has not increased.

Loans to a related party and subsidiaries

The Group and Co-operative had loans to a related party and subsidiaries with a carrying amount of $47,000,000 and $229,860,000 respectively (2020: $nil and $127,417,000). Impairment on these balances has been measured on the 12-month expected loss basis. The assessment is based on qualitative and quantitative factors that are indicative of the risk of default, including but not limited to audited financial statements, and management accounts, if available, and applying experienced credit judgement. The amount of the allowance on loans to subsidiaries is $50,790,000 (2020: $50,766,000).

Movements in allowance for impairment in respect of trade receivables

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	Group Impairment loss allowance $'000	Co-operative Impairment loss allowance $'000
At 1 January 2020	7,830	54
Impairment loss recognised	1,203	259
Impairment loss reversed	(18)	(17)
Amounts written off	(26)	(26)
At 31 December 2020	8,989	270
At 1 January 2021	**8,989**	**270**
Acquisition of subsidiaries	**371**	**–**
Impairment loss recognised	**4,646**	**783**
Impairment loss reversed	**(305)**	**(244)**
Amounts written off	**(225)**	**(15)**
At 31 December 2021	**13,476**	**794**

Cash and cash equivalents

The Group and the Co-operative held cash and cash equivalents of $535,438,000 and $404,239,000 (2020: $618,869,000 and $477,456,000), respectively at 31 December 2021. The cash and cash equivalents are held with banks and financial institutions with sound credit ratings.

Notes to the financial statements
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33 FINANCIAL INSTRUMENTS (CONT'D)

Credit risk (cont'd)

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents was insignificant.

Debt investment

The Group limits its exposure to credit risk on investments held by investing only in liquid debt, securities and only with counterparties that have a credit rating of at least B- from Fitch Ratings Inc and B- from Standard & Poor's Global Ratings.

The Group monitors the changes in credit risk to the tracking published external credit ratings annually. The 12-month and lifetime probabilities of default are based on historical data supplied by Moody's Investors Service for each credit rating and are recalibrated based on current bond yields and CDS prices. Loss given default ("LGD") parameters generally reflect an assumed recovery rate of 40% except when a security is credit-impaired, in which case the estimate of loss is based on the instrument's current market price and original effective interest rate.

The following table presents an analysis of the credit quality of debt investments at amortised cost and FVOCI. It indicates whether assets measured at amortised cost or FVOCI were subject to a 12-month ECL or lifetime ECL allowance and, in latter case, whether they are credit-impaired.

	2021 At amortised costs 12-month ECL $'000	2020 At amortised costs 12-month ECL $'000
Group/Co-operative		
Credit rating		
BBB- to AAA	**330,000**	330,000
Gross carrying amounts	**330,000**	330,000
Loss allowance	**–**	–
Carrying amount	**330,000**	330,000

The Group and the Co-operative did not have any debt investments that were past due but not impaired at 31 December 2021.

The movement in the allowance for impairment in respect of debt investments at FVOCI during the year was as follows:

	2021 12-month ECL $'000	2020 12-month ECL $'000
Group/Co-operative		
Balance as at 1 January	**–**	309
Impairment reversed	**–**	(309)
Balance as at 31 December	**–**	–

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33 FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following are the expected contractual undiscounted cash outflows of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount $'000	Contractual cash flows $'000	Less than 1 year $'000	1 – 5 years $'000	Over 5 years $'000
Group					
2021					
Borrowings	**478,865**	**(493,828)**	**(208,499)**	**(285,329)**	**–**
Lease liabilities	**1,435,247**	**(1,603,991)**	**(312,257)**	**(847,653)**	**(444,081)**
Trade and other payables*	**1,097,109**	**(1,097,109)**	**(1,090,342)**	**(6,767)**	**–**
	3,011,221	**(3,194,928)**	**(1,611,098)**	**(1,139,749)**	**(444,081)**
2020					
Borrowings	454,005	(479,694)	(47,467)	(432,227)	–
Lease liabilities	1,486,414	(1,670,624)	(293,042)	(860,758)	(516,824)
Trade and other payables*	1,148,838	(1,148,838)	(1,141,386)	(7,452)	–
	3,089,257	(3,299,156)	(1,481,895)	(1,300,437)	(516,824)
Co-operative					
2021					
Borrowings	**474,000**	**(488,783)**	**(207,065)**	**(281,718)**	**–**
Lease liabilities	**1,150,590**	**(1,293,923)**	**(210,065)**	**(675,927)**	**(407,931)**
Trade and other payables*	**1,141,177**	**(1,141,177)**	**(1,141,177)**	**–**	**–**
Loan from a subsidiary	**94,329**	**(101,058)**	**(1,839)**	**(99,219)**	**–**
	2,860,096	**(3,024,941)**	**(1,560,146)**	**(1,056,864)**	**(407,931)**
2020					
Borrowings	454,005	(479,694)	(47,467)	(432,227)	–
Lease liabilities	1,207,811	(1,379,372)	(203,803)	(682,218)	(493,351)
Trade and other payables*	1,260,875	(1,260,875)	(1,260,875)	–	–
	2,922,691	(3,119,941)	(1,512,145)	(1,114,445)	(493,351)

* Excludes contract liabilities, deferred income, deferred grant income and loan from a subsidiary

It is not expected that the cash flows in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Notes to the financial statements
Year ended 31 December 2021

33 FINANCIAL INSTRUMENTS (CONT'D)

Currency risk

The Group is exposed to foreign currency risk on purchases that are denominated in currencies other than the respective functional currencies of Group entities. The currencies in which these transactions primarily are denominated in US Dollar ("USD") and Australian Dollar ("AUD").

The Group manages its foreign exchange exposure by adopting a policy of matching receipts and payments, and asset purchases, in the currency of the relevant entity, where possible.

Exposure to currency risk

The Group's and the Co-operative's exposures to foreign currencies are as follows:

	USD $'000	AUD $'000	Total $'000
Group and Co-operative			
2021			
Financial assets			
Cash and cash equivalents	**5,215**	**1,047**	**6,262**
Total financial assets	**5,215**	**1,047**	**6,262**
Financial liabilities			
Trade and other payables	**(85)**	**(217)**	**(302)**
Total financial liabilities	**(85)**	**(217)**	**(302)**
Net financial assets at end of the year	**5,130**	**830**	**5,960**
2020			
Financial assets			
Cash and cash equivalents	4,075	740	4,815
Total financial assets	4,075	740	4,815
Financial liabilities			
Trade and other payables	(1,387)	(8)	(1,395)
Total financial liabilities	(1,387)	(8)	(1,395)
Net financial assets at end of the year	2,688	732	3,420

Sensitivity analysis

A 10% strengthening of the following major currencies against the functional currencies of the Group's entities at the reporting date held by the Group and the Co-operative would increase/(decrease) equity and profit or (loss) by the amounts shown below. Similarly, a 10% weakening would have the equal but opposite effect. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Group and Co-operative Profit or (loss)	
	2021 $'000	2020 $'000
USD	**513**	269
AUD	**83**	73

Notes to the financial statements
Year ended 31 December 2021

33 FINANCIAL INSTRUMENTS (CONT'D)

Market risk (cont'd)

Interest rate risk

The Group's exposure to changes in interest rates relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates. The Group does not use derivative financial instruments to hedge against such risk exposure.

Exposure to interest rate risk

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was as follows:

	Group Nominal amount		Co-operative Nominal amount	
	2021 $'000	**2020 $'000**	**2021 $'000**	**2020 $'000**
Fixed rate instruments				
Other investments	**330,000**	330,000	**330,000**	330,000
Trade and other receivables	**47,000**	–	**229,860**	127,417
Cash and cash equivalents	**393**	2,268	**–**	–
Borrowings	**(358,865)**	(307,000)	**(354,000)**	(307,000)
Trade and other payables	**–**	–	**(94,329)**	–
	18,528	25,268	**111,531**	150,417

Sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, in respect of the fixed rate instruments, a change in interest rates at the reporting date would not affect profit or loss.

Equity price risk

The Group and the Co-operative are exposed to equity price risks changes arising from equity investments at FVOCI. An increase in the underlying equity prices of the equity investments at FVOCI at the reporting date by 10% (2020: 10%) for the Group and the Co-operative, would increase other components of equity before any tax effect by the amounts shown below. Similarly, a 10% decrease in underlying equity price of the equity investments would have the equal but opposite effect. This analysis assumes that all other variables remain constant.

	Group $'000	Co-operative $'000
2021		
Equity investments at FVOCI		
Equity	**126,570**	**125,994**
2020		
Equity investments at FVOCI		
Equity	114,174	113,626

Notes to the financial statements
Year ended 31 December 2021

33 FINANCIAL INSTRUMENTS (CONT'D)

Market risk (cont'd)

Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount				Fair value			
	Amortised cost $'000	Equity investments – FVOCI $'000	Other financial liabilities at amortised cost $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group								
2021								
Financial assets measured at fair value								
Quoted equity investments – FVOCI	–	5,254	–	5,254	5,254	–	–	5,254
Unquoted equity investments – FVOCI	–	1,260,449	–	1,260,449	–	1,260,449	–	1,260,449
	–	1,265,703	–	1,265,703				
Financial assets not measured at fair value								
Unquoted debt investment	330,000	–	–	330,000	–	297,763	–	297,763
Other investments	600	–	–	600				
Cash and cash equivalents	535,438	–	–	535,438				
Trade and other receivables*	259,265	–	–	259,265				
	1,125,303	–	–	1,125,303				
Financial liabilities not measured at fair value								
Borrowings	–	–	(478,865)	(478,865)	–	(463,407)	–	(463,407)
Lease liabilities	–	–	(1,435,247)	(1,435,247)				
Trade and other payables**	–	–	(1,097,109)	(1,097,109)				
	–	–	(3,011,221)	(3,011,221)				

* Excludes prepayments
** Excludes contract liabilities, deferred income and deferred grant income

Notes to the financial statements
Year ended 31 December 2021

33 FINANCIAL INSTRUMENTS (CONT'D)

Market risk (cont'd)

Accounting classifications and fair values (cont'd)

	Carrying amount				Fair value			
	Amortised cost $'000	Equity investments – FVOCI $'000	Other financial liabilities at amortised cost $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Group								
2020								
Financial assets measured at fair value								
Quoted equity investments – FVOCI	–	4,960	–	4,960	4,960	–	–	4,960
Unquoted equity investments – FVOCI	–	1,136,776	–	1,136,776	–	1,136,776	–	1,136,776
	–	1,141,736	–	1,141,736				
Financial assets not measured at fair value								
Unquoted debt investment	330,000	–	–	330,000	–	356,614	–	356,614
Other investments	750	–	–	750				
Cash and cash equivalents	618,869	–	–	618,869				
Trade and other receivables*	208,041	–	–	208,041				
	1,157,660	–	–	1,157,660				
Financial liabilities not measured at fair value								
Borrowings	–	–	(454,005)	(454,005)	–	(415,320)	–	(415,320)
Lease liabilities	–	–	(1,486,414)	(1,486,414)				
Trade and other payables**	–	–	(1,148,838)	(1,148,838)				
	–	–	(3,089,257)	(3,089,257)				

* Excludes prepayments
** Excludes contract liabilities, deferred income and deferred grant income

Notes to the financial statements
Year ended 31 December 2021

33 FINANCIAL INSTRUMENTS (CONT'D)

Market risk (cont'd)

Accounting classifications and fair values (cont'd)

	Carrying amount				Fair value			
	Amortised cost $'000	Equity investments – FVOCI $'000	Other financial liabilities at amortised cost $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Co-operative								
2021								
Financial assets measured at fair value								
Unquoted equity investments – FVOCI	–	1,259,943	–	1,259,943	–	1,259,943	–	1,259,943
	–	1,259,943	–	1,259,943				
Financial assets not measured at fair value								
Unquoted debt investment	330,000	–	–	330,000	–	297,763	–	297,763
Other investments	600	–	–	600				
Cash and cash equivalents	404,239	–	–	404,239				
Trade and other receivables*	142,110	–	–	142,110				
Loans to subsidiaries	229,860	–	–	229,860	–	224,181	–	224,181
	1,106,809	–	–	1,106,809				
Financial liabilities not measured at fair value								
Borrowings	–	–	(474,000)	(474,000)	–	(460,576)	–	(460,576)
Lease liabilities	–	–	(1,150,590)	(1,150,590)				
Trade and other payables**	–	–	(1,141,177)	(1,141,177)				
Loan from a subsidiary	–	–	(94,329)	(94,329)	–	(89,567)	–	(89,567)
	–	–	(2,860,096)	(2,860,096)				

* Excludes prepayments and loans to subsidiaries
** Excludes contract liabilities, deferred income, deferred grant income and loan from a subsidiary

Notes to the financial statements
Year ended 31 December 2021

33 FINANCIAL INSTRUMENTS (CONT'D)

Market risk (cont'd)

Accounting classifications and fair values (cont'd)

	Carrying amount				Fair value			
	Amortised cost $'000	Equity investments – FVOCI $'000	Other financial liabilities at amortised cost $'000	Total $'000	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Co-operative								
2020								
Financial assets measured at fair value								
Unquoted equity investments – FVOCI	–	1,136,264	–	1,136,264	–	1,136,264	–	1,136,264
	–	1,136,264	–	1,136,264				
Financial assets not measured at fair value								
Unquoted debt investment	330,000	–	–	330,000	–	356,614	–	356,614
Other investments	750	–	–	750				
Cash and cash equivalents	477,456	–	–	477,456				
Trade and other receivables*	166,657	–	–	166,657				
Loans to subsidiaries	127,417	–	–	127,417	–	127,632	–	127,632
	1,102,280	–	–	1,102,280				
Financial liabilities not measured at fair value								
Borrowings	–	–	(454,005)	(454,005)	–	(415,320)	–	(415,320)
Lease liabilities	–	–	(1,207,811)	(1,207,811)				
Trade and other payables**	–	–	(1,260,875)	(1,260,875)				
	–	–	(2,922,691)	(2,922,691)				

* Excludes prepayments and loans to subsidiaries
** Excludes contract liabilities and deferred grant income

Notes to the financial statements
Year ended 31 December 2021

33 FINANCIAL INSTRUMENTS (CONT'D)

Market risk (cont'd)

Determination of fair value

Fair values have been determined for measurement and disclosure purposes based on the following methods.

The fair values of quoted equity investments traded in an active market and are determined with reference to quoted bid prices at the reporting date.

The fair value of unquoted equity investments, held by the Co-operative, is determined based on the net asset value in the investment fund's valuation reports at the reporting date and is derived from prices from an observable market.

The fair values of certain unquoted equity investments included within level 3 are estimated based on the Group's share of the net assets values of the investee company, which take into consideration the fair value of the underlying investment portfolio held by the investee company. The fair value of the investment portfolio is determined based on the underlying values with reference to quoted bid prices traded in a quoted market.

Financial instruments measured at fair value based on level 3

	Unquoted equity investments – FVOCI $'000
Group	
At 1 January 2020	10
Gains in other comprehensive income	11
Proceeds from disposal	(21)
At 31 December 2020	–

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the financial year.

Financial instruments not measured at fair value

Type	Valuation Technique
Group	
Unquoted debt investment, borrowings and lease liabilities	Discounted cash flows: The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate.
Co-operative	
Unquoted debt investment, loans to subsidiaries, borrowings, lease liabilities and loan from a subsidiary	Discounted cash flows: The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate.

Notes to the financial statements
Year ended 31 December 2021

33 FINANCIAL INSTRUMENTS (CONT'D)

Financial instruments not measured at fair value (cont'd)

The interest rate used to discount estimated cash flows is set out below:

	2021 %	2020 %
Group and Co-operative		
Borrowings	**0.91 – 3.47**	5.30
Co-operative		
Loans to subsidiaries	**2.29 – 3.22**	2.10 – 2.40
Loan from a subsidiary	**3.47**	–

Capital management

The Group's policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development of the business.

Management periodically reviews the capital structure. Capital comprises total equity.

In accordance with By-laws 12.2, the net profit shall be distributed as follows, subject to approval in the Annual General Meeting:

a) by payment of a dividend not exceeding the maximum rate allowed under the Act, on the amount of shares held by members, subject to the provisions of the Act and in accordance with By-law 12.3;

b) by payment of patronage rebates to members in accordance with By-laws 12.4;

c) by payment of honoraria to some or all of the members of the Board of Directors in consideration of their services which would not otherwise be remunerated, subject to the provisions of the Act and in accordance with By-law 9.22;

d) by issue of bonus certificates or bonus shares; or

e) by payment to any other funds established in accordance with and subject to the provision of the Act and/or in accordance with the By-laws.

There were no changes in the Group's approach to capital management during the year.

Neither the Co-operative nor any of its subsidiaries are subject to externally improved capital requirements.

Notes to the financial statements

Year ended 31 December 2021

34 RELATED PARTIES

The Co-operative is a subsidiary of NTUC Enterprise Co-operative Limited, incorporated in the Republic of Singapore, which is also the Co-operative's ultimate holding entity.

During the financial year, the Group and Co-operative entered into the following transactions with related parties:

	Group		Co-operative	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Donations to NTUC Fairprice Foundation Limited	**21,134**	20,000	**21,134**	4,650
Sales of goods to:				
– Ultimate holding entity	**(3)**	–	**(2)**	–
– Subsidiaries	**–**	–	**(47,360)**	(58,919)
– Related parties	**(9,582)**	(1,053)	**(1,399)**	(1,053)
Rental income from:				
– Ultimate holding entity	**–**	(197)	**–**	(197)
– Subsidiaries	**–**	–	**(9,221)**	(8,735)
– Related parties	**(439)**	(1,421)	**(439)**	(609)
Interest income from:				
– Ultimate holding entity	**(10,202)**	(10,258)	**(10,202)**	(10,258)
– Subsidiaries	**–**	–	**(4,226)**	(3,244)
– Related parties	**(72)**	–	**–**	–
Other income from:				
– Ultimate holding entity	**(1,639)**	–	**–**	–
– Subsidiaries	**–**	–	**(817)**	–
– Related parties	**(6,327)**	–	**–**	–
Interest expense from subsidiaries	**–**	–	**5,079**	3,782
Rental expenses to:				
– Subsidiaries	**–**	–	**1,395**	1,391
– Associates	**64,821**	48,647	**52,849**	40,590
– Related parties	**832**	5,119	**–**	4,938
Issuance and redemption of link points issued by a subsidiary (2020: related party)	**–**	(6,733)	**(7,378)**	(6,685)
Dividend expenses to:				
– Ultimate holding entity	**8,688**	7,898	**8,688**	7,898
– Related parties	**4,021**	6,210	**4,021**	5,810
Purchases from:				
– Ultimate holding entity	**99**	–	**99**	–
– Subsidiaries	**–**	–	**172,456**	166,173
– Associates	**4,158**	9,103	**4,142**	9,103
– Related parties	**28,683**	12,137	**28,683**	12,137

Notes to the financial statements
Year ended 31 December 2021

34 RELATED PARTIES (CONT'D)

	Group		Co-operative	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Other operating expenses to:				
– Ultimate holding entity	**477**	4,408	**–**	4,402
– Subsidiaries	**–**	–	**83,461**	19,299
– Associates	**550**	5,765	**–**	–
– Related parties	**1,279**	2,188	**1,000**	–
Sponsorship to:				
– Ultimate holding entity	**–**	90	**–**	90
– Related parties	**–**	4,000	**–**	4,000
Dividend income from:				
– Subsidiary	**–**	–	**(400)**	(10,400)
– Associates	**(17,955)**	(22,768)	**(17,955)**	(22,768)

Please refer to notes 11 and 20 for additional information on related parties balances.

