IMPORTANT NOTICE

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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 Ho Bee Land Limited, DBS Bank Ltd. or any person who controls any of them nor any of their respective directors, officers, employees, agents, representatives or affiliates accepts any liability or responsibility whatsoever in respect of any differences between the information memorandum distributed to you in electronic format and the hard copy version.

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

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

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

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

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You are responsible for protecting against viruses and other destructive items. If you receive this 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 21 OCTOBER 2016

Ho Bee Land Limited

(Incorporated in the Republic of Singapore on 8 August 1987)
(UEN/Company Registration No. 198702381M)

S$800,000,000
Multicurrency Medium Term Note Programme
(the "Programme")

This Information Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Information Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of notes (the "**Notes**") to be issued from time to time by Ho Bee Land 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 under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), (ii) to a relevant person pursuant to Section 275(1), or to any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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

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

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

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

(1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

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

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

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

(5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

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

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

Arranger

DBS

TABLE OF CONTENTS

NOTICE

DBS Bank Ltd. (the "**Arranger**") has been authorised by Ho Bee Land Limited (the "**Issuer**") to arrange the S$800,000,000 Multicurrency Medium Term Note 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 (the "**Notes**") denominated in Singapore dollars and/or any other currencies.

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

Notes may be issued in series having one or more issue dates and the same maturity date, and on identical terms (including as to listing) except (in the case of Notes other than variable rate notes (as described under the section on "Summary of the Programme")) for the issue dates, issue prices and/or the dates of the first payment of interest, or (in the case of variable rate notes) for the issue prices and rates of interest. Each series may be issued in one or more tranches on the same or different issue dates. The Notes will be issued in bearer form and may be listed on a stock exchange. Each series or tranche of Notes may initially be represented by either a Temporary Global Note (as defined herein) or a Permanent Global Note (as defined herein), which will be deposited on the relevant issue date with either CDP (as defined herein), a common depositary on behalf of Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, S.A ("**Clearstream, Luxembourg**") and/or other clearing system, and will be exchangeable, upon request as described therein, either for a Permanent Global Note or Definitive Note (as indicated in the applicable Pricing Supplement). Subject to compliance with all relevant laws, regulations and directives, the Notes will have maturities of such tenor as may be agreed between the Issuer and the Relevant Dealer (as defined herein) and may be subject to redemption or purchase in whole or in part. The Notes will bear interest at a fixed, floating, variable or hybrid rate or may not bear interest or may be such other notes as may be agreed between the Issuer and the Relevant Dealer. The Notes will be repayable at par, at a specified amount above or below par or at an amount determined by reference to a formula, in each case with terms as specified in the Pricing Supplement (as defined herein) issued in relation to each series or tranche of Notes. Details applicable to each series or tranche of Notes will be specified in the applicable Pricing Supplement which is to be read in conjunction with this Information Memorandum.

The maximum aggregate principal amount of the Notes to be issued, when added to the aggregate principal amount of all Notes outstanding (as defined in the Trust Deed referred to below) shall be S$800,000,000 (or its equivalent in any other currencies) or such higher amount as may be increased pursuant to the terms of the Programme Agreement (as defined herein).

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

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

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

This Information Memorandum and any other documents or materials in relation to the issue, offering or sale of the Notes have been prepared solely for the purpose of the initial sale by the Relevant 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 in any manner whatsoever.

Neither the delivery of this Information Memorandum (or any part thereof) or the issue, offering, subscription, purchase or sale of the Notes shall, under any circumstances, constitute a representation, or give rise to any implication, that there has been no change in the prospects, results of operations or general affairs of the Issuer or any of its subsidiaries or associated companies (if any) or in the information herein since the date hereof or the date on which this Information Memorandum has been most recently amended or supplemented.

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

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

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

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

Any subscription, 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 subscription, 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 or any of the Dealers) lapse and cease to have any effect if (for any other reason whatsoever) the Notes are not issued by the Issuer pursuant to the Programme Agreement.