Management personnel compensation

The remuneration of directors and other members of key management during the financial year was as follows:

	Group		Co-operative	
	2021	**2020**	**2021**	**2020**
	$'000	**$'000**	**$'000**	**$'000**
Salaries, short-term employee benefits and post-employment benefits:				
– directors	**553**	494	**553**	494
– officers	**8,501**	6,440	**8,501**	5,743
	9,054	6,934	**9,054**	6,237

In addition, certain officers receive remuneration directly from the Co-operative's holding entity. In respect of their services rendered to the Group, the Co-operative's holding entity did not recharge such costs to the Group.

35 SUBSEQUENT EVENT

In January 2022, the Group acquired 51% interest in a portfolio of companies in the food manufacturing industry for $15,529,000.

APPENDIX III

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP FOR FY 2020

The information in this Appendix III has been extracted and reproduced from the audited consolidated financial statements of the Group for FY 2020 and has not been specifically prepared for inclusion in this Information Memorandum.

Directors' Statement

The Directors present this annual report to the members together with the audited financial statements of NTUC Fairprice Co-operative Limited (the "Co-operative") for the financial year ended 31 December 2020.

In our opinion:

(a) the financial statements set out on pages 6 to 84 are drawn up so as to give a true and fair view of the state of affairs of the Group and the Co-operative as at 31 December 2020 and of the results, changes in equity of the Group and the Co-operative and cash flows of the Group for the year ended on that date in accordance with the provisions of the Co-operative Societies Act, Chapter 62 (the "Act") and Singapore Financial Reporting Standards;

(b) at the date of this statement, there are reasonable grounds to believe that the Co-operative will be able to pay its debts when they fall due; and

(c) the receipts, expenditure, investment of monies, acquisition and disposal of assets made by the Co-operative during the year ended 31 December 2020 have been made in accordance with the By-Laws of the Co-operative and the provisions of the Act and the Rules (made under section 95 of the Act).

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

(a) Directors

The Directors of the Co-operative in office at the date of this statement are as follows:

Bobby Chin Yoke Choong	
Stephen Lim Beng Lin	
Ronald Ong Whatt Soon	
Albert Cheng Yong Kim	
Lim Sau Hoong	
Kristy Tan Ruyan	
Lee Seow Hiang	
Ho Wah Lee	
Kee Teck Koon	
Tan Hwee Bin	(Appointed on 22 Jun 2020)
Ong Hwee Liang	(Appointed on 22 Jun 2020)
Robert Yap Min Choy	(Appointed on 10 Aug 2020)

(b) Arrangements to enable Directors to acquire shares or debentures

Neither at the end of, nor at any time during the financial year, was the Co-operative a party to any arrangement whose object is to enable the Directors of the Co-operative to acquire benefits by means of the acquisition of shares in or debentures of the Co-operative or any other body corporate.

Directors' Statement

(c) Directors' interests

The Directors of the Co-operative held office during the financial year who had interests in the shares of the Co-operative and its related corporations as recorded in the register of Directors' shareholdings kept by the Co-operative are as follows:

Name of Directors and Co-operative in which interests are held	Shareholdings registered in the name of Directors at At beginning of the financial year	At end of the financial year
NTUC Fairprice Co-operative Limited		
Bobby Chin Yoke Choong	20	20
Stephen Lim Beng Lin	20	20
Ronald Ong Whatt Soon	20	20
Albert Cheng Yong Kim	20	20
Lim Sau Hoong	20	20
Kristy Tan Ruyan	20	20
Lee Seow Hiang	20	20
Ho Wah Lee	20	20
Kee Teck Koon	20	20
Tan Hwee Bin	–	5,000
Ong Hwee Liang	–	26
Robert Yap Min Choy	–	–

(d) Share options

There were no share options granted by the Co-operative during the financial year.

There were no shares issued during the financial year by virtue of the exercise of options to take up unissued shares of the Co-operative.

There were no unissued shares of the Co-operative under options as at the end of the financial year.

(e) Auditors

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

On behalf of the Board of Directors

Bobby Chin Yoke Choong
Director

Ho Wah Lee
Director

Singapore
22 April 2021

Independent Auditors' Report

Members of the Co-operative
NTUC Fairprice Co-operative Limited

Report on the audit of financial statements

Opinion

We have audited the financial statements of NTUC Fairprice Co-operative Limited ('the Co-operative') and its subsidiaries ('the Group'), which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Co-operative as at 31 December 2020, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group and statement of profit or loss, statement of comprehensive income and statement of changes in equity of the Co-operative for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 6 to 84.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position, statement of profit or loss, statement of comprehensive income and statement of changes in equity of the Co-operative are properly drawn up in accordance with the provisions of the Co-operative Societies Act, Chapter 62 ('the Act') and Financial Reporting Standards in Singapore ('FRSs') so as to give a true and fair view of the state of affairs of the Group and the Co-operative as at 31 December 2020 and of the results and changes in equity of the Group and the Co-operative and consolidated cash flows of the Group 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 '*Auditors' 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 *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.

Other information

Management is responsible for the other information contained in the annual report. Other information is defined as all information in the annual report other than the financial statements and our auditors' report thereon.

We have obtained all other information prior to the date of this auditors' report.

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 Auditors' Report

Members of the Co-operative
NTUC Fairprice Co-operative Limited

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 FRSs, and for such internal controls as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

Auditors' 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 auditors' 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 controls.

- Obtain an understanding of internal controls 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 controls.

- 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 auditors' 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 auditors' 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 consolidated financial statements. We are responsible for the direction, supervision and performance of the group 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 controls that we identify during our audit.

Independent Auditors' Report

Members of the Co-operative
NTUC Fairprice Co-operative Limited

Report on other legal and regulatory requirements

Opinion

In our opinion:

(a) the receipt, expenditure, investment of monies and the acquisition and disposal of assets by the Co-operative during the year are, in all material respects, in accordance with the By-laws of the Co-operative and the provisions of the Act and the Rules (made under section 95 of the Act); and

(b) proper accounting and other records have been kept by the Co-operative.

Basis for opinion

We conducted our audit in accordance with SSAs. Our responsibilities under those standards are further described in the '*Auditors' responsibilities for the compliance audit*' section of our report. We are independent of the Group in accordance with the 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 on management's compliance.

Management's responsibility for compliance with legal and regulatory requirements

Management is responsible for ensuring that the receipt, expenditure, investment of monies and the acquisition and disposal of assets, are in accordance with the By-laws of the Co-operative and the provisions of the Act and the Rules (made under section 95 of the Act). This responsibility includes monitoring related compliance requirements relevant to the Co-operative, and implementing internal controls as management determines are necessary to enable compliance with the By-laws of the Co-operative and the provisions of the Act and the Rules (made under section 95 of the Act).

Auditors' responsibility for the compliance audit

Our responsibility is to express an opinion on management's compliance based on our audit of the financial statements. We planned and performed the compliance audit to obtain reasonable assurance about whether the receipt, expenditure, investment of monies and the acquisition and disposal of assets, are in accordance with the By-laws of the Co-operative and the provisions of the Act and the Rules (made under section 95 of the Act).

Our compliance audit includes obtaining an understanding of the internal control relevant to the receipt, expenditure, investment of monies and the acquisition and disposal of assets; and assessing the risks of material misstatement of the financial statements from non-compliance, if any, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. Because of the inherent limitations in any internal control system, non-compliances may nevertheless occur and not be detected.

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
22 April 2021

Statements of Financial Position

As at 31 December 2020

	Note	GROUP 2020 $'000	GROUP 2019 $'000	CO-OPERATIVE 2020 $'000	CO-OPERATIVE 2019 $'000
Non-current assets					
Property, plant and equipment	4	**620,598**	629,107	**432,903**	419,563
Right-of-use assets	5	**1,432,285**	1,446,600	**1,174,303**	1,151,933
Investment properties	6	**3,116**	8,746	**–**	–
Intangible assets	7	**251,763**	323,499	**10,136**	12,286
Subsidiaries	8	**–**	–	**310,477**	378,827
Associates	9	**894,494**	869,355	**990,889**	968,120
Other investments	10	**1,472,486**	1,325,925	**1,467,014**	1,201,728
Trade and other receivables	11	**12,346**	10,790	**127,417**	75,634
Total non-current assets		**4,687,088**	4,614,022	**4,513,139**	4,208,091
Current assets					
Other investments	10	**–**	239,401	**–**	236,985
Trade and other receivables	11	**280,431**	128,438	**248,865**	73,163
Inventories	12	**356,611**	298,763	**337,937**	278,098
Cash and cash equivalents	13	**618,869**	414,535	**477,456**	279,488
Total current assets		**1,255,911**	1,081,137	**1,064,258**	867,734
Total assets		**5,942,999**	5,695,159	**5,577,397**	5,075,825
Equity					
Share capital	14	**436,205**	436,740	**436,205**	436,740
Retained earnings		**2,107,594**	1,944,755	**1,958,374**	1,770,673
Other reserves	15	**127,012**	379,070	**126,212**	304,774
Equity attributable to members of the Co-operative		**2,670,811**	2,760,565	**2,520,791**	2,512,187
Non-controlling interests	8	**4,623**	4,184	**–**	–
Total equity		**2,675,434**	2,764,749	**2,520,791**	2,512,187
Non-current liabilities					
Borrowings	16	**414,005**	267,490	**414,005**	267,000
Lease liabilities	17	**1,229,131**	1,199,066	**1,033,658**	1,003,503
Provisions	18	**51,152**	53,211	**39,737**	40,907
Deferred tax liabilities	19	**23,173**	23,389	**–**	–
Trade and other payables	20	**7,452**	10,740	**–**	–
Total non-current liabilities		**1,724,913**	1,553,896	**1,487,400**	1,311,410
Current liabilities					
Borrowings	16	**40,000**	88,744	**40,000**	80,000
Lease liabilities	17	**257,283**	271,366	**174,153**	167,712
Trade and other payables	20	**1,244,937**	1,014,922	**1,355,053**	1,004,516
Current tax liabilities		**432**	1,482	**–**	–
Total current liabilities		**1,542,652**	1,376,514	**1,569,206**	1,252,228
Total liabilities		**3,267,565**	2,930,410	**3,056,606**	2,563,638
Total liabilities and equity		**5,942,999**	5,695,159	**5,577,397**	5,075,825

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

Statements of Profit or Loss
Year ended 31 December 2020

	Note	GROUP 2020	GROUP 2019	CO-OPERATIVE 2020	CO-OPERATIVE 2019
		$'000	$'000	$'000	$'000
Revenue	21	**4,507,232**	3,573,045	**4,135,527**	3,288,132
Inventories consumed		**(3,244,277)**	(2,646,510)	**(3,207,917)**	(2,563,087)
Other income	22	**400,314**	220,441	**269,122**	151,445
Staff and related costs		**(711,528)**	(456,217)	**(503,786)**	(352,228)
Depreciation expense		**(388,309)**	(290,389)	**(236,691)**	(234,828)
Impairment loss on non-financial assets		**(68,600)**	–	**(68,600)**	–
Other operating expenses	23	**(455,834)**	(335,355)	**(290,389)**	(239,007)
Profit from operations		**38,998**	65,015	**97,266**	50,427
Investment income	24	**42,937**	63,486	**75,791**	92,848
Finance costs	25	**(51,456)**	(39,177)	**(46,031)**	(35,940)
Share of profit of equity-accounted investees (net of tax)		**23,711**	34,714	**–**	–
Profit before tax and contributions		**54,190**	124,038	**127,026**	107,335
Tax expense	26	**(203)**	(899)	**–**	–
Contributions to:					
- Central Co-operative Fund		**–**	(50)	**(25)**	(25)
- Singapore Labour Foundation		**(25,307)**	(21,280)	**(25,307)**	(21,365)
Profit for the year		**28,680**	101,809	**101,694**	85,945
Profit attributable to:					
Members of the Co-operative		**27,954**	101,714	**101,694**	85,945
Non-controlling interest		**726**	95	**–**	–
Profit for the year		**28,680**	101,809	**101,694**	85,945

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

Statements of Comprehensive Income
Year ended 31 December 2020

	GROUP		CO-OPERATIVE	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Profit for the year	**28,680**	101,809	**101,694**	85,945
Other comprehensive income				
Items that will not be reclassified to profit or loss				
Equity investments at FVOCI - net change in fair value	**(38,890)**	144,075	**(14,124)**	133,542
Items that are or may be reclassified subsequently to profit or loss				
Debt investments at FVOCI - net change in fair value	**(800)**	9,438	**(742)**	9,438
Debt investments at FVOCI - reclassified to profit or loss	**(6,587)**	(18)	**(6,587)**	(18)
Other comprehensive income for the year, net of tax	**(46,277)**	153,495	**(21,453)**	142,962
Total comprehensive income for the year	**(17,597)**	255,304	**80,241**	228,907
Total comprehensive income attributable to:				
Members of the Co-operative	**(18,117)**	255,177	**80,241**	228,907
Non-controlling interest	**520**	127	**–**	–
Total comprehensive income for the year	**(17,597)**	255,304	**80,241**	228,907

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

Consolidated Statement of Changes in Equity

Year ended 31 December 2020

	Note	Attributable to members of the Co-operative							
		Share capital	Retained earnings	Fair value reserve	Foreign currency translation reserve	Capital reserve	Total	Non-controlling interest	Total equity
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
GROUP									
At 1 January 2019		437,864	1,892,584	247,269	(276)	–	2,577,441	–	2,577,441
Adjustment on initial application of FRS 116 (net of tax)		–	–	–	–	–	–	–	–
Adjusted balance at 1 January 2019		437,864	1,892,584	247,269	(276)	–	2,577,441	–	2,577,441
Total comprehensive income for the year									
Profit for the year		–	101,714	–	–	–	101,714	95	101,809
Other comprehensive income									
Net change in fair value:									
- equity investments at FVOCI		–	–	144,043	–	–	144,043	32	144,075
- debt investments at FVOCI		–	–	9,438	–	–	9,438	–	9,438
Debt investments at FVOCI – reclassified to profit or loss		–	–	(18)	–	–	(18)	–	(18)
Total other comprehensive income		–	–	153,463	–	–	153,463	32	153,495
Total comprehensive income for the year		–	101,714	153,463	–	–	255,177	127	255,304
Transactions with owners, recognised directly in equity									
Contributions by and distributions to owners									
Acquisition of subsidiaries	31	–	–	–	–	1,536	1,536	4,057	5,593
Issue of shares	14	650	–	–	–	–	650	–	650
Redemption of shares	14	(1,774)	–	–	–	–	(1,774)	–	(1,774)
Payments relating to appropriations/ distributions approved by members of the Co-operative:									
- Dividends	27	–	(21,880)	–	–	–	(21,880)	–	(21,880)
- Patronage rebates		–	(50,685)	–	–	–	(50,685)	–	(50,685)
Write-back of Patronage rebates		–	100	–	–	–	100	–	100
Total transactions with owners		(1,124)	(72,465)	–	–	1,536	(72,053)	4,057	(67,996)
Transfer of fair value reserve of equity investments at FVOCI upon disposal		–	22,922	(22,922)	–	–	–	–	–
At 31 December 2019		436,740	1,944,755	377,810	(276)	1,536	2,760,565	4,184	2,764,749

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

Consolidated Statement of Changes in Equity (cont'd)

Year ended 31 December 2020

	Note	Share capital $'000	Retained earnings $'000	Fair value reserve $'000	Foreign currency translation reserve $'000	Capital reserve $'000	Total $'000	Non-controlling interest $'000	Total equity $'000
		Attributable to members of the Co-operative							
GROUP									
At 1 January 2020		436,740	1,944,755	377,810	(276)	1,536	2,760,565	4,184	2,764,749
Total comprehensive income for the year									
Profit for the year		–	27,954	–	–	–	27,954	726	28,680
Other comprehensive income									
Net change in fair value:									
- equity investments at FVOCI		–	–	(38,684)	–	–	(38,684)	(206)	(38,890)
- debt investments at FVOCI		–	–	(800)	–	–	(800)	–	(800)
Debt investments at FVOCI – reclassified to profit or loss		–	–	(6,587)	–	–	(6,587)	–	(6,587)
Total other comprehensive income		–	–	(46,071)	–	–	(46,071)	(206)	(46,277)
Total comprehensive income for the year		–	27,954	(46,071)	–	–	(18,117)	520	(17,597)
Transactions with owners, recognised directly in equity									
Contributions by and distributions to owners									
Issue of shares	14	670	–	–	–	–	670	–	670
Redemption of shares	14	(1,205)	–	–	–	–	(1,205)	–	(1,205)
Payments relating to appropriations/distributions approved by members of the Co-operative:									
- Dividends	27	–	(21,587)	–	–	–	(21,587)	(81)	(21,668)
- Patronage rebates		–	(49,630)	–	–	–	(49,630)	–	(49,630)
Write-back of Patronage rebates		–	115	–	–	–	115	–	115
Total transactions with owners		(535)	(71,102)	–	–	–	(71,637)	(81)	(71,718)
Transfer of fair value reserve of equity investments at FVOCI upon disposal		–	205,987	(205,987)	–	–	–	–	–
At 31 December 2020		436,205	2,107,594	125,752	(276)	1,536	2,670,811	4,623	2,675,434

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

Statement of Changes in Equity
Year ended 31 December 2020

	Note	Share capital $'000	Retained earnings $'000	Fair value reserve $'000	Total $'000
CO-OPERATIVE					
At 1 January 2019		437,864	1,747,304	171,701	2,356,869
Adjustments on initial application of FRS 116 (net of tax)		–	–	–	–
Adjusted balance at 1 January 2019		437,864	1,747,304	171,701	2,356,869
Total comprehensive income for the year					
Profit for the year		–	85,945	–	85,945
Other comprehensive income					
Net change in fair value:					
- equity investments at FVOCI		–	–	133,542	133,542
- debt investments at FVOCI		–	–	9,438	9,438
Debt investments at FVOCI – reclassified to profit or loss		–	–	(18)	(18)
Total other comprehensive income		–	–	142,962	142,962
Total comprehensive income for the year		–	–	142,962	142,962
Transactions with owners, recognised directly in equity					
Contributions by and distributions to owners					
Issue of shares	14	650	–	–	650
Redemption of shares	14	(1,774)	–	–	(1,774)
Payments relating to appropriations/distributions approved by members of the Co-operative:					
- Dividends	27	–	(21,880)	–	(21,880)
- Patronage rebates		–	(50,685)	–	(50,685)
Write-back of Patronage rebates		–	100	–	100
Total transactions with owners		(1,124)	(72,465)	–	(73,589)
Transfer of fair value in respect of equity investments at FVOCI upon disposal		–	9,889	(9,889)	–
At 31 December 2019		436,740	1,770,673	304,774	2,512,187

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

Statement of Changes in Equity (cont'd)
Year ended 31 December 2020

	Note	Share capital $'000	Retained earnings $'000	Fair value reserve $'000	Total $'000
CO-OPERATIVE					
At 1 January 2020		436,740	1,770,673	304,774	2,512,187
Total comprehensive income for the year					
Profit for the year		–	101,694	–	101,694
Other comprehensive income					
Net change in fair value:					
- equity investments at FVOCI		–	–	(14,214)	(14,214)
- debt investments at FVOCI		–	–	(742)	(742)
Debt investments at FVOCI – reclassified to profit or loss		–	–	(6,587)	(6,587)
Total other comprehensive income		–	–	(21,453)	(21,453)
Total comprehensive income for the year		–	–	(21,453)	(21,453)
Transactions with owners, recognised directly in equity					
Contributions by and distributions to owners					
Issue of shares	14	670	–	–	670
Redemption of shares	14	(1,205)	–	–	(1,205)
Payments relating to appropriations/distributions approved by members of the Co-operative:					
- Dividends	27	–	(21,587)	–	(21,587)
- Patronage rebates		–	(49,630)	–	(49,630)
Write-back of Patronage rebates		–	115	–	115
Total transactions with owners		(535)	(71,102)	–	(71,637)
Transfer of fair value in respect of equity investments at FVOCI upon disposal		–	157,109	(157,109)	–
At 31 December 2020		436,205	1,958,374	126,212	2,520,791

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

Consolidated Statement of Cash Flows
Year ended 31 December 2020

	Note	2020	2019
		$'000	**$'000**
Cash flows from operating activities			
Profit before tax and contributions		**54,190**	124,038
Adjustments for:			
Allowance for inventory obsolescence		**9,425**	–
Amortisation of intangible assets		**12,406**	5,554
Depreciation of property, plant and equipment		**88,245**	71,882
Depreciation of right-of-use assets		**300,064**	218,453
Depreciation of investment properties		**248**	54
Gain on derecognition of right-of-use assets		**(245)**	(36)
Gain on disposal of an associate		**–**	(1,154)
Gain on disposal of debt investments – FVOCI		**(6,587)**	(18)
Gain on disposal of investment property		**(6,618)**	–
Intangible assets written-off		**222**	2,333
Inventories written-off		**44,881**	27,725
Loss on disposal of intangible assets		**1,128**	–
Loss on disposal of property, plant and equipment		**8,254**	3,062
Property, plant and equipment written off		**2,593**	–
(Reversal of)/Impairment losses recognised on:			
- trade receivables		**1,185**	1,117
- debt investments – FVOCI		**(309)**	(70)
- intangible assets		**68,600**	–
- investment in an associate		**–**	1,428
Share of profit of equity-accounted investees		**(23,711)**	(34,714)
Dividend income		**(19,164)**	(40,717)
Interest income		**(16,877)**	(21,527)
Finance costs		**51,456**	39,177
		569,386	396,587
Changes in:			
- Inventories		**(112,154)**	(44,391)
- Trade and other receivables		**(258,453)**	23,253
- Trade and other payables		**222,346**	50,831
- Provision		**(2,558)**	(1,345)
Cash generated from operations		**418,567**	424,935
Contribution to Central Co-operative Fund paid		**(25)**	(50)
Contribution to Singapore Labour Foundation paid		**(23,277)**	(23,563)
Taxes paid		**(1,469)**	(1,375)
Net cash from operating activities		**393,796**	399,947
Cash flows from investing activities			
Acquisitions through business combinations (net of cash acquired)	31	**–**	32,067
Additions in investments in associates		**(1,428)**	(2,482)
Dividend received		**19,164**	40,717
Interest received		**19,553**	21,326
Proceeds from disposal of property, plant and equipment		**1,256**	1,304
Proceeds from sale of investment property		**12,000**	–
Proceeds from sale of other investments		**154,550**	203,783
Purchase of property, plant and equipment		**(92,267)**	(96,309)
Purchase of intangible assets		**(7,202)**	(2,557)
Purchase of other investments		**–**	(179,609)
Net cash from investing activities		**105,626**	18,240

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

Consolidated Statement of Cash Flows (cont'd)
Year ended 31 December 2020

	Note	2020	2019
		$'000	$'000
Cash flows from financing activities			
Dividends paid on members' shares	27	**(21,587)**	(21,880)
Interest paid		**(51,456)**	(39,177)
Fixed deposit pledged with bank		**–**	(129)
Proceeds from issuance of shares		**670**	650
Proceeds from borrowings		**150,000**	40,000
Payment made for redemption of shares	14	**(1,205)**	(1,774)
Payment of patronage rebates to members		**(49,630)**	(50,470)
Repayment of borrowings		**(52,229)**	(24,651)
Payment of lease liabilities		**(269,522)**	(200,395)
Net cash used in financing activities		**(294,959)**	(297,826)
Net increase in cash and cash equivalents		**204,463**	120,361
Cash and cash equivalents at beginning of the year		**414,406**	294,045
Cash and cash equivalents at end of the year	13	**618,869**	414,406

Significant non-cash transactions:

- In 2019, the Group acquired subsidiaries, NTUC Foodfare Co-operative Limited and Kopitiam Investments Pte Ltd for a purchase consideration of $331,663,000. The acquisition was partially financed by loans of $267,000,000.
- Dividends amounting to $22,768,000 (2019: $22,045,000) were paid by an associate to the Group in the form of subscribing additional shares in the associate.
- During the year, the Group and Co-operative transferred investment portfolio amounting to $1,010,053,000 to Angsana Macro Fund (AMF) in exchange for 744,997,614 units in AMF which holds investments in quoted unit trust, quoted equity investments and quoted debt investment.

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

Notes to the Financial Statements
Year ended 31 December 2020

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 22 April 2021.

1 Domicile and activities

NTUC Fairprice Co-operative Limited (the "Co-operative") is a co-operative incorporated in Singapore with its principal place of business and registered office at No. 1 Joo Koon Circle, #13-01, Singapore 629117.

The Co-operative's immediate and ultimate holding entity is NTUC Enterprise Co-operative Limited, which incorporated in Republic of Singapore.

The principal activities of the Co-operative are those relating to supermarket, department store and convenience store retailing and investment holding, with the social mission to contribute towards a reduction in the cost of living in Singapore.

The principal activities of the subsidiaries are disclosed in note 8.

The financial statements of the Group as at and for the year ended 31 December 2020 comprise the Co-operative and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interest in equity-accounted investees.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the provisions of the Co-operative Societies Act, Chapter 62 (the "Act") and Singapore Financial Reporting Standards ("FRSs").

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described in the notes below.

2.3 Functional and presentation currency

These financial statements are presented in Singapore dollars, which is the Co-operative's functional currency. All financial information presented in Singapore dollars have been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of the financial statements in conformity with FRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Management is of the opinion that there are no critical judgements in applying the Group's accounting policies that have significant effect on the amounts recognised in the financial statements.

Notes to the Financial Statements
Year ended 31 December 2020

2 Basis of preparation *(cont'd)*

2.4 Use of estimates and judgements *(cont'd)*

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included in the following notes:

- Note 4 – measurement of recoverable amounts of property, plant and equipment;
- Note 5 – measurement of recoverable amounts of right-of-use assets;
- Note 7 – measurement of recoverable amounts of intangible assets;
- Note 8 – assumptions of recoverable amounts relating to investments in subsidiaries;
- Note 9 – assumptions of recoverable amounts relating to investments in associates;
- Note 11 – measurement of expected credit loss (ECL) allowance for trade receivables: key assumptions in determining the weighted-average loss rate; and
- Note 18 – provision for reinstatement cost.

Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. The finance team has overall responsibility for all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer.

The finance team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as property valuations, broker quotes or pricing services, is used to measure fair values, then the finance team assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of FRS, including the level in the fair value hierarchy in which such valuations should be classified.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 : inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. prices) or indirectly (i.e. derived from prices).
- Level 3 : inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement (with Level 3 being the lowest).

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 6 – investment properties
- Note 32 – financial instruments

Notes to the Financial Statements
Year ended 31 December 2020

2 Basis of preparation *(cont'd)*

2.5 Changes in accounting policies

New standards and amendments

The Group has applied the following FRSs, amendments to and interpretations of FRSs for the first time for the annual period beginning on 1 January 2020:

- *Amendments to References to Conceptual Framework in FRS Standards*
- *Definition of a Business* (Amendments to FRS 103)
- *Definition of Material* (Amendments to FRS 1 and FRS 8)
- *Interest Rate Benchmark Reform* (Amendments to FRS 109, FRS 39, FRS 107)

The application of these standards and amendments to standards did not have a material effect on the financial statements.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by Group entities.

3.1 Basis of consolidation

(i) Business combinations

The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group (see note ii). In determining whether a particular set of activities and assets is a business, the Group assesses whether the set of assets and activities acquired includes, at a minimum, an input and substantive process and whether the acquired set has the ability to produce outputs.

The Group has an option to apply a 'concentration test' that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The optional concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets.

The Group measures goodwill at the date of acquisition as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interest ("NCI") in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree, over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed. Any goodwill that arises is tested annually for impairment.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration payable is recognised at fair value at the date of acquisition and included in the consideration transferred. If the contingent consideration that meets the definition of a financial instrument is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Notes to the Financial Statements
Year ended 31 December 2020

3 Significant accounting policies *(cont'd)*

3.1 Basis of consolidation *(cont'd)*

NCI that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation are measured either at fair value or at the NCI proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date. The measurement basis taken is elected on a transaction-by-transaction basis. All other NCI are measured at acquisition-date fair value, unless another measurement basis is required by FRSs.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

(ii) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group. Losses applicable to NCI in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

(iii) Acquisitions from entities under common control

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group's controlling shareholder's financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any gain or loss arising is recognised directly in equity.

(iv) Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(v) Investments in associates ("equity-accounted investees")

Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds 20% or more of the voting power of another entity.

Investments in associates are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income ("OCI") of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its investment in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation to fund the investee's operations or has made payments on behalf of the investee.

Notes to the Financial Statements

Year ended 31 December 2020

3 Significant accounting policies *(cont'd)*

3.1 Basis of consolidation *(cont'd)*

(vi) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(vii) Subsidiaries and associates in the separate financial statements

Investments in subsidiaries and associates are stated in the Co-operative's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the year, adjusted for effective interest and payments during the year, and the amortised cost in foreign currency translated at the exchange rate at the end of the year.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction. Foreign currency differences arising on translation are generally recognised in profit or loss. However, foreign currency differences arising from the translation of an equity investment designated as at FVOCI are recognised in the OCI.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at the reporting date. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in OCI, and presented in the foreign currency translation reserve ("translation reserve") in equity. When a foreign operation is disposed of such that significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant control or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

Notes to the Financial Statements

Year ended 31 December 2020

3 Significant accounting policies *(cont'd)*

3.3 Financial instruments

(i) Recognition and initial measurement

Non-derivative financial assets and financial liabilities

Trade receivables and debt investments issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss ("FVTPL"), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) Classification and subsequent measurement

Non-derivative financial assets

On initial recognition, a financial asset is classified as measured at amortised cost; fair value through other comprehensive income ("FVOCI") – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

Financial assets at amortised cost

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt investments at FVOCI

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Equity investments at FVOCI

On initial recognition of an equity investment that is not held-for-trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets at FVTPL

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Notes to the Financial Statements

Year ended 31 December 2020

3 Significant accounting policies *(cont'd)*

3.3 Financial instruments *(cont'd)*

(ii) Classification and subsequent measurement *(cont'd)*

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Non-derivative financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Notes to the Financial Statements
Year ended 31 December 2020

3 Significant accounting policies *(cont'd)*

3.3 Financial instruments *(cont'd)*

(ii) Classification and subsequent measurement *(cont'd)*

Non-derivative financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

Non-derivative financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Directly attributable transaction costs are recognised in profit or loss as incurred.

Other financial liabilities are initially measured at fair value less directly attributable transaction costs. They are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss.

Notes to the Financial Statements
Year ended 31 December 2020

3 Significant accounting policies *(cont'd)*

3.3 Financial instruments *(cont'd)*

(iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which either substantially all of the risks and rewards of ownership of the financial asset are transferred or the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Transferred assets are not derecognised when the Group enters into transactions whereby it transfers assets recognised in its statements of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(v) Cash and cash equivalents

Cash and cash equivalents comprise cash balances that are subject to an insignificant risk of changes in their fair value, and are used by the Group in the management of its short-term commitments.

(vi) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

Members' shares

Members' shares are classified as equity. Incremental costs directly attributable to the issue of members' shares are recognised as a deduction from equity.

Notes to the Financial Statements

Year ended 31 December 2020

3 Significant accounting policies *(cont'd)*

3.4 Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes:

- the cost of materials and direct labour;
- any other costs directly attributable to bringing the assets to a working condition for their intended use;
- when the Group has an obligation to remove the asset or restore the site, an estimate of the costs of dismantling and removing the items and restoring the site on which they are located; and
- capitalised borrowing costs.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced component is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) Provision for instatement costs

A provision is recognised for the estimated costs of dismantlement, removal or restoration of property, plant and equipment arising from the acquisition or use of assets. The estimated costs are capitalised and included in the cost of property, plant and equipment and are depreciated over the useful life of the asset.

(iv) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately.

Depreciation is recognised as an expense in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, unless it is included in the carrying amount of another asset. Freehold land and construction-in-progress are not depreciated.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The estimated useful lives for the current and comparative years are as follows:

Freehold buildings	-	20 to 42 years
Leasehold buildings	-	15 to 84 years
Furniture, fittings and renovation	-	1 to 15 years
Plant and machinery	-	2 to 20 years
Equipment and motor vehicles	-	2 to 10 years
Computers	-	1 to 5 years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

Notes to the Financial Statements
Year ended 31 December 2020

3 Significant accounting policies *(cont'd)*

3.5 Intangible assets

(i) Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see note 3.1(i).

Subsequent measurement

Goodwill is measured at cost less accumulated impairment losses. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment, and an impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying amount of the associates.

(ii) Brand name

Brand name that arises upon acquisition of subsidiaries is measured initially at cost. The cost of brand name acquired is the fair value as at the date of acquisition. Following to initial acquisition, brand name is measured at cost less accumulated impairment losses. The brand is assessed to have indefinite useful life because based on the current market share of the brand name, there is no foreseeable limit to the period over which the brand name is expected to generate net cash inflows for the Group. The brand name is tested for impairment annually or whenever there is indication of impairment.

The useful life of the brand name with 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.

(iii) Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

Amortisation

Amortisation is calculated based on the cost of asset, less its residual value.

Amortisation is recognised on a straight-line basis over the estimated useful lives of other intangible assets, from the date that they are available for use. The estimated useful lives for current and comparative years are as follows:

Software and licenses	-	3 to 5 years
Tenant contracts	-	4 to 5 years

Amortisation methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

Notes to the Financial Statements

Year ended 31 December 2020

3 Significant accounting policies *(cont'd)*

3.6 Investment properties

Investment properties are held either to earn rental income or capital appreciation or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services, or for administrative purposes. Investment properties are stated at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition or construction of the investment properties. The cost of self-constructed investment properties includes the cost of materials and direct labour and any other costs directly attributable to bringing the investment properties to a working condition for their intended use and capitalised borrowing costs.

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives at each component of investment properties.

The estimated useful lives for the current year are as follows:

Investment properties	-	26 to 82 years

3.7 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The right-of-use asset is subsequently stated at cost less accumulated depreciation and impairment losses.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Notes to the Financial Statements

Year ended 31 December 2020

3 Significant accounting policies *(cont'd)*

3.7 Leases *(cont'd)*

(i) As a lessee *(cont'd)*

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in 'right-of-use assets' and lease liabilities in the statements of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

At inception or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, then the Group applies FRS 115 to allocate the consideration in the contract.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'. Rental income from sub-leased property is recognised as "other income".

Notes to the Financial Statements

Year ended 31 December 2020

3 Significant accounting policies *(cont'd)*

3.8 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the weighted average method, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

3.9 Impairment

(i) Non-derivative financial assets

The Group recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI; and
- lease receivables.

Loss allowances of the Group are measured on either of the following bases:

- 12-month ECLs: these are ECLs that result from default events that are possible within the 12 months after the reporting date (or for a shorter period if the expected life of the instrument is less than 12 months); or
- Lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Simplified approach

The Group applies the simplified approach to provide for ECLs for all trade receivables (including lease receivables). The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

General approach

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition.

At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs.

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Notes to the Financial Statements

Year ended 31 December 2020

3 Significant accounting policies *(cont'd)*

3.9 Impairment *(cont'd)*

(i) Non-derivative financial assets *(cont'd)*

Measurement of ECLs

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt investments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the statements of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of these assets.

For debt investments at FVOCI, loss allowances are charged to profit or loss and recognised in OCI.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Notes to the Financial Statements

Year ended 31 December 2020

3 Significant accounting policies *(cont'd)*

3.9 Impairment *(cont'd)*

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill, and intangible assets that have indefinite useful lives, the recoverable amount is estimated each year at the same time. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit ("CGU") exceeds its estimated recoverable amount.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing is performed reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

The Group's corporate assets do not generate separate cash inflows and are utilised by more than one CGU. Corporate assets are allocated to CGUs on a reasonable and consistent basis and tested for impairment as part of the testing of the CGU to which the corporate asset is allocated.

Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amounts of any goodwill allocated to the CGU ("group of CGUs"), and then to reduce the carrying amounts of the other assets in the group of CGU on a *pro rata* basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and only to the extent that the recoverable amount increases. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

An impairment loss in respect of an associate is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with the requirements for non-financial assets. An impairment loss is recognised in profit or loss. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and only to the extent that the recoverable amount increases.

Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

Notes to the Financial Statements

Year ended 31 December 2020

3 Significant accounting policies *(cont'd)*

3.10 Employee benefits

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees.

(ii) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

3.11 Provision

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.12 Revenue

(i) Sale of food and beverages and retail goods

Revenue from sale of goods in the ordinary course of business is recognised when the Group satisfied a performance obligation ("PO") by transferring control of a promised good to the customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied PO.

The transaction price is allocated to each PO in the contract on the basis of the relative stand-alone selling prices of the promised goods. The individual standalone selling price of a good that has not previously been sold on a stand-alone basis, or has a highly variable selling price, is determined based on the residual portion of the transaction price after allocating the transaction price to goods with observable stand-alone selling prices. A discount or variable consideration is allocated to one or more, but not all, of the performance obligations if it relates specifically to those POs.

Transaction price is the amount of consideration in the contract to which the Group expects to be entitled in exchange for transferring the promised goods.

(ii) Income from food court operations

Rental income arising from investment properties and operating leases on sub-leases of food stall is accounted for on a straight-line basis over the lease term. 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. The variable portion of the rental income which is computed based on a percentage of the food court tenants' gross sales is recognised when such sales are earned.

Notes to the Financial Statements

Year ended 31 December 2020

3 Significant accounting policies *(cont'd)*

3.13 Other income

(i) Rental income

Rental income arising from operating leases on sub-leases of space 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. The variable portion of the rental income which is computed based on a percentage of the tenants' gross sales is recognised when such sales are earned.

(ii) Concessionary and commission income

Concessionary and commission income are recognised at a point of time in which the services are provided by the Group.

(iii) Advertising, promotion and other service income

Advertising, promotion and other service income are recognised over time based on the percentage of completion reflecting the progress towards complete satisfaction of that PO.

(iv) Management fee income

Management fee income received from a subsidiary relates to the charges of services provided to the subsidiary.

(v) Fitting out income

Fitting out income recoverable from tenants in relation to cost of renovating the stalls is recognised in profit or loss on a straight-line basis over the term of the lease.

(vi) Sponsorship income

Sponsorship income from suppliers is recognised on a straight-line basis over the sponsored period.

3.14 Investment income

(i) Dividend income

Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established, which in the case of quoted securities is normally the ex-dividend date.

(ii) Interest income or interest expense

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

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

Notes to the Financial Statements

Year ended 31 December 2020

3 Significant accounting policies *(cont'd)*

3.15 Government grants

Government grants related to assets are initially recognised as deferred income at fair value when there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant. These grants are then recognised in profit or loss as 'other income' on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses incurred are recognised in profit or loss as 'other income' on a systematic basis in the same periods in which the expenses are recognised, unless the conditions for receiving the grant are met after the related expenses have been recognised. In this case, the grant is recognised when it becomes receivable.

3.16 Patronage rebates

Patronage rebates distributed to the members of the Co-operative/NTUC Union cardholders ("members") are recognised as a liability in the Co-operative's and the Group's financial statements in the period in which the patronage rebates are approved by the members at the annual general meeting. Patronage rebates which are not claimed within 3 years from the date of payment by members are written back in accordance with By-laws 12.4 and the rules of NTUC Union Card Scheme.

3.17 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under FRS 37 *Provisions, Contingent Liabilities and Contingent Assets*.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

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

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary difference and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on initial recognition of goodwill.

The measurement of deferred taxes reflects the tax consequences that would follow the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

3 Significant accounting policies *(cont'd)*

3.17 Tax *(cont'd)*

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

3.18 New standards and interpretations not yet effective

A number of new standards, interpretations and amendments to standards are effective for annual periods beginning after 1 January 2020 and earlier application is permitted; however, the Group has not early adopted the new or amended standards and interpretations in preparing these financial statements.

The following new FRSs, interpretations and amendments to FRSs are not expected to have a significant impact on the Group's consolidated financial statements and the Co-operative's statement of financial position.

- FRS 117 *Insurance contracts*
- *Classification of Liabilities as Current or Non-current* (Amendments to FRS 1)
- *Covid-19 Related Rent Concessions* (Amendment to FRS 116)
- *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* (Amendments to FRS 110 and FRS 28)

Notes to the Financial Statements

Year ended 31 December 2020

4 Property, plant and equipment

	Note	Freehold land and buildings	Leasehold buildings	Furniture, fittings and renovation	Equipment, motor vehicles and computers	Construction-in-progress	Total
		$'000	$'000	$'000	$'000	$'000	$'000
GROUP							
Cost							
At 1 January 2019		27,010	358,448	294,770	377,699	1,352	1,059,279
Acquisitions through business combinations	31	–	54,215	140,554	29,769	2,579	227,117
Additions		–	37,317	22,974	27,030	13,749	101,070
Disposals		–	–	(15,738)	(18,163)	–	(33,901)
Transfer		–	–	–	693	(693)	–
At 31 December 2019		27,010	449,980	442,560	417,028	16,987	1,353,565
Additions		–	–	21,060	18,186	56,011	95,257
Disposals / Write-off		(3)	(8)	(37,531)	(41,853)	–	(79,395)
Reclassification and transfer		–	(37,867)	1,009	(390)	33,830	(3,418)
At 31 December 2020		27,007	412,105	427,098	392,971	106,828	1,366,009
Accumulated depreciation and impairment losses							
At 1 January 2019		14,392	65,495	219,462	242,288	–	541,637
Acquisitions through business combinations	31	–	21,982	95,013	23,479	–	140,474
Depreciation charge for the year		357	11,389	24,044	36,092	–	71,882
Disposals		–	–	(12,144)	(17,391)	–	(29,535)
At 31 December 2019		14,749	98,866	326,375	284,468	–	724,458
Depreciation charge for the year		357	11,965	42,707	33,216	–	88,245
Disposals / Write-off		(2)	(3)	(31,771)	(35,516)	–	(67,292)
At 31 December 2020		15,104	110,828	337,311	282,168	–	745,411
Carrying amounts							
At 1 January 2019		12,618	292,953	75,308	135,411	1,352	517,642
At 31 December 2019		12,261	351,114	116,185	132,560	16,987	629,107
At 31 December 2020		11,903	301,277	89,787	110,803	106,828	620,598

As at 31 December 2019, leasehold buildings of the Group amounting to $15,847,000 were pledged as security to secure borrowings as disclosed in note 16.

Notes to the Financial Statements
Year ended 31 December 2020

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

	Freehold land and buildings	Leasehold buildings	Furniture, fittings and renovation	Equipment, motor vehicles and computers	Construction-in-progress	Total
	$'000	$'000	$'000	$'000	$'000	$'000
CO-OPERATIVE						
Cost						
At 1 January 2019	27,010	315,370	269,869	230,583	–	842,832
Additions	–	37,317	16,020	18,963	–	72,300
Disposals	–	–	(5,865)	(14,399)	–	(20,264)
At 31 December 2019	27,010	352,687	280,024	235,147	–	894,868
Additions	–	–	10,640	10,396	47,911	68,947
Disposals / Write-off	(3)	–	(7,796)	(20,756)	–	(28,555)
Reclassification and transfer	–	(37,867)	846	(63)	37,867	783
At 31 December 2020	27,007	314,820	283,714	224,724	85,778	936,043
Accumulated depreciation and impairment losses						
At 1 January 2019	14,392	44,733	204,313	178,592	–	442,030
Depreciation charge for the year	357	10,466	16,921	24,963	–	52,707
Disposals	–	–	(5,238)	(14,194)	–	(19,432)
At 31 December 2019	14,749	55,199	215,996	189,361	–	475,305
Depreciation charge for the year	357	10,466	18,425	20,620	–	49,868
Disposals / Write-off	(2)	–	(6,507)	(16,307)	–	(22,816)
Reclassification and transfer	–	–	783	–	–	783
At 31 December 2020	15,104	65,665	228,697	193,674	–	503,140
Carrying amounts						
At 1 January 2019	12,618	270,637	65,556	51,991	–	400,802
At 31 December 2019	12,261	297,488	64,028	45,786	–	419,563
At 31 December 2020	11,903	249,155	55,017	31,050	85,778	432,903

Included within the carrying amounts of furniture, fittings and renovation is provision for reinstatement costs of $19,869,000 (2019: $26,166,000) for the Group and $16,387,800 (2019: $20,671,282) for the Co-operative.

Notes to the Financial Statements

Year ended 31 December 2020

5 Right-of-use assets

	Note	Land and buildings $'000	Equipment $'000	Total $'000
GROUP				
Cost				
At 1 January 2019		–	–	–
Recognition of right-of-use asset on initial application of FRS 116		1,196,608	–	1,196,608
Adjusted balance at 1 January 2019		1,196,608	–	1,196,608
Acquisitions through business combinations	31	271,328	–	271,328
Additions		263,912	21	263,933
Derecognition of right-of-use assets*		(1,346)	–	(1,346)
At 31 December 2019		1,730,502	21	1,730,523
At 1 January 2020		1,730,502	21	1,730,523
Additions		188,422	626	189,048
Reassessment and modification		71,599	–	71,599
Derecognition of right-of-use assets*		(93,060)	(39)	(93,099)
At 31 December 2020		1,897,463	608	1,898,071
Accumulated depreciation and impairment losses				
At 1 January 2019		–	–	–
Acquisitions through business combinations	31	65,470	–	65,470
Depreciation charge for the year		218,449	4	218,453
At 31 December 2019		283,919	4	283,923
Depreciation charge for the year		299,912	152	300,064
Reassessment and modification		(67,600)	–	(67,600)
Derecognition of right-of-use assets*		(50,590)	(11)	(50,601)
At 31 December 2020		465,641	145	465,786
Carrying amounts				
At 1 January 2019		1,196,608	–	1,196,608
At 31 December 2019		1,446,583	17	1,446,600
At 31 December 2020		1,431,822	463	1,432,285

Notes to the Financial Statements
Year ended 31 December 2020

5 Right-of-use assets *(cont'd)*

	Land and buildings $'000	Equipment $'000	Total $'000
CO-OPERATIVE			
Cost			
At 1 January 2019	–	–	–
Recognition of right-of-use asset on initial application of FRS 116	1,129,326	–	1,129,326
Adjusted balance at 1 January 2019	1,129,326	–	1,129,326
Additions	206,056	–	206,056
Derecognition of right-of-use assets*	(1,328)	–	(1,328)
Balance at 31 December 2019	1,334,054	–	1,334,054
At 1 January 2020	1,334,054	–	1,334,054
Additions	60,375	–	60,375
Reassessment and modification	84,801	–	84,801
Derecognition of right-of-use assets*	(3,905)	–	(3,905)
Balance at 31 December 2020	1,475,325	–	1,475,325
Accumulated depreciation and impairment losses			
At 1 January 2019	–	–	–
Depreciation charge for the year	182,121	–	182,121
At 31 December 2019	182,121	–	182,121
Depreciation charge for the year	186,823	–	186,823
Reassessment and modification	(65,492)	–	(65,492)
Derecognition	(2,430)	–	(2,430)
At 31 December 2020	301,022	–	301,022
Carrying amounts			
At 1 January 2019	1,129,326	–	1,129,326
At 31 December 2019	1,151,933	–	1,151,933
At 31 December 2020	1,174,303	–	1,174,303

* *Derecognition of the right-of-use assets including early termination of the lease agreements.*

Information about leases for which the Group and Co-operative is a lessee is discussed in note 29.

Notes to the Financial Statements

Year ended 31 December 2020

6 Investment properties

	Note	Group $'000
Cost		
At 1 January 2019		–
Acquisition through business acquisition	31	12,403
At 31 December 2019		12,403
Disposal of assets		(6,500)
At 31 December 2020		5,903
Accumulated depreciation		
At 1 January 2019		–
Acquisition through business acquisition	31	3,603
Depreciation charge for the year		54
At 31 December 2019		3,657
Depreciation charge for the year		248
Disposal of assets		(1,118)
At 31 December 2020		2,787
Carrying amounts		
At 1 January 2019		–
At 31 December 2019		8,746
At 31 December 2020		3,116

The fair value of investment properties for the Group as at 31 December 2020 is $5,970,000 (2019: $8,800,000).

The management has considered sale of comparable properties approach in arriving at the fair value as at the reporting date. The sale of comparable properties approach involves the analysis of comparable sales of similar properties and adjusting the sales prices to that reflective of the investment properties.

The valuation technique involves certain estimates. The key assumption used to determine the fair value of investment properties include price per square meter.

The fair values of the investment properties are categorised as Level 3 fair value.

As at 31 December 2019, investment properties of the Group with a carrying amount of $8,746,000 are pledged as security to secure borrowings as disclosed in note 16.

Notes to the Financial Statements

Year ended 31 December 2020

7 Intangible assets

	Note	Goodwill	Brand name	Software and licenses	Tenant contracts	Total
		$'000	$'000	$'000	$'000	$'000
GROUP						
Cost						
At 1 January 2019		23,269	–	30,268	–	53,537
Additions		–	–	2,557	–	2,557
Acquisitions through business combinations	31	183,063	100,678	5,551	4,490	293,782
Write-off		–	–	(4,458)	–	(4,458)
At 31 December 2019		206,332	100,678	33,918	4,490	345,418
Additions		250	–	6,952	–	7,202
Transfer	4	–	–	3,418	–	3,418
Write-off / Disposal			–	(2,381)	–	(2,381)
At 31 December 2020		206,582	100,678	41,907	4,490	353,657
Amortisation and impairment losses						
At 1 January 2019		–	–	17,293	–	17,293
Acquisitions through business combinations		–	–	1,197	–	1,197
Amortisation charge for the year		–	–	5,368	186	5,554
Write-off		–	–	(2,125)	–	(2,125)
At 31 December 2019		–	–	21,733	186	21,919
Amortisation charge for the year		–	–	11,283	1,123	12,406
Write-off / Disposal		–	–	(1,031)	–	(1,031)
Impairment losses		68,600	–	–	–	68,600
At 31 December 2020		68,600	–	31,985	1,309	101,894
Carrying amounts						
At 1 January 2019		23,269	–	12,975	–	36,244
At 31 December 2019		206,332	100,678	12,185	4,304	323,499
At 31 December 2020		137,982	100,678	9,922	3,181	251,763

Notes to the Financial Statements
Year ended 31 December 2020

7 Intangible assets *(cont'd)*

	Goodwill	Software and licenses	Total
	$'000	**$'000**	**$'000**
CO-OPERATIVE			
Cost			
At 1 January 2019	6,085	22,630	28,715
Additions	–	2,320	2,320
Write-off	–	(4,441)	(4,441)
At 31 December 2019	6,085	20,509	26,594
Additions	–	6,649	6,649
Write-off	–	(2,099)	(2,099)
At 31 December 2020	6,085	25,059	31,144
Amortisation			
At 1 January 2019	–	12,322	12,322
Amortisation charge for the year	–	4,095	4,095
Write-off	–	(2,109)	(2,109)
At 31 December 2019	–	14,308	14,308
Amortisation charge for the year	–	7,681	7,681
Write-off	–	(981)	(981)
At 31 December 2020	–	21,008	21,008
Carrying amounts			
At 1 January 2019	6,085	10,308	16,393
At 31 December 2019	6,085	6,201	12,286
At 31 December 2020	6,085	4,051	10,136

In 2020, the Group recognised additional goodwill of $250,000 due to additional purchase consideration paid for the acquisition of Kopitiam in 2019. Please refer to note 31 for additional information on the acquisition.

Impairment testing of CGUs containing goodwill

For the purpose of impairment testing, goodwill has been allocated to the Group's CGU as follows:

	2020	2019
	$'000	**$'000**
Food and beverage	**114,713**	183,063
Retail	**6,085**	6,085
Trading	**17,184**	17,184
	137,982	206,332

Notes to the Financial Statements

Year ended 31 December 2020

7 Intangible assets *(cont'd)*

Impairment test

During the year, the food and beverage cash-generating unit (CGU) was adversely impacted by the Covid-19 pandemic, with the economic downturn, lockdown measures and dine-in restrictions leading to losses recorded. The recoverable amount of the CGU was estimated and $68,600,000 impairment losses was recognised.

The impairment loss on goodwill in the food and beverage CGU was included in 'impairment of non-financial assets' in profit or loss. No asset other than goodwill was impaired.

Key assumptions used in the estimation of value in use were as follows:

	Discount rate		Growth rate		Terminal growth rate	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**
	%	**%**	**%**	**%**	**%**	**%**
Food and beverage	**7.5**	7.5	**3.0**	1.0	**1.5**	1.3
Retail	**7.0**	10.0	**1.0**	1.0	**1.0**	1.0
Trading	**7.0**	10.0	**1.0**	4.0 – 7.0	**1.0**	1.0

The recoverable amounts of the CGUs are determined based on value in use calculations. The value in use calculation is a discounted cash flow model using cash flow projections based on the most recent forecasts approved by management covering 1 to 5 years. Cash flows beyond these periods are extrapolated using the estimated terminal growth rates stated in the table above. The terminal growth rates used for each CGU are within management's expectation of the long term average growth rates of the respective industry in which the CGUs operate. The discount rates applied are the weighted average cost of capital from the relevant business segments.

The recoverable amount of the food and beverage CGU is sensitive to changes to the discount rate and terminal growth rate used in the recoverable amount calculations. The following changes in assumptions would have resulted in a significant increase/(decrease) in the impairment loss as follows:

	Key assumptions used for recoverable amount calculations	
	Discount rate	**Terminal growth rate**
	$'000	**$'000**
CGU:		
- An increase by 0.5%	10,912	(8,596)
- A decrease by 0.5%	(12,569)	7,274

Management has identified that a reasonably possible change in a key assumption could cause the carrying amount to exceed the recoverable amount. The following table shows the amount by which this assumption would need to change for the estimated recoverable amount to be equal to the carrying amount.