The attention of recipients of this Information Memorandum is drawn to the restrictions on resale of the Notes set out under the section "Subscription, Purchase and Distribution" on pages 84 and 85 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 in any country or jurisdiction except in such manner and in such circumstances as will result in compliance with any applicable laws and regulations.

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

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

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

FORWARD-LOOKING STATEMENTS

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

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

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

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

Neither the delivery of this Information Memorandum (or any part thereof) nor the issue, offering, purchase or sale of any Notes shall under any circumstances constitute a continuing representation or create any suggestion or implication that there has been no change in the prospects, results of operations or general affairs of the Issuer, its associated companies (if any), the Group or any statement of fact or information contained in this Information Memorandum since the date of this Information Memorandum or the date on which this Information Memorandum has been most recently amended or supplemented.

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

DEFINITIONS

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

"**Agency Agreement**"	:	The Agency Agreement dated 12 May 2010 between (1) the Issuer, as issuer, (2) the Issuing and Paying Agent, as issuing and paying agent, (3) the Agent Bank, as agent bank, and (4) DBS Trustee Limited, as trustee, as amended, varied or supplemented from time to time.
"**Agent Bank**"	:	DBS Bank Ltd.
"**Arranger**"	:	DBS Bank Ltd.
"**Board**"	:	Board of Directors of the Issuer.
"**Business Day**"	:	A day (other than Saturday or Sunday) on which commercial banks are open for business in Singapore.
"**CDP**" or the "**Depository**"	:	The Central Depository (Pte) Limited.
"**China**"	:	People's Republic of China.
"**Common Depositary**"	:	In relation to a Series of the Notes, a depositary common to Euroclear and Clearstream, Luxembourg.
"**Companies Act**"	:	Companies Act, Chapter 50 of Singapore, as amended or modified from time to time.
"**Conditions**"	:	In relation to the Notes of any Series, the terms and conditions applicable thereto, which shall be substantially in the form set out in Part II of Schedule 1, as modified, with respect to any Notes represented by a Global Note, by the provisions of such Global Note, 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 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 II of Schedule 1, 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 definitive Note.
"**Dealers**"	:	Persons appointed as dealers under the Programme.
"**Definitive Note**"	:	A definitive Note, in bearer form, being substantially in the form set out in Part I of Schedule 1 to the Trust Deed and having, where appropriate, Coupons attached on issue.
"**Directors**"	:	The directors (including alternate directors, if any) of the Issuer as at the date of this Information Memorandum.

"**FY**"	:	Financial year ended 31 December.
"**Global Note**"	:	A global Note representing Notes of one or more Tranches of the same Series, being a Temporary Global Note and/or, as the context may require, a Permanent Global Note, in each case without Coupons.
"**Group**"	:	The Issuer and its subsidiaries.
"**IRAS**"	:	Inland Revenue Authority of Singapore.
"**Issuer**"	:	Ho Bee Land Limited.
"**Issuing and Paying Agent**"	:	DBS Bank Ltd.
"**ITA**"	:	Income Tax Act, Chapter 134 of Singapore, as amended or modified from time to time.
"**Latest Practicable Date**"	:	7 October 2016.
"**MAS**"	:	The Monetary Authority of Singapore.
"**Noteholders**"	:	The holders of the Notes.
"**Notes**"	:	The notes issued or to be issued by the Issuer under the Programme.
"**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.
"**Pricing Supplement**"	:	In relation to a Series or Tranche, a pricing supplement, to be read in conjunction with this Information Memorandum, specifying the relevant issue details in relation to such Series or, as the case may be, Tranche.
"**Programme**"	:	The S$800,000,000 Multicurrency Medium Term Note Programme of the Issuer.
"**Programme Agreement**"	:	The Programme Agreement dated 12 May 2010 made between (1) the Issuer, as issuer, (2) the Arranger, as arranger, and (3) DBS Bank Ltd., as dealer, as amended, restated or supplemented from time to time.
"**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**"	:	Securities and Futures Act, Chapter 289 of Singapore, as amended or modified from time to time.
"**SGX-ST**"	:	Singapore Exchange Securities Trading Limited.
"**Shares**"	:	Ordinary shares in the capital of the Issuer.
"**subsidiary**"	:	Any company which is for the time being a subsidiary (within the meaning of Section 5 of the Companies Act).
"**Temporary Global Note**"	:	A Global Note representing Notes of one or more Tranches of the same Series on issue.
"**Tranche**"	:	Notes which are identical in all respects (including as to listing).
"**Trust Deed**"	:	The trust deed dated 12 May 2010 made between (1) the Issuer, as issuer, and (2) the Trustee, as trustee, as amended and supplemented by a supplemental trust deed dated 21 October 2016 made between the same parties and further as amended, restated or supplemented from time to time.
"**Trustee**"	:	DBS Trustee Limited.
"**United States**" or "**U.S.**"	:	United States of America.
"**UK**"	:	United Kingdom.
"**S$**" and "**cents**"	:	Singapore dollars and cents respectively.
"**US$**" or "**US dollars**"	:	United States dollars.
"**£**" or "**p**"	:	Pounds sterling and pence respectively.
"**%**"	:	Per cent.