	Change required for carrying amount to equal the recoverable amount	
	2020	**2019**
	%	**%**
Discount rate:		
- Food and beverage services	*****	5.9
- Retail	**2.2**	3.9
- Trading	**6.1**	3.8

* *Not relevant for 31 December 2020 as the food and beverage CGU has been impaired to its recoverable amount.*

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8 Subsidiaries

	CO-OPERATIVE 2020 $'000	CO-OPERATIVE 2019 $'000
Unquoted equity shares, at cost	**383,613**	383,363
Less: Impairment loss	**(73,136)**	(4,536)
	310,477	378,827

Movement in allowance for impairment loss is as follows:

	CO-OPERATIVE 2020 $'000	CO-OPERATIVE 2019 $'000
As at 1 January	**4,536**	4,536
Impairment loss during the year	**68,600**	–
As at 31 December	**73,136**	4,536

The Co-operative assessed the carrying amount of its investments in subsidiaries for indicators of impairment loss. Based on the Co-operative's assessment, the Co-operative has recognised an impairment loss of $68,600,000 on its investment in Kopitiam Investment Pte Ltd ("Kopitiam"). The recoverable amount of Kopitiam is determined based on the value-in-use calculations by management, on cash generating unit (CGU) basis. Kopitiam is the holding company of the food and beverage CGU, which goodwill was recognised and tested for impairment at Group level (note 7).

As at the reporting date, the impairment loss of $4,536,000 recognised on its investment in NewFront Investments Pte Ltd in the prior years continued to be appropriate as the subsidiary was still loss-making. The recoverable amount of the investment was determined based on net asset position of the subsidiary which approximated its fair value as at 31 December 2020.

Details of the subsidiaries as at 31 December are as follows:

Name of subsidiaries	Principal activities	Country of incorporation and operation	Ownership interest 2020 %	Ownership interest 2019 %
Grocery Logistics of Singapore Pte Ltd	Warehousing and distribution	Singapore	**100.0**	100.0
AlphaPlus Investments Pte Ltd	Investment holding	Singapore	**100.0**	100.0
NewFront Investments Pte Ltd	Investment holding	Singapore	**100.0**	100.0
Cheers Holdings (2004) Pte Ltd	Convenience store operator	Singapore	**100.0**	100.0
Interstates Market (2007) Pte Ltd	Trading	Singapore	**100.0**	100.0
FPTM Pte Ltd	Investment holding	Singapore	**100.0**	100.0
Fairprice International (2010) Pte Ltd	Investment holding	Singapore	**100.0**	100.0
Origins Healthcare Pte Ltd	Trading	Singapore	**100.0**	100.0
NTUC Enterprise Nexus Co-operative Limited ("Nexus")	Shared services provider	Singapore	**99.0**	99.0
Kopitiam Investment Pte Ltd ("Kopitiam")	Food outlets operator	Singapore	**100.0**	100.0
NTUC Foodfare Co-operative Ltd ("NTUC Foodfare")	Managing of food outlets	Singapore	**99.9**	99.9

Notes to the Financial Statements
Year ended 31 December 2020

8 Subsidiaries *(cont'd)*

Name of subsidiaries	Principal activities	Country of incorporation and operation	Ownership interest 2020	2019
			%	%
Fairprice Group Holdings Pte Ltd	Investment holding	Singapore	**100.0**	–
Fairprice Group Food Services Pte Ltd	Operation of food courts and food kiosks	Singapore	**100.0**	–
Fairprice Group Food Solutions Pte Ltd	Wholesale of food and beverages	Singapore	**100.0**	–
Fairprice Group Supply Chain Pte Ltd	Wholesale trade of goods without a dominant product	Singapore	**100.0**	–
Subsidiary of AlphaPlus Investments Pte Ltd (i)				
Thomson Plaza Investments Pte Ltd	Property owner	Singapore	**100.0**	100.0
Subsidiary of Nexus				
Cleaning Concept Pte Ltd	Provision of cleaning services	Singapore	**100.0**	100.0
Subsidiary of NTUC Foodfare				
Foodfare Catering Pte Ltd	Catering and supply of food and beverages	Singapore	**70**	70
Subsidiaries of Kopitiam				
Kopitiam Properties Pte Ltd	Investment holding	Singapore	**100.0**	100.0
S28 Holdings Pte Ltd	Investment holding	Singapore	**100.0**	100.0
Bagus Management Pte Ltd	Operation of food courts and provision of related services	Singapore	*	100.0
Copitiam Pte Ltd	Operation of food courts and provision of related services	Singapore	*	100.0
Kopisi Pte Ltd	Operation of food courts and provision of related services	Singapore	*	100.0
Renaissance Properties Pte Ltd	Operation of food courts/centre, operation and promotion of the Lau Pa Sat festival market and provision of related services	Singapore	**100.0**	100.0
The Dessert Shop Pte Ltd	Manufacturer and wholesaler of desserts and beverages	Singapore	*	100.0

Notes to the Financial Statements
Year ended 31 December 2020

8 Subsidiaries *(cont'd)*

Name of subsidiaries	Principal activities	Country of incorporation and operation	Ownership interest 2020	2019
			%	%
The Pau Shop Pte Ltd	Manufacturer, distributor and retailer of dim sum, bakery products and beverages	Singapore	*	100.0
Shi Hui Yuan Pte Ltd	Food stall operator and restaurants	Singapore	**100.0**	100.0
Kleanway Pte Ltd **	General cleaning contractors	Singapore	**100.0**	100.0
Pa Sat (Kopitiam) Pte Ltd **	General wholesale trade	Singapore	**100.0**	100.0
iMetrics Pte Ltd **	Software and hardware engineering and all activities related to information technology	Singapore	**100.0**	100.0

The above subsidiaries are audited by KPMG LLP, Singapore.

* *The entities are amalgamated into Kopitiam Properties Pte Ltd during the year.*

** *The entities are under voluntary liquidation.*

(i) *AlphaPlus Investment Pte Ltd is a member of NTUC Fairprice Foundation Ltd. The result and net assets of NTUC Fairprice Foundation Ltd ("Foundation") have not been consolidated as the Memorandum of Association ("M&A") of the Foundation provides that it cannot pay, or transfer directly or indirectly from its income and property to the member in the form of dividend, bonus, or by way of profit, except for payments made in good faith in return for goods and services. Furthermore, the Memorandum provides that in the event of winding up of the Foundation, the residual assets after the satisfaction of all its debts and liabilities shall not be paid to or distributed to the member of the Foundation. Approval from the Commissioner of Charities is required if the member were to amend the clauses in the M&A. Consequently, the Group does not have control over the assets and reserve of the Foundation and hence the Foundation is not accounted for as a subsidiary of the Group.*

Non-controlling interests

The following subsidiary have a non-controlling interests ("NCI").

Name of entity	Country of incorporation	Ownership interests held by NCI 2020	2019
		%	%
NTUC Foodfare	Singapore	**0.025**	0.025

Notes to the Financial Statements

Year ended 31 December 2020

8 Subsidiaries *(cont'd)*

Non-controlling interests *(cont'd)*

The following summarises the financial information of the Group's subsidiary with material non-controlling interests, prepared in accordance with FRS and the Group's accounting policies. The information is before inter-company eliminations with other entities in the Group.

NTUC Foodfare

	2020 $'000	2019 $'000
Revenue	**79,214**	28,614
Profit for the year	**(7,407)**	1,452
Other comprehensive income for the year	**(783)**	488
Total comprehensive income for the year	**(8,190)**	1,940
Attributable to NCI from the date of acquisition to 31 December:		
- Profit	**726**	95
- Other comprehensive income	**(206)**	32
- Total comprehensive income	**520**	127
Non-current assets	**90,500**	93,805
Current assets	**40,172**	39,376
Non-current liabilities	**(43,714)**	(30,226)
Current liabilities	**(42,099)**	(47,167)
Net assets	**44,859**	55,788
Net assets attributable to NCI	**4,623**	4,184
Cash flows from operating activities	**52,250**	36,379
Cash flows used in investing activities	**(35,106)**	(24,146)
Cash flows used in financing activities	**(20,294)**	(943)
Net increase in cash and cash equivalents	**(3,150)**	11,290

Notes to the Financial Statements
Year ended 31 December 2020

9 Associates

	GROUP		CO-OPERATIVE	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Interests in associates	**894,494**	869,355	**990,889**	968,120

Details of the associates as at 31 December are as follows:

Name of associates	Principal activities	Country of incorporation and operation	Ownership interest 2020	2019
			%	**%**
SG Domain Pte Ltd [1]	Investment holding	Singapore	**20.0**	20.0
Mercatus Co-operative Limited [1]	Property investment	Singapore	**41.37**	41.37
Associates of NewFront Investments Pte Ltd				
NTUC Co-operatives Suzhou Investments Pte Ltd [1]	Investment holding	Singapore	**26.6**	26.6
Nextmall (Cayman Islands) Holdings Corporation [2]	Hypermarket retailing	Cayman Islands	**33 .7**	33.7
Quayline Fairprice Sdn Bhd	Supermarket retailing	Malaysia	*	40.0
Associate of AlphaPlus Investments Pte Ltd				
SMRT Alpha Pte. Ltd. [3]	Real estate management	Singapore	**30.0**	30.0
Associate of Fairprice International (2010) Pte Ltd				
Saigon Co-operative Fairprice Ltd [4]	Supermarket retailing	Vietnam	**36.0**	36.0

(1) Audited by KPMG LLP, Singapore.
(2) Under members' voluntary liquidation.
(3) Audited by Ernst and Young LLP, Singapore.
(4) Audited by Deloitte Vietnam.

* *This investment has been liquidated.*

Notes to the Financial Statements

Year ended 31 December 2020

9 Associates *(cont'd)*

Summarised financial information of each of the Group's material associates, based on their respective unaudited financial statements prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies and analysis, in aggregate, the carrying amount and share of profit and other comprehensive income of the remaining individually immaterial associates are as follows:

	Mercatus Co-operative Limited	Immaterial associates	Total
	$'000	**$'000**	**$'000**
2020			
Revenue	**222,397**		
Profit after tax	**54,420**		
Other comprehensive income	**(15,632)**		
Total comprehensive income	**38,788**		
Attributable to investee's shareholders	**36,985**		
Attributable to NCI	**1,803**		
Non-current assets	**4,371,093**		
Current assets	**556,789**		
Non-current liabilities	**(2,030,095)**		
Current liabilities	**(362,904)**		
Net assets	**2,534,883**		
Attributable to NCI	**144,805**		
Attributable to investee's shareholders	**2,390,078**		
Group's interest in net assets of investee at beginning of the year	**826,128**	**43,227**	**869,355**
Group's share of:			
- Profit after tax and other comprehensive income	**19,388**	**4,323**	**23,711**
- Total comprehensive income			
Dividend received during the year	**(22,768)**	**–**	**(22,768)**
Group's contribution during the year	**22,768**	**1,428**	**24,196**
Carrying amount of interest in investee at end of the year	**845,516**	**48,978**	**894,494**

Notes to the Financial Statements

Year ended 31 December 2020

9 Associates *(cont'd)*

	Mercatus Co-operative Limited	NTUC Foodfare Co-operative Limited	Immaterial associates	Total
	$'000	$'000	$'000	$'000
2019				
Revenue	259,723			
Profit after tax	76,858			
Other comprehensive income	(5,227)			
Total comprehensive income	71,631			
Attributable to investee's shareholders	69,598			
Attributable to NCI	2,033			
Non-current assets	4,628,237			
Current assets	274,701			
Non-current liabilities	(1,897,742)			
Current liabilities	(507,881)			
Net assets	2,497,315			
Attributable to NCI	145,402			
Attributable to investee's shareholders	2,351,913			
Group's interest in net assets of investee at beginning of the year	794,399	23,695	39,408	857,502
Group's share of:				
- Profit after tax and other comprehensive income	31,729	220	2,765	34,714
- Total comprehensive income	31,729	220	2,765	34,714
Carrying amount of interest in associate acquired as subsidiary	–	(23,915)	–	(23,915)
Dividend received during the year	(22,045)	–	–	(22,045)
Group's contribution during the year	22,045	–	2,482	24,527
Impairment loss on investment in an associate	–	–	(1,428)	(1,428)
Carrying amount of interest in investee at end of the year	826,128	–	43,227	869,355

During the year, $22,769,000 (2019: $22,045,000) of the Group's contribution relates to the dividend paid via issuance of ordinary shares by Mercatus Co-operative Limited.

The Group's share of results of certain associates has been recognised to the extent of the carrying amount of the investments as there is no obligation to contribute to any losses in excess of the amount of investment. The accumulated unrecognised share of losses amounted to approximately $15,650,000 (2019: $3,042,000).

There are no significant restrictions on the ability of associates to transfer funds to the Group in form of cash dividends, or to repay loans or advances made by the Group.

Notes to the Financial Statements
Year ended 31 December 2020

10 Other investments

	GROUP		CO-OPERATIVE	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Quoted unit trust - FVOCI	**–**	752,027	**–**	633,634
Quoted equity investments - FVOCI	**4,960**	243,138	**–**	237,344
Quoted debt investments - FVOCI	**–**	239,401	**–**	236,985
Unquoted equity investments - FVOCI	**1,136,776**	10	**1,136,264**	–
Unquoted debt investment - at amortised cost	**330,000**	330,000	**330,000**	330,000
Other investments	**750**	750	**750**	750
	1,472,486	1,565,326	**1,467,014**	1,438,713
Non-current	**1,472,486**	1,325,925	**1,467,014**	1,201,728
Current	–	239,401	**–**	236,985
	1,472,486	1,565,326	**1,467,014**	1,438,713

The fair value of quoted unit trusts and equity investments is based on quoted bid price.

Dividend income related to unit trusts and equity investments at FVOCI for the Group and Co-operative amounting to $19,164,000 (2019: $40,717,000) and $15,961,000 (2019: $35,703,000) respectively.

During the year, the Group and Co-operative transferred investment portfolio amounting to $1,010,053,000 to Angsana Macro Fund (AMF) in exchange for 744,997,614 units in AMF which holds investments in quoted unit trust, quoted equity investments and quoted debt investment.

The fair value of the unquoted equity investments is categorised as Level 2 fair value based on observable market data (see note 2.4).

In prior year, investments in quoted debt securities for the Group and Co-operative with effective interest rates 3.06% and 3.04% per annum respectively had maturity dates ranging January 2020 to April 2077.

Investments in unquoted debt with effective interest rate of 3.1% (2019: 3.1%) per annum for the Group and Co-operative have maturity date until April 2047 (2019: April 2047).

Notes to the Financial Statements
Year ended 31 December 2020

11 Trade and other receivables

	GROUP		CO-OPERATIVE	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Trade receivables	**51,714**	42,609	**22,024**	18,510
Less: Impairment loss	**(8,989)**	(7,830)	**(270)**	(54)
	42,725	34,779	**21,754**	18,456
Trade amounts due from:				
- Ultimate holding entity	**844**	707	**–**	9
- Related parties	**4,364**	955	**–**	312
- Subsidiaries	**–**	–	**20,245**	2,078
- Associates	**28**	629	**–**	629
	5,236	2,291	**20,245**	3,028
Loans to subsidiaries	**–**	–	**178,183**	125,888
Less: Impairment loss	**–**	–	**(50,766)**	(50,653)
	–	–	**127,417**	75,235
Loans to associates	**4,333**	4,333	**–**	–
Less: Impairment loss	**(4,333)**	(4,333)	**–**	–
	–	–	**–**	–
Lease receivables	**489**	1,607	**125**	1,607
Deposits	**53,090**	54,823	**23,882**	21,297
Prepayments	**84,736**	21,656	**82,208**	18,614
Interest receivables	**7,231**	9,907	**8,164**	9,870
Other receivables:				
- External parties	**97,342**	10,466	**87,413**	190
- Ultimate holding entity	**554**	3,699	**528**	500
- Subsidiaries	**–**	–	**3,174**	–
- Related parties	**1,374**	–	**1,372**	–
	292,777	139,228	**376,282**	148,797
Non-current	**12,346**	10,790	**127,417**	75,634
Current	**280,431**	128,438	**248,865**	73,163
	292,777	139,228	**376,282**	148,797

The average credit period on sale of goods is 30 to 60 days (2019: 30 to 60 days).

The loans to subsidiaries are unsecured and bear interest ranging from 2.9% to 3.0% (2019: 3.0%) per annum during the year. The remaining loans to subsidiaries of $50,509,000 (2019: $50,500,000) are interest-free. Both loans to subsidiaries are not expected to be repaid within 12 months from the reporting period. The Co-operative has recognised an impairment loss of $113,000 on loans to subsidiaries during the year.

Loan to an associate was unsecured and bore interest at 4.0% per annum and was not expected to be repaid within 12 months from the reporting period. The loan to associate had been fully impaired in prior year.

The Group and the Co-operative's exposure to credit and currency risks, and impairment losses for trade and other receivables, are disclosed in note 32.

Other receivables of external parties in 2020 mainly comprise of government grant receivables. Prepayments comprise amounts paid to suppliers and for certain acquisition made by the Group. Please refer to note 34 (a).

Notes to the Financial Statements
Year ended 31 December 2020

12 Inventories

	GROUP		CO-OPERATIVE	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Retail goods	**366,036**	298,763	**347,362**	278,098
Allowance for inventory obsolescence	**(9,425)**	–	**(9,425)**	–
	356,611	298,763	**337,937**	278,098

Movement in allowance for inventory obsolescence during the financial year are as follows:

	GROUP	CO-OPERATIVE
	2020	**2019**
	$'000	**$'000**
At 1 January	**–**	–
Allowance made during the year	**9,425**	9,425
At 31 December	**9,425**	9,425

Inventories of $44,881,000 (2019: $27,725,000) and $42,817,000 (2019: $25,837,000) for the Group and the Co-operative respectively was written off in the profit or loss during the year.

During the year, the Group wrote down the inventories to their net realisable value, which resulted in a loss of $9,425,000 (2019: $nil).

Source of estimation uncertainty

The Group recognises allowance on inventory obsolescence when inventories are identified as obsolete. Obsolescence is based on the physical condition of inventory items and other factors including the age of the inventories, forecasted demand as well as discontinuation plan of the goods.

13 Cash and cash equivalents

	GROUP		CO-OPERATIVE	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Cash on hand	**10,822**	7,708	**8,846**	6,763
Cash at bank	**605,779**	401,957	**468,610**	272,185
Fixed deposits	**2,268**	4,870	**–**	540
	618,869	414,535	**477,456**	279,488
Deposit pledged	**–**	(129)	**–**	–
Cash and cash equivalents in the consolidated statement of cash flows	**618,869**	414,406	**477,456**	279,488

Fixed deposits of the Group and the Co-operative bear interest at average rates ranging from 0.04% to 1.85% (2019: 1.37% to 2.50%) per annum. The fixed deposits are placed with the financial institutions for an average tenure of approximately 30 days (2019: 28 days).

In 2019, fixed deposits of the Group amounting to $129,000 were pledged to the banks for banking facilities granted to the Group.

Notes to the Financial Statements
Year ended 31 December 2020

14 Share capital

	CO-OPERATIVE			
	2020	2019	2020	2019
	Number of ordinary shares			
	'000	'000	$'000	$'000
Authorised:				
Ordinary shares	**500,000**	500,000	**500,000**	500,000
Issued and paid up:				
At beginning of the year	**436,740**	437,864	**436,740**	437,864
Issued during the year	**670**	650	**670**	650
Redemption during the year	**(1,205)**	(1,774)	**(1,205)**	(1,774)
At end of the year	**436,205**	436,740	**436,205**	436,740

	CO-OPERATIVE			
	2020	2019	2020	2019
	Number of ordinary shares			
	'000	'000	$'000	$'000
The share capital is represented by:				
Members' shares hold by the founder member				
National Trade Union Congress [b] [c] [d]	**82,800**	39,700	**82,800**	39,700
Other members' shares [a] [c] [d]	**353,405**	397,040	**353,405**	397,040
	436,205	436,740	**436,205**	436,740

[a] *This relates to the shares held by members where the Co-operative has the right of refusal to redeem the members' shares. Included in the members' shares is 100,000,000 shares allotted to NTUC Enterprise Co-operative Limited by the Co-operative amounting to $100,000,000 which are not to be withdrawn or transferred within ten years from the date of their issue. Members include an individual person or institution or organisation duly admitted to the membership of the Co-operative in accordance with the By-laws of the Co-operative. In accordance with By-laws 5.6, the shares are redeemable at the lower of the nominal value of $1 per share or the net asset value of the share.*

[b] *This relates to the shares held by the founder member National Trade Union Congress.*

[c] *In accordance with By-laws 4.2.2, the Board of Directors shall have the absolute discretion to approve or reject any application for membership or for additional shares without assigning any reason for its decision. By-laws 4.6 also states that, every member shall, unless otherwise disqualified under the Co-operative Societies Act, Chapter 62 or the By-laws, have the right to:*

(i) avail himself of all services of the Society;

(ii) stand for election to office, subject to the provisions of the Act and the By-laws, where applicable;

(iii) be co-opted to hold office in the Society, where applicable;

(iv) participate and vote at general meetings; and

(v) enjoy all other rights, privileges or benefits provided under the By-laws.

[d] *The Co-operative's ordinary shares carry no right to fixed income.*

Notes to the Financial Statements
Year ended 31 December 2020

15 Other reserves

	GROUP		CO-OPERATIVE	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Fair value reserve [(a)]	**125,752**	377,810	**126,212**	304,774
Foreign currency translation reserve [(b)]	**(276)**	(276)	**–**	–
Capital reserve [(c)]	**1,536**	1,536	**–**	–
	127,012	379,070	**126,212**	304,774

[(a)] *The fair value reserve comprises:*

- *the cumulative net change in the fair value of quoted unit trusts, equity investment and unquoted equity investment designated at FVOCI; and*
- *the cumulative net change in fair value of debt investments at FVOCI until the assets are derecognised or reclassified. This amount is reduced by the amount of loss allowance.*

[(b)] *Foreign currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign associates.*

[(c)] *Capital reserve arises from acquisition of subsidiaries under common control.*

16 Borrowings

	GROUP		CO-OPERATIVE	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Non-current				
Secured bank loan	**–**	490	**–**	–
Unsecured bank loan	**267,000**	267,000	**267,000**	267,000
Unsecured loan	**147,005**	–	**147,005**	–
	414,005	267,490	**414,005**	267,000
Current				
Secured bank loan	**–**	8,744	**–**	–
Unsecured bank loan	**40,000**	80,000	**40,000**	80,000
	40,000	88,744	**40,000**	80,000
	454,005	356,234	**454,005**	347,000

Information about the Group's and the Co-operative's exposure to interest rate and liquidity risks is included in note 32.

During the year, the Group fully repaid its secured bank loan and discharged of the leasehold buildings pledged as security (note 4).

Notes to the Financial Statements
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16 Borrowings *(cont'd)*

Terms and debt repayment schedule

Terms and conditions of outstanding Singapore dollar borrowings are as follows:

	Nominal interest rate	Year of maturity	Face value	Carrying amount
	%		$'000	$'000
GROUP				
2020				
Unsecured loan	**–**	**2023**	**150,000**	**147,005**
Unsecured bank loan	**1.63 – 2.76**	**2021 – 2024**	**329,694**	**307,000**
			479,694	**454,005**
2019				
Secured bank loan	3.18 – 5.45	2020 – 2033	9,600	9,234
Unsecured bank loan	1.63 – 2.76	2020 – 2024	377,859	347,000
			387,459	356,234
CO-OPERATIVE				
2020				
Unsecured loan	**–**	**2023**	**150,000**	**147,005**
Unsecured bank loan	**1.63 – 2.76**	**2021 – 2024**	**329,694**	**307,000**
			479,694	**454,005**
2019				
Unsecured bank loan	1.63 – 2.76	2020 – 2024	377,859	347,000

Notes to the Financial Statements
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17 Lease liabilities

	GROUP		CO-OPERATIVE	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Non-current	**1,229,131**	1,199,066	**1,033,658**	1,003,503
Current	**257,283**	271,366	**174,153**	167,712
	1,486,414	1,470,432	**1,207,811**	1,171,215

Terms and conditions of outstanding Singapore dollar lease liabilities are as follows:

	Nominal interest rate	Year of maturity	Face value	Carrying amount
	%		$'000	$'000
GROUP				
2020				
Lease liabilities	**0.81 – 4.32**	**2021 – 2072**	**1,671,709**	**1,486,414**
2019				
Lease liabilities	1.95 – 4.32	2020 – 2072	1,694,823	1,470,432
CO-OPERATIVE				
2020				
Lease liabilities	**0.81 – 1.95**	**2021 – 2072**	**1,380,458**	**1,207,811**
2019				
Lease liabilities	1.95 – 3.10	2020 – 2072	1,355,710	1,171,215

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17 Lease liabilities *(cont'd)*

Reconciliation of movements of liabilities to cash flows arising from financing activities

	Note	Lease liabilities	Borrowings	Total
		$'000	$'000	$'000
GROUP				
Balance at 1 January 2019		–	60,000	60,000
Adjustment on initial adoption of FRS 116		1,199,659	–	1,199,659
Adjusted balance at 1 January 2019		1,199,659	60,000	1,259,659
Changes from investing cash flow				
Acquisitions through business combinations	31	208,617	280,885	489,502
Total changes from investing cash flow		208,617	280,885	489,502
Changes from financing cash flows				
Repayment of borrowings		–	(24,651)	(24,651)
Proceeds from borrowings		–	40,000	40,000
Payment of lease liabilities		(200,395)	–	(200,395)
Interest paid		(36,902)	(2,275)	(39,177)
Total changes from financing cash flows		(237,297)	13,074	(224,223)
Other changes				
Liability-related				
New leases and revised rental rate		263,933	–	263,933
Interest expense		36,902	2,275	39,177
Derecognition of lease liabilities		(1,382)	–	(1,382)
Total liability-related other changes		299,453	2,275	301,728
Balance at 31 December 2019		1,470,432	356,234	1,826,666
Balance at 1 January 2020		1,470,432	356,234	1,826,666
Changes from financing cash flows				
Repayment of borrowings		–	(52,229)	(52,229)
Proceeds from borrowings		–	150,000	150,000
Payment of lease liabilities		(269,522)	–	(269,522)
Interest paid		(42,043)	(9,413)	(51,456)
Total changes from financing cash flows		(311,565)	88,358	(223,207)
Other changes				
Liability-related				
New leases and revised rental rate		328,247	–	328,247
Interest expense		42,043	9,413	51,456
Derecognition of lease liabilities		(42,743)	–	(42,743)
Total liability-related other changes		327,547	9,413	336,960
Balance at 31 December 2020		1,486,414	454,005	1,940,419

Notes to the Financial Statements
Year ended 31 December 2020

18 Provisions

This relates to the provision of reinstatement cost to be incurred for dismantle, removal or restoration of the property, plant and equipment arising from the acquisition or use of assets, which is capitalised and included in the cost of property, plant and equipment.

Movements in the provision are as follows:

	Note	GROUP 2020	GROUP 2019	CO-OPERATIVE 2020	CO-OPERATIVE 2019
		$'000	**$'000**	**$'000**	**$'000**
At beginning of the year		**53,211**	41,417	**40,907**	40,017
Acquisitions through business combinations	31	**–**	10,609	**–**	–
Provisions made during the year		**499**	2,530	**–**	1,711
Utilised		**(650)**	(1,345)	**(249)**	(821)
Provisions reversed		**(1,908)**	–	**(921)**	–
At end of the year		**51,152**	53,211	**39,737**	40,907

A provision for reinstatement cost is recognised when the Group and the Co-operative have a legal and constructive obligation to rectify wear and tear to leased premises under property lease agreements with external parties. The unexpired lease terms range from 1 month to 52 years (2019: 1 month to 53 years). The provision is based on the best estimate of the expenditure with reference to past experience. It is expected that these costs will be incurred after one year from the date of the financial year. The provision is discounted using a current rate of 5.0% (2019: 5.0%) that reflects the risks specific to the liability.

19 Deferred tax liabilities

The following are the major deferred tax liabilities recognised by the Group, and the movements thereon, during the current and prior reporting periods:

	At 1 January 2019	Acquisition through business combination (note 31)	Recognised in profit or loss (note 26)	At 31 December 2019	Recognised in profit or loss (note 26)	At 31 December 2020
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
GROUP						
Deferred tax liabilities						
Property, plant and equipment	4,637	3,141	(1,449)	6,329	(1,776)	4,553
Intangible assets	–	17,138	–	17,138	–	17,138
Provisions	(257)	–	1,024	767	1,765	2,532
Approved donation	(935)	–	–	(935)	(200)	(1,135)
Others	21	–	69	90	(5)	85
	3,466	20,279	(356)	23,389	(216)	23,173

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20 Trade and other payables

	GROUP		CO-OPERATIVE	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Trade payables				
External parties	**703,408**	612,809	**637,576**	540,756
Amount due to ultimate holding entity	**5**	–	**–**	–
Amount due to subsidiaries	**–**	–	**33,157**	7,744
Amount due to related parties	**72**	346	**–**	109
	703,485	613,155	**670,733**	548,609
Other payables				
Amounts due to:				
- Ultimate holding entity	**1,453**	500	**–**	–
- Subsidiaries	**–**	–	**282,563**	168,344
- Associates	**30,643**	30,643	**30,643**	30,643
- Related parties	**11,441**	214	**329**	–
- Directors	**–**	80	**–**	–
Accrued operating expenses [a]	**157,109**	172,389	**112,225**	115,784
Accrued short-term employee benefits	**134,768**	31,445	**105,468**	29,982
Contributions to:				
- Central Co-operative Fund [b]	**50**	25	**50**	25
- Singapore Labour Foundation [c]	**25,307**	23,277	**25,307**	21,365
Contract liabilities	**54,894**	61,911	**54,894**	57,157
Deposits received	**24,739**	35,010	**5,445**	5,384
Deferred grant income	**48,657**	–	**39,284**	–
Stored value cards [d]	**20,724**	19,312	**–**	–
Others	**39,119**	37,701	**28,112**	27,223
	548,904	412,507	**684,320**	455,907
Total	**1,252,389**	1,025,662	**1,355,053**	1,004,516
Non-current	**7,452**	10,740	**–**	–
Current	**1,244,937**	1,014,922	**1,355,053**	1,004,516
	1,252,389	1,025,662	**1,355,053**	1,004,516

[a] *Accrued operating expenses include accruals for purchases of property, plant and equipment for the Group and the Co-operative amounting to $7,633,000 and $6,456,000 (2019: $5,142,000 and $3,169,000) respectively.*

[b] *In accordance with Section 71(2)(a) of the Co-operative Societies Act, Chapter 62, the Co-operative contributes 5% of the first $500,000 of its surplus resulting from the operations of the Co-operative to the Central Co-operative Fund and this amount is due to be paid in the next financial year.*

[c] *In accordance with Section 71(2)(b) of the Co-operative Societies Act, Chapter 62, the Co-operative has opted to contribute 20% of the surplus in excess of $500,000 from the operations of the Co-operative to the Singapore Labour Foundation ("SLF") and the amount is due to be paid in the next financial year.*

[d] *The amount represents advance payments from customers by way of purchase and top-up of Kopitiam card.*

The average credit period on purchase of goods is 45 - 60 days (2019: 45 - 60 days). Trade payables principally comprise amounts outstanding for trade purchases and ongoing costs.

The contract liabilities primarily relate to:

- advance consideration received from customers for sale of gift vouchers of $54,894,000 (2019: $57,157,000); and
- advance consideration received from suppliers for promotion of beverage of $nil (2019: $4,754,000).

Deferred grant income relates to the wage support and subsidies received from the government but not earned as at 31 December 2020.

The Group and the Co-operative's exposures to currency and liquidity risks for trade and other payables are disclosed in note 32.

Notes to the Financial Statements
Year ended 31 December 2020

21 Revenue

	GROUP		CO-OPERATIVE	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Sale of food and beverage	**125,323**	39,821	**–**	–
Sale of retail goods	**4,290,502**	3,501,023	**4,135,527**	3,288,132
Income from food court operations	**91,407**	32,201	**–**	–
	4,507,232	3,573,045	**4,135,527**	3,288,132

Revenue is recognised when control of the goods has transferred, being at the point the customer purchases the goods at the food court or retail outlets.

Payment of the transaction price is due immediately at the point the customer purchases the goods. It is the Group's policy to sell its retail goods to the end customers with a right of return. Based on the accumulated historical experience, the estimated amount of returns was negligible. It is considered highly probable that a significant reversal in the cumulative revenue recognised will not occur given the consistent level of returns in the past years. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date.

Significant changes in the contract liabilities during the year are as follows:

		GROUP		CO-OPERATIVE	
	Note	**2020**	**2019**	**2020**	**2019**
		$'000	**$'000**	**$'000**	**$'000**
At 1 January		**61,911**	59,759	**57,157**	59,759
Acquisition through business combinations	31	**–**	5,511	**–**	–
Revenue recognised that was included in the contract liabilities at the beginning of the period		**(61,911)**	(61,193)	**(57,157)**	(59,759)
Additions due to advances received but performance obligation not fulfilled		**54,894**	57,834	**54,894**	57,157
At 31 December	20	**54,894**	61,911	**54,894**	57,157

Notes to the Financial Statements
Year ended 31 December 2020

22 Other income

	GROUP		CO-OPERATIVE	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Advertising, promotion and other service income	**68,810**	97,806	**64,690**	71,219
Concessionary and commission income	**23,677**	25,949	**20,114**	22,436
Discounts received	**2,266**	2,038	**2,157**	1,919
Franchise fee income	**–**	208	**–**	–
Government grants	**146,459**	2,938	**105,408**	–
Gain on disposal of investment property	**6,618**	–	**–**	–
Gain on derecognition of right-of-use assets	**245**	36	**25**	9
Management fee	**2,870**	3,099	**–**	–
Rental income from property sublease	**24,825**	30,642	**30,581**	35,700
Rental income from lease receivables	**23**	1,505	**23**	1,505
Subscription fee	**112**	812	**112**	–
Rental relief	**45,127**	–	**16,328**	–
Others	**79,282**	55,408	**29,684**	18,657
	400,314	220,441	**269,122**	151,445

Government grants recognised in 2020 mainly relate to the wage support and subsidies from government to support businesses during the period of economic uncertainty due to the Covid-19 pandemic.

Rental relief recognised in 2020 relates to rental waiver given by landlords to the Group and the Co-operative.

23 Other operating expenses

	GROUP		CO-OPERATIVE	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Amortisation of intangible asset	**12,406**	5,554	**7,681**	4,095
Donation to NTUC Fairprice Foundation Limited	**20,000**	10,000	**4,650**	3,200
Expenses relating to short-term leases	**4,961**	372	**–**	372
Expenses relating to leases low-value assets	**4**	1,620	**–**	1,620
Expenses relating to variable lease payments	**29,490**	29,891	**7,202**	4,020
Impairment loss on investment in an associate	**–**	1,428	**–**	–
Impairment loss on loans to subsidiaries	**–**	–	**113**	–
Intangible assets written off	**222**	2,333	**–**	2,332

Notes to the Financial Statements
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23 Other operating expenses *(cont'd)*

	GROUP		CO-OPERATIVE	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Property & plant & equipment written off	**2,593**	–	**–**	–
Loss on disposal of property, plant and equipment	**8,254**	3,062	**5,693**	3,015
Loss on disposal of intangible assets	**1,128**	–	**1,118**	–
Marketing expenses	**40,740**	28,497	**38,983**	28,386
Packing and logistic expenses	**94,202**	32,558	**56,316**	45,892
Property tax	**3,767**	3,568	**1,998**	1,999
Professional fee	**27,072**	24,664	**21,487**	23,989
Repair, maintenance and supplies	**63,891**	77,140	**49,213**	43,847
Impairment loss on trade receivables	**1,185**	1,117	**242**	21
Security expense	**5,501**	4,736	**5,501**	3,589
Sundry expense	**38,869**	27,078	**36,863**	26,087
Utilities	**49,235**	42,107	**33,486**	33,902
Grant expenses	**3,051**	–	**1,940**	–
Others	**49,263**	39,630	**17,903**	12,641
	455,834	335,355	**290,389**	239,007

24 Investment income

	GROUP		CO-OPERATIVE	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Dividend income				
- Associates	**–**	–	**22,768**	22,045
- Subsidiaries	**–**	–	**10,400**	13,500
- Other investments	**19,164**	40,717	**15,962**	35,703
Gain on disposal of an associate	**–**	1,154	**–**	–
Interest income				
- Financial institutions	**1,456**	704	**1,100**	689
- Debt investments	**5,163**	10,593	**5,163**	10,593
- Ultimate holding entity	**10,258**	10,230	**10,258**	10,230
- Loans to subsidiaries	**–**	–	**3,244**	–
Gain on disposal of debt investments - FVOCI	**6,587**	18	**6,587**	18
Reversal of Impairment loss				
- Debt investments - FVOCI	**309**	70	**309**	70
	42,937	63,486	**75,791**	92,848

25 Finance costs

	GROUP		CO-OPERATIVE	
	2020	2019	2020	2019
	$'000	$'000	$'000	$'000
Interest expense				
- Subsidiaries	**–**	–	**3,782**	957
- Financial institutions	**9,413**	2,275	**9,274**	1,592
Interest on lease liabilities	**42,043**	36,902	**32,975**	33,391
	51,456	39,177	**46,031**	35,940

Notes to the Financial Statements

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26 Tax expense

	Note	GROUP 2020	2019
		$'000	$'000
Current tax expense:			
Current year		**787**	1,491
Changes in estimates related to prior years		**(368)**	(236)
		419	1,255
Deferred tax expense:			
Origination and reversal of temporary difference		**(1,172)**	(452)
Changes in estimates related to prior years		**956**	96
	19	**(216)**	(356)
Total tax expense		**203**	899
Reconciliation of effective tax rate			
Profit before tax		**54,190**	124,038
Tax expense at statutory tax rate of 17% (2019: 17%)		**9,212**	21,086
Non-deductible expenses		**15,448**	3,118
Exempt income [(1)]		**(19,107)**	(15,285)
Effect of share of profit of equity–accounted investees		**(4,031)**	(5,901)
Unrecognised deferred tax assets		**4,039**	(576)
Effect of tax concessions–donations		**(5,946)**	(1,403)
Changes in estimates related to prior years		**588**	(140)
		203	899

[(1)] *Exempt income mainly pertains to the Co-operative's income. The income of any Co-operative Society registered under the Co-operative Societies Act, Chapter 62 is exempted from income tax under Section 13(1)(f)(ii) of the Singapore Income Tax Act, Chapter 134.*

No deferred tax assets have been recognised in respect of the following:

	GROUP 2020	2019
	$'000	$'000
Deductible temporary differences	**15,043**	1,552
Unutilised tax losses	**17,231**	6,963
	32,274	8,515

In 2019, the Group acquired deductible temporary differences of $583,000 and unutilised tax losses of $11,318,000 from a subsidiary at the date of acquisition.

Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom. The unutilised tax losses which is available for set off against future profits are subject to agreement by the tax authority and compliance with tax regulations. These temporary differences and unutilised tax losses do not expire under the current the legislation.

Notes to the Financial Statements

Year ended 31 December 2020

27 Dividend

	GROUP		CO-OPERATIVE	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Distributions to members of the Co-operative				
- first and final dividend of 5.0% (2019: 5.0%)	**21,587**	21,880	**21,587**	21,880

28 Patronage rebates, directors' honoraria and dividends

Subsequent to the end of the financial year, the Board of Directors proposed the following patronage rebates, directors' honoraria and dividends. The patronage rebates, directors' honoraria and dividends have not been provided for, subject to approval in the Annual General Meeting.

	GROUP AND CO-OPERATIVE	
	2020	**2019**
	$'000	**$'000**
Patronage rebates of 4.50% (2019: 4.0%)	**66,168**	50,410
Directors' honoraria	**553**	494
First and final dividend of 5.50% (2019: 5.0%)	**23 ,991**	21,840
	90,712	72,744

29 Leases

Leases as lessee

The Group leases properties and warehouses. The leases typically run for a period of three to five years, with an option to renew the lease after that date. Lease payments are renegotiated every three to five years to reflect market rentals. For certain leases, the Group is restricted from entering into any sub-lease arrangements.

The Group leases IT equipment with contract terms of one to three years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

Information about leases for which the Group is a lessee is presented below.

(i) Right-of-use assets

The Group and Co-operative leases many assets including land and buildings and equipment (see note 5 for right-of-use assets recognised on the statements of financial position as at reporting date).

Notes to the Financial Statements
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29 Leases *(cont'd)*

(ii) Amounts recognised in profit or loss

	GROUP		CO-OPERATIVE	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Interest on lease liabilities	**42,043**	36,902	**32,975**	33,391
Income from sub-leasing right-of-use assets presented in 'other income'	**(24,825)**	(30,642)	**(30,581)**	(35,700)
Expenses relating to short-term leases	**4,961**	372	**–**	372
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	**4**	1,620	**–**	1,620

(iii) Amounts recognised in consolidated statement of cash flows

	GROUP	
	2020	**2019**
	$'000	**$'000**
Total cash outflow for leases	**311,565**	237,297

Extension options

Some property leases contain extension options exercisable by the Group up to nine months before the end of the non-cancellable contract period. Where practicable, the Group seeks to include extension options in new leases to provide operational flexibility. The extension options held are exercisable only by the Group and not by the lessors. The Group assesses at lease commencement whether it is reasonably certain to exercise the extension options. The Group reassesses whether it is reasonably certain to exercise the options if there is a significant event or significant change in circumstances within its control.

Leases as lessor

The Group leases out its property leases. All leases are classified as operating leases from a lessor perspective with the exception of a sub-lease, which the Group has classified as a finance sub-lease.

Finance lease

During 2020, the Group has sub-leased a building that has been presented as part of a right-of-use asset.

During 2020, the Group recognised interest income on lease receivables of $23,000 (2019: $60,000).

The following table sets out a maturity analysis of lease receivables, showing the undiscounted lease payments to be received after the reporting date. Under FRS 17, the Group did not have any finance leases as a lessor.

	2020	**2019**
	$'000	**$'000**
Less than one year	**125**	1,505
One to two years	**–**	125
Total undiscounted lease receivable	**125**	1,630
Unearned finance income	**–**	(23)
Net investment in the lease	**125**	1,607

Notes to the Financial Statements

Year ended 31 December 2020

29 Leases *(cont'd)*

Operating lease

The Group leases out its leased properties. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

Rental income from property sub-lease recognised by the Group during 2020 was $24,285,000 (2019: $30,642,000).

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date.

	GROUP		CO-OPERATIVE	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Less than one year	**66,835**	75,782	**28,760**	26,111
One to two years	**35,990**	45,614	**18,417**	13,886
Two to three years	**10,150**	18,110	**8,059**	6,659
Three to four years	**1,677**	2,896	**1,469**	2,010
Four to five years	**718**	801	**628**	718
More than five years	**124**	156	**106**	139
Total	**115,494**	143,359	**57,439**	49,523

30 Commitments

As at the end of the financial year, the Group and the Co-operative have the following outstanding commitments which have not been provided in the financial statements:

	GROUP		CO-OPERATIVE	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Capital commitments:				
Purchase of property, plant and equipment				
- contracted	**269,186**	246,485	**147,206**	195,841

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31 Business combinations

On 1 October 2019, the Group acquired 100% and 99% of the shares and voting interests in Kopitiam and Nexus respectively from the ultimate holding entity. On the same date, the Group acquired the remaining 49.9% of the shares and voting interests in NTUC Foodfare from the ultimate holding entity. As a result, the Group's equity interest in NTUC Foodfare increased from 50.0% to 99.9%, granting control of NTUC Foodfare.

For the date of acquisition to 31 December 2019, Kopitiam, Nexus and NTUC Foodfare contributed revenue of $43,408,000, $nil and $28,614,000 respectively, and a loss of $2,277,000, $nil and a profit of $1,484,000 respectively to the Group's results. If the acquisition had occurred on 1 January 2019, management estimated that consolidated revenue would have been $3,778,760,000, and consolidated profit for the year would have been $103,840,000. In determining these amounts, management assumed that the fair value adjustments that arose on the date of acquisition had occurred on 1 January 2019.

Identifiable assets acquired and liabilities assumed

The following table summarises the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

	Note	2019
		$'000
Property, plant and equipment	4	86,643
Right-of-use assets	5	205,858
Investment properties	6	8,800
Intangible assets	7	109,522
Other investments		8,081
Inventories		2,523
Trade and other receivables		81,910
Cash and cash equivalents		83,995
Trade and other payables		(153,375)
Provisions	18	(10,609)
Current tax liabilities		(1,306)
Deferred tax liabilities	19	(20,279)
Borrowings		(13,885)
Lease liabilities	17	(208,617)
Non-controlling interest		(4,057)
Total identifiable net assets		175,204
Less: Amount previously accounted for as an associate remeasured at fair value		(25,068)
Net assets acquired		150,136
Goodwill arising from acquisition	7	183,063
Gain from bargain purchase recognised in capital reserve		(1,536)
Total purchase consideration		331,663
Less: Deferred purchase consideration		(12,735)
Less: Cash and cash equivalents in subsidiaries acquired		(83,995)
Less: Novation of loans from ultimate holding entity		(267,000)
Net cash inflow		(32,067)

The re-measurement to fair values of the Group's pre-existing 50.0% interest in NTUC Foodfare resulted in a gain of $1,154,000. This amount had been recognised in investment income in profit or loss (see note 24).

Notes to the Financial Statements
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31 Business combinations *(cont'd)*

Goodwill

Goodwill and gain on bargain purchase arising from the acquisition of the subsidiaries in the financial year ended 31 December 2019 amounted to $183,063,000 and $1,536,000 respectively. In 2020, the Group recognised additional goodwill of $250,000 due to additional purchase consideration paid for the acquisition of Kopitiam in 2019.

The goodwill arising is mainly from expected synergies from combining operations.

Measurement of fair values

The valuation techniques used for measuring the fair value of material assets acquired were as follows:

Assets required	Valuation technique
Property, plant and equipment	Direct comparison method: The direct comparison method considers the sales value of comparable properties and adjusting the sales price to that reflective of the property.
Investment properties	Direct comparison method and income method: The direct comparison method considers the sales value of comparable properties and adjusting the sales price to that reflective of the property. The income method considers the present value of net annual rental income of the property over the remaining lease term of the lease.
Intangible assets	Relief-from-royalty method and multi-period excess earnings method: The relief-from-royalty method considers the discounted estimated royalty payments that are expected to be avoided as result of the brand name being owned. The multi-period excess earnings method considers the present value of net cash flows expected to be generated by the tenant contracts, by excluding any cash flows related to contributory assets.

32 Financial instruments

Financial risk management

Risk management framework

The Group's activities expose it to a variety of financial risks, particularly credit risk, liquidity risk and market risk. Where appropriate, the Group's risk management policies seek to minimise potential adverse effects of these risks on the financial performance of the Group.

Matters pertaining to risk management strategies and execution require the decision and approval of the Board of Directors.

The Board of Directors is regularly updated on the Group's financial investments.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risk. Financial risk exposures are measured using sensitivity analysis indicated below.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, related parties and investments.

Transactions involving financial instruments are entered into only with counterparties that are of acceptable credit quality. Cash and fixed deposits are placed with banks and financial institutions which are regulated.

At the reporting date, there is no significant concentration of credit risk. The carrying amounts of financial assets represent the Group and the Co-operative's maximum exposure to credit risk, before taking into account any collateral held. The Group and the Co-operative do not hold any collateral in respect of their financial assets, except for balances with tenants where security deposits are obtained.

Notes to the Financial Statements
Year ended 31 December 2020

32 Financial instruments *(cont'd)*

Credit risk *(cont'd)*

Impairment loss

Expected credit loss assessment

The Group uses an allowance matrix to measure the ECLs of trade receivables.

Loss rates are based actual credit loss experience over the past 3 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

The following table provides information about the exposure to credit risk and ECLs for trade receivables as at 31 December:

		GROUP	
	Weighted average loss rate	**Gross carrying amount**	**Impairment loss allowance**
	%	**$'000**	**$'000**
2020			
Current (not past due)	**–**	**18,713**	**–**
1 – 30 days past due	**–**	**10,283**	**–**
31 – 60 days past due	**–**	**5,629**	**–**
More than 60 days past due	**34.49**	**22,325**	**(8,989)**
		56,950	**(8,989)**
2019			
Current (not past due)	0.88	20,800	(184)
1 – 30 days past due	0.66	6,538	(43)
31 – 60 days past due	0.08	2,399	(2)
More than 60 days past due	50.13	15,163	(7,601)
		44,900	(7,830)

		CO-OPERATIVE	
	Weighted average loss rate	**Gross carrying amount**	**Impairment loss allowance**
	%	**$'000**	**$'000**
2020			
Current (not past due)	**–**	**25,317**	**–**
1 – 30 days past due	**–**	**8,007**	**–**
31 – 60 days past due	**–**	**537**	**–**
More than 60 days past due	**2.36**	**8,408**	**(270)**
		42,269	**(270)**
2019			
Current (not past due)	–	9,197	–
1 – 30 days past due	–	6,138	–
31 – 60 days past due	–	956	–
More than 60 days past due	1.03	5,247	(54)
		21,538	(54)

Notes to the Financial Statements
Year ended 31 December 2020

32 Financial instruments *(cont'd)*

Credit risk *(cont'd)*

Other receivables/deposits/lease receivables

The Group assesses on a forward-looking basis the expected credit loss associated with financial assets at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Group considers that the credit risk of these counter parties has not increased.

Loans to subsidiaries

The Co-operative had loans to subsidiaries with a carrying amount of $127,417,000 (2019: $75,235,000). Impairment on these balances has been measured on the 12-month expected loss basis. The assessment is based on qualitative and quantitative factors that are indicative of the risk of default, including but not limited to audited financial statements, and management accounts, if available, and applying experienced credit judgement. The amount of the allowance on loans to subsidiaries is $50,766,000 (2019: $50,653,000).

Movements in allowance for impairment in respect of trade receivables

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	GROUP	CO-OPERATIVE
	Impairment loss allowance	Impairment loss allowance
	$'000	$'000
At 1 January 2019	33	33
Impairment loss recognised	1,204	53
Impairment loss reversed	(87)	(32)
Acquisitions through business combinations (note 31)	6,680	–
At 31 December 2019	7,830	54
At 1 January 2020	**7,830**	**54**
Impairment loss recognised	**1,203**	**259**
Impairment loss reversed	**(18)**	**(17)**
Amounts written off	**(26)**	**(26)**
At 31 December 2020	**8,989**	**270**

Notes to the Financial Statements
Year ended 31 December 2020

32 Financial instruments *(cont'd)*

Credit risk *(cont'd)*

Cash and cash equivalents

The Group and the Co-operative held cash and cash equivalents of $618,869,000 and $477,456,000 (2019: $414,535,000 and $279,488,000), respectively at 31 December 2020. The cash and cash equivalents are held with banks and financial institutions with sound credit ratings.

Impairment on cash and cash equivalents has been measured on the 12-month expected loss basis and reflects the short maturities of the exposures. The Group considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties. The amount of the allowance on cash and cash equivalents was insignificant.

Debt investments

The Group limits its exposure to credit risk on investments held by investing only in liquid debt, securities and only with counterparties that have a credit rating of at least B- from Fitch Ratings Inc and B- from Standard & Poor's Global Ratings.

The Group monitors the changes in credit risk to the tracking published external credit ratings annually. The 12-month and lifetime probabilities of default are based on historical data supplied by Moody's Investors Service for each credit rating and are recalibrated based on current bond yields and CDS prices. Loss given default ("LGD") parameters generally reflect an assumed recovery rate of 40% except when a security is credit-impaired, in which case the estimate of loss is based on the instrument's current market price and original effective interest rate.

The following table presents an analysis of the credit quality of debt investments at amortised cost and FVOCI. It indicates whether assets measured at amortised cost or FVOCI were subject to a 12-month ECL or lifetime ECL allowance and, in latter case, whether they are credit-impaired.

	2020		**2019**	
	FVOCI	**At amortised costs**	**FVOCI**	**At amortised costs/**
	12-month ECL	**12-month ECL**	**12-month ECL**	**12-month ECL**
	$'000	**$'000**	**$'000**	**$'000**
GROUP				
Credit rating				
BBB- to AAA	–	**330,000**	219,543	330,000
BB- to BB+	–	–	18,690	–
B- to B+	–	–	1,477	–
Gross carrying amounts	–	**330,000**	239,710	330,000
Loss allowance	–	–	(309)	–
Carrying amount	–	**330,000**	239,401	330,000
CO-OPERATIVE				
Credit rating				
BBB- to AAA	–	**330,000**	217,127	330,000
BB- to BB+	–	–	18,690	–
B- to B+	–	–	1,477	–
Gross carrying amounts	–	**330,000**	237,294	330,000
Loss allowance	–	–	(309)	–
Carrying amount	–	**330,000**	236,985	330,000

The Group and the Co-operative did not have any debt investments that were past due but not impaired at 31 December 2020.

Notes to the Financial Statements
Year ended 31 December 2020

32 Financial instruments *(cont'd)*

Credit risk *(cont'd)*

Debt investments (cont'd)

The movement in the allowance for impairment in respect of debt investments at FVOCI during the year was as follows:

	2020 12-month ECL $'000	2019 12-month ECL $'000
GROUP/CO-OPERATIVE		
Balance as at 1 January	**309**	379
Impairment loss recognised	**–**	–
Impairment reversed	**(309)**	(70)
Balance as at 31 December	**–**	309

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The following are the expected contractual undiscounted cash outflows of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount $'000	Contractual cash flows $'000	Less than 1 year $'000	1 – 5 years $'000	Over 5 years $'000
GROUP					
2020					
Borrowings	**454,005**	**(479,694)**	**(47,467)**	**(432,227)**	**–**
Lease liabilities	**1,486,414**	**(1,670,624)**	**(293,042)**	**(860,758)**	**(516,824)**
Trade and other payables*	**1,148,838**	**(1,148,838)**	**(1,141,386)**	**(7,452)**	**–**
	3,089,257	**(3,299,156)**	**(1,481,895)**	**(1,300,437)**	**(516,824)**
2019					
Borrowings	356,234	(387,459)	(95,026)	(292,433)	–
Lease liabilities	1,470,432	(1,694,823)	(305,084)	(946,887)	(442,852)
Trade and other payables*	963,751	(963,751)	(955,044)	(8,707)	–
	2,790,417	(3,046,033)	(1,355,154)	(1,248,027)	(442,852)

Notes to the Financial Statements

Year ended 31 December 2020

32 Financial instruments *(cont'd)*

Liquidity risk *(cont'd)*

	Carrying amount	Contractual cash flows	Less than 1 year	1 – 5 years	Over 5 years
	$'000	$'000	$'000	$'000	$'000
CO-OPERATIVE					
2020					
Borrowings	**454,005**	**(479,694)**	**(47,467)**	**(432,227)**	**–**
Lease liabilities	**1,207,811**	**(1,379,372)**	**(203,803)**	**(682,218)**	**(493,351)**
Trade and other payables*	**1,260,875**	**(1,260,875)**	**(1,260,875)**	**–**	**–**
	2,922,691	**(3,119,941)**	**(1,512,145)**	**(1,114,445)**	**(493,351)**
2019					
Borrowings	347,000	(377,859)	(88,322)	(289,537)	–
Lease liabilities	1,171,215	(1,355,710)	(199,131)	(750,108)	(406,471)
Trade and other payables*	947,359	(947,359)	(947,359)	–	–
	2,465,574	(2,680,928)	(1,234,812)	(1,039,645)	(406,471)

* *Excludes contract liabilities and deferred grant income*

It is not expected that the cash flows in the maturity analysis could occur significantly earlier, or at significantly different amounts.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk

The Group is exposed to foreign currency risk on purchases that are denominated in currencies other than the respective functional currencies of Group entities. The currencies in which these transactions primarily are denominated in US Dollar ("USD"), EURO ("EUR"), Swiss Franc ("CHF"), British Sterling Pound ("GBP"), Japanese Yen ("JPY"), Australian Dollar ("AUD"), and Hong Kong Dollar ("HKD").