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

CORPORATE INFORMATION

Board of Directors	:	Mr Chua Thian Poh Mr Desmond Woon Choon Leng Mr Ong Chong Hua Mr Bobby Chin Yoke Choong Mr Ch'ng Jit Koon Mr Jeffery Chan Cheow Tong Mr Tan Eng Bock Mr Ko Kheng Hwa
Company Secretary	:	Ms Tan Sock Kiang
Registered Office	:	9 North Buona Vista Drive #11-01 The Metropolis Tower 1 Singapore 138588
Auditors	:	KPMG LLP 16 Raffles Quay #22-00 Hong Leong Building 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	:	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Legal Advisers to the Issuer	:	WongPartnership LLP 12 Marina Boulevard Level 28 Marina Bay Financial Centre Tower 3 Singapore 018982
Legal Advisers to the Trustee, the Issuing and Paying Agent and the Agent Bank	:	Shook Lin & Bok LLP 1 Robinson Road #18-00 AIA Tower Singapore 048542
Issuing and Paying Agent and Agent Bank	:	DBS Bank Ltd. 10 Toh Guan Road #04-11 (Level 4B) DBS Asia Gateway Singapore 608838
Trustee for the Noteholders	:	DBS Trustee Limited 12 Marina Boulevard Level 44 Marina Bay Financial Centre Tower 3 Singapore 018982

SUMMARY OF THE PROGRAMME

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

Issuer	:	Ho Bee Land 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 terms of the Programme Agreement.
Issuing and Paying Agent and Agent Bank	:	DBS Bank Ltd.
Trustee	:	DBS Trustee Limited.
Description	:	Multicurrency Medium Term Note Programme.
Programme Size	:	The maximum aggregate principal amount of the Notes outstanding at any time shall be S$800,000,000 (or its equivalent in other currencies) or such higher amount as may be increased pursuant to 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 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, each Note will be redeemed at its redemption amount on the maturity date shown on its face.
Interest Basis	:	Notes may bear interest at fixed, floating, variable or hybrid rates or may not bear interest.
Fixed Rate Notes	:	Fixed Rate Notes will bear a fixed rate of interest which will be payable in arrear on specified dates and at maturity.

Floating Rate Notes	:	Floating Rate Notes which are denominated in Singapore dollars will bear interest to be determined separately for each Series by reference to S$ SIBOR or S$ SWAP RATE (or in any other case such other benchmark as may be agreed between the Issuer and the Relevant Dealer(s)), as adjusted for any applicable margin. Interest periods in relation to the Floating Rate Notes will be agreed between the Issuer and the Relevant Dealer(s) prior to their issue. Floating Rate Notes which are denominated in other currencies will bear interest to be determined separately for each Series by reference to such other benchmark as may be agreed between the Issuer and the Relevant Dealer(s).
Variable Rate Notes	:	Variable Rate Notes will bear interest at a variable rate determined in accordance with the terms and conditions of the Notes. Interest periods in relation to the Variable Rate Notes will be agreed between the Issuer and the Relevant Dealer(s) prior to their issue