The Group manages its foreign exchange exposure by adopting a policy of matching receipts and payments, and asset purchases, in the currency of the relevant entity, where possible.

Notes to the Financial Statements
Year ended 31 December 2020

32 Financial instruments *(cont'd)*

Market risk *(cont'd)*

Currency risk *(cont'd)*

Exposure to currency risk

The Group's and the Co-operative's exposures to foreign currencies are as follows:

	USD	EUR	CHF	GBP	JPY	AUD	HKD	SEK	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
GROUP AND CO-OPERATIVE									
2020									
Financial assets									
Cash and cash equivalents	**4,075**	**–**	**–**	**–**	**–**	**740**	**–**	**–**	**4,815**
Total financial assets	**4,075**	**–**	**–**	**–**	**–**	**740**	**–**	**–**	**4,815**
Financial liabilities									
Trade and other payables	**(1,387)**	**–**	**–**	**–**	**–**	**(8)**	**–**	**–**	**(1,395)**
Total financial liabilities	**(1,387)**	**–**	**–**	**–**	**–**	**(8)**	**–**	**–**	**(1,395)**
Net financial assets at end of the year	**2,688**	**–**	**–**	**–**	**–**	**732**	**–**	**–**	**3,420**
2019									
Financial assets									
Cash and cash equivalents	3,883	17	(2)	129	93	79	–	6	4,205
Quoted equity investments - FVOCI	92,318	18,744	7,442	10,598	7,088	2,109	2,752	–	141,051
Quoted debt investments - FVOCI	92,240	–	–	–	–	–	–	–	92,240
Total financial assets	188,441	18,761	7,440	10,727	7,181	2,188	2,752	6	237,496
Financial liabilities									
Trade and other payables	(8,424)	(323)	–	(846)	–	(1,687)	–	–	(11,280)
Total financial liabilities	(8,424)	(323)	–	(846)	–	(1,687)	–	–	(11,280)
Net financial assets at end of the year	180,017	18,438	7,440	9,881	7,181	501	2,752	6	226,216

Notes to the Financial Statements

Year ended 31 December 2020

32 Financial instruments *(cont'd)*

Market risk *(cont'd)*

Currency risk *(cont'd)*

Sensitivity analysis

A 10% strengthening of the following major currencies against the functional currencies of the Group's entities at the reporting date held by the Group and the Co-operative would increase/(decrease) equity and profit or (loss) by the amounts shown below. Similarly, a 10% weakening would have the equal but opposite effect. This analysis assumes that all other variables, in particular interest rates, remain constant.

	GROUP AND CO-OPERATIVE			
	Profit or (loss)		**Equity**	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
USD	**269**	(454)	**–**	18,456
EUR	**–**	(31)	**–**	1,874
CHF	**–**	–	**–**	744
GBP	**–**	(72)	**–**	1,060
JPY	**–**	9	**–**	709
AUD	**73**	(161)	**–**	211
HKD	**–**	–	**–**	275
SEK	**–**	1	**–**	–

Interest rate risk

The Group's exposure to changes in interest rates relates primarily to interest-earning financial assets and interest-bearing financial liabilities. Interest rate risk is managed by the Group on an on-going basis with the primary objective of limiting the extent to which net interest expense could be affected by an adverse movement in interest rates. The Group does not use derivative financial instruments to hedge against such risk exposure.

Exposure to interest rate risk

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was as follows:

	GROUP Nominal amount		**CO-OPERATIVE Nominal amount**	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Fixed rate instruments				
Borrowings	**307,000**	348,768	**307,000**	347,000
Other investments	**330,000**	569,401	**330,000**	566,985
Trade and other receivables	**–**	–	**127,417**	75,235
Cash and cash equivalents	**2,268**	4,870	**–**	540
	639,268	923,039	**764,417**	989,760
Variable rate instruments				
Borrowings	**–**	7,466	**–**	–

Notes to the Financial Statements
Year ended 31 December 2020

32 Financial instruments *(cont'd)*

Market risk *(cont'd)*

Interest rate risk *(cont'd)*

Sensitivity analysis for variable rate instruments

For variable rate instrument, a reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Profit or loss	
	100bp increase	100bp decrease
	$'000	$'000
31 December 2019		
Variable rate instruments	**746**	(746)

Sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, in respect of the fixed rate instruments, a change in interest rates at the reporting date would not affect profit or loss.

Equity price risk

The Group and the Co-operative are exposed to equity price risks changes arising from equity investments at FVOCI. An increase in the underlying equity prices of the equity investments at FVOCI at the reporting date by 10% (2019: 10%) for the Group and the Co-operative, would increase other components of equity before any tax effect by the amounts shown below. Similarly, a 10% decrease in underlying equity price of the equity investments would have the equal but opposite effect. This analysis assumes that all other variables remain constant.

	GROUP	CO-OPERATIVE
	$'000	$'000
2020		
Equity investments at FVOCI		
Equity	**114,174**	**113,626**
2019		
Equity investments at FVOCI		
Equity	99,517	87,098

Notes to the Financial Statements

Year ended 31 December 2020

32 Financial instruments *(cont'd)*

Market risk *(cont'd)*

Equity price risk *(cont'd)*

Accounting classifications and fair values

The carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy are as follows. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value. Further, the fair value disclosure of lease liabilities is also not required for the current year.

	Carrying amount					Fair value			
	Amortised cost	Equity investments - FVOCI	Debt investments - FVOCI	Other financial liabilities at amortised cost	Total	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
GROUP									
2020									
Financial assets measured at fair value									
Quoted equity investments - FVOCI	–	4,960	–	–	4,960	4,960	–	–	4,960
Unquoted equity investments - FVOCI	–	1,136,776	–	–	1,136,776	–	1,136,776	–	1,136,776
	–	1,141,736	–	–	1,141,736				
Financial assets not measured at fair value									
Unquoted debt investment	330,000	–	–	–	330,000	–	356,614	–	356,614
Other investments	750	–	–	–	750				
Cash and cash equivalents	618,869	–	–	–	618,869				
Trade and other receivables*	208,041	–	–	–	208,041				
	1,157,660	–	–	–	1,157,660				
Financial liabilities not measured at fair value									
Borrowings	–	–	–	(454,005)	(454,005)	–	(415,320)	–	(415,320)
Lease liabilities	–	–	–	(1,486,414)	(1,486,414)				
Trade and other payables**	–	–	–	(1,148,838)	(1,148,838)				
	–	–	–	(3,089,257)	(3,089,257)				

* *Excludes prepayments*

** *Excludes contract liabilities and deferred grant income*

Notes to the Financial Statements
Year ended 31 December 2020

32 Financial instruments *(cont'd)*

Market risk *(cont'd)*

Equity price risk *(cont'd)*

Accounting classifications and fair values *(cont'd)*

	Carrying amount					Fair value			
	Amortised cost	Equity investments - FVOCI	Debt investments - FVOCI	Other financial liabilities at amortised cost	Total	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
GROUP									
2019									
Financial assets measured at fair value									
Quoted unit trust - FVOCI	–	752,027	–	–	752,027	752,027	–	–	752,027
Quoted equity investments - FVOCI	–	243,138	–	–	243,138	243,138	–	–	243,138
Quoted debt investments - FVOCI	–	–	239,401	–	239,401	239,401	–	–	239,401
Unquoted equity investments - FVOCI	–	10	–	–	10	–	–	10	10
	–	995,175	239,401	–	1,234,576				
Financial assets not measured at fair value									
Unquoted debt investment	330,000	–	–	–	330,000	–	357,162	–	357,162
Other investments	750	–	–	–	750				
Cash and cash equivalents	414,535	–	–	–	414,535				
Trade and other receivables*	117,572	–	–	–	117,572				
	862,857	–	–	–	862,857				
Financial liabilities not measured at fair value									
Borrowings	–	–	–	(356,234)	(356,234)	–	(330,697)	–	(330,697)
Lease liabilities	–	–	–	(1,470,432)	(1,470,432)				
Trade and other payables**	–	–	–	(963,751)	(963,751)				
	–	–	–	(2,790,417)	(2,790,417)				

* *Excludes prepayments*
** *Excludes contract liabilities*

Notes to the Financial Statements

Year ended 31 December 2020

32 Financial instruments *(cont'd)*

Market risk *(cont'd)*

Equity price risk *(cont'd)*

Accounting classifications and fair values *(cont'd)*

	Carrying amount					Fair value			
	Amortised cost	Equity investments - FVOCI	Debt investments - FVOCI	Other financial liabilities at amortised cost	Total	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
CO-OPERATIVE									
2020									
Financial assets measured at fair value									
Unquoted equity investments - FVOCI	–	1,136,264	–	–	1,136,264	–	1,136,264	–	1,136,264
	–	1,136,264	–	–	1,136,264				
Financial assets not measured at fair value									
Unquoted debt investment	330,000	–	–	–	330,000	–	356,614	–	356,614
Other investments	750	–	–	–	750				
Cash and cash equivalents	477,456	–	–	–	477,456				
Trade and other receivables*	166,657	–	–	–	166,657				
Loans to subsidiaries	127,417	–	–	–	127,417	–	127,632	–	127,632
	1,102,280	–	–	–	1,102,280				
Financial liabilities not measured at fair value									
Borrowings	–	–	–	(454,005)	(454,005)	–	(415,320)	–	(415,320)
Lease liabilities	–	–	–	(1,207,811)	(1,207,811)				
Trade and other payables**	–	–	–	(1,260,875)	(1,260,875)				
	–	–	–	(2,922,691)	(2,922,691)				

* *Excludes prepayments and loans to subsidiaries*

** *Excludes contract liabilities and deferred grant income*

Notes to the Financial Statements
Year ended 31 December 2020

32 Financial instruments *(cont'd)*

Market risk *(cont'd)*

Equity price risk *(cont'd)*

Accounting classifications and fair values *(cont'd)*

	Carrying amount					Fair value			
	Amortised cost	Equity investments - FVOCI	Debt investments - FVOCI	Other financial liabilities at amortised cost	Total	Level 1	Level 2	Level 3	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
CO-OPERATIVE									
2019									
Financial assets measured at fair value									
Quoted unit trust - FVOCI	–	633,634	–	–	633,634	633,634	–	–	633,634
Quoted equity investments - FVOCI	–	237,344	–	–	237,344	237,344	–	–	237,344
Quoted debt investments - FVOCI	–	–	236,985	–	236,985	236,985	–	–	236,985
	–	870,978	236,985	–	1,107,963				
Financial assets not measured at fair value									
Unquoted debt investment	330,000	–	–	–	330,000	–	357,162	–	357,162
Other investments	750	–	–	–	750				
Cash and cash equivalents	279,488	–	–	–	279,488				
Trade and other receivables*	54,948	–	–	–	54,948				
Loans to subsidiaries	75,235	–	–	–	75,235	–	75,962	–	75,962
	740,421	–	–	–	740,421				
Financial liabilities not measured at fair value									
Borrowings	–	–	–	(347,000)	(347,000)	–	(321,463)	–	(321,463)
Lease liabilities	–	–	–	(1,171,215)	(1,171,215)				
Trade and other payables**	–	–	–	(947,359)	(947,359)				
	–	–	–	(2,465,574)	(2,465,574)				

* *Excludes prepayments and loans to subsidiaries*

** *Excludes contract liabilities*

Notes to the Financial Statements
Year ended 31 December 2020

32 Financial instruments *(cont'd)*

Market risk *(cont'd)*

Determination of fair value

Fair values have been determined for measurement and disclosure purposes based on the following methods.

The fair values of quoted unit trusts, quoted equity investments and quoted debt investments traded in an active market and are determined with reference to quoted bid prices at the reporting date.

The fair value of unquoted equity investments, held by the Co-operative, is determined based on the net asset value in the investment fund's valuation reports at the reporting date and is derived from prices from an observable market.

The fair values of certain unquoted equity investments included within level 3 are estimated based on the Group's share of the net assets values of the investee company, which take into consideration the fair value of the underlying investment portfolio held by the investee company. The fair value of the investment portfolio is determined based on the underlying values with reference to quoted bid prices traded in a quoted market.

Financial instruments measured at fair value based on level 3

	Unquoted equity investments - FVOCI
	$'000
GROUP	
At 1 January 2019	21,351
Gains in other comprehensive income	782
Proceed from disposal	(22,123)
At 31 December 2019	10
Gains in other comprehensive income	11
Proceed from disposal	(21)
At 31 December 2020	–

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the financial year.

Financial instruments not measured at fair value

Type	Valuation Technique
GROUP	
Unquoted debt investment, borrowings and lease liabilities	Discounted cash flows: The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate.
CO-OPERATIVE	
Unquoted debt investment, loans to subsidiaries, borrowings and lease liabilities	Discounted cash flows: The valuation model considers the present value of expected payment, discounted using a risk-adjusted discount rate.

Notes to the Financial Statements
Year ended 31 December 2020

32 Financial instruments *(cont'd)*

Financial instruments not measured at fair value *(cont'd)*

The interest rate used to discount estimated cash flows is set out below:

	2020	2019
	%	%
GROUP AND CO-OPERATIVE		
Borrowings	**5.3**	5.3
CO-OPERATIVE		
Loans to subsidiaries	**2.1 – 2.4**	2.0

Capital management

The Group's policy is to maintain a strong capital base so as to maintain creditor and market confidence and to sustain future development of the business.

Management periodically reviews the capital structure. Capital comprises total equity.

In accordance with By-laws 12.2, the net profit shall be distributed as follows, subject to approval in the Annual General Meeting:

a) by payment of a dividend not exceeding the maximum rate allowed under the Act, on the amount of shares held by members, subject to the provisions of the Act and in accordance with By-law 12.3;

b) by payment of patronage rebates to members in accordance with By-laws 12.4;

c) by payment of honoraria to some or all of the members of the Board of Directors in consideration of their services which would not otherwise be remunerated, subject to the provisions of the Act and in accordance with By-law 9.22;

d) by issue of bonus certificates or bonus shares; or

e) by payment to any other funds established in accordance with and subject to the provision of the Act and/or in accordance with the By-laws.

There were no changes in the Group's approach to capital management during the year.

Neither the Co-operative nor any of its subsidiaries are subject to externally improved capital requirements.

Notes to the Financial Statements
Year ended 31 December 2020

33 Related parties

The Co-operative is a subsidiary of NTUC Enterprise Co-operative Limited ("NTUC Enterprise"), incorporated in the Republic of Singapore, which is also the Co-operative's ultimate holding entity. Related companies in these financial statements refer to members of the ultimate holding entity's group of entities.

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements.

During the financial year, the Group entered into the following transactions with related parties:

	GROUP		CO-OPERATIVE	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Donations to NTUC Fairprice Foundation Limited	**20,000**	10,000	**4,650**	3,200
Sales of goods to:				
- Subsidiaries	**–**	–	**(58,919)**	(59,119)
- Related parties	**(1,053)**	(1,149)	**(1,053)**	(1,149)
Rental income from:				
- Ultimate holding entity	**(197)**	(269)	**(197)**	(269)
- Subsidiaries	**–**	–	**(8,735)**	(6,326)
- Associates	**–**	(423)	**–**	(423)
- Related parties	**(1,421)**	(705)	**(609)**	(705)
Interest income from:				
- Ultimate holding entity	**(10,258)**	(10,230)	**(10,258)**	(10,230)
- Subsidiaries	**–**	–	**(3,244)**	–
Interest expense from subsidiaries	**–**	–	**3,782**	957
Rental expenses to:				
- Subsidiaries	**–**	–	**1,391**	–
- Associates	**48,647**	48,105	**40,590**	42,722
- Related party	**5,119**	117	**4,938**	5,500
Redemption link points by related party	**(6,733)**	(8,188)	**(6,685)**	(8,188)
Dividend expenses to:				
- Ultimate holding entity	**7,898**	9,478	**7,898**	9,478
- Related parties	**6,210**	5,478	**5,810**	5,478
Purchases from:				
- Subsidiaries	**–**	–	**166,173**	104,303
- Associates	**9,103**	805	**9,103**	805
- Related party	**12,137**	–	**12,137**	–
Other operating expenses to:				
- Ultimate holding entity	**4,408**	6,623	**4,402**	6,623
- Subsidiaries	**–**	–	**19,299**	5,894
- Associate	**5,765**	–	**–**	–
- Related party	**2,188**	3,021	**–**	3,021
Sponsorship to:				
- Ultimate holding entity	**90**	–	**90**	–
- Related parties	**4,000**	1,000	**4,000**	1,000
Dividend income from:				
- Subsidiary	**–**	–	**(10,400)**	(13,500)
- Associates	**(22,768)**	(22,045)	**(22,768)**	(22,045)
- Related parties	**–**	(15)	**–**	(15)

Please refer to notes 9 and 11 for additional information on related party transactions with associates.

Notes to the Financial Statements

Year ended 31 December 2020

33 Related parties *(cont'd)*

Management personnel compensation

The remuneration of directors and other members of key management during the financial year was as follows:

	GROUP		CO-OPERATIVE	
	2020	**2019**	**2020**	**2019**
	$'000	**$'000**	**$'000**	**$'000**
Salaries, short-term employee benefits and post-employment benefits:				
- directors	**494**	540	**494**	477
- officers	**6,440**	10,569	**5,743**	9,305
	6,934	11,109	**6,237**	9,782

34 Subsequent event

Subsequent to the reporting date, there were the following significant events in January 2021:

(a) The Group acquired 60% interest in a portfolio of companies in the food and beverage industry for $32,400,000.

(b) The Group acquired 100% stake in NTUC Link Pte Ltd from the immediate and ultimate holding entity, NTUC Enterprise Co-operative Limited, through an internal restructuring for a consideration of $1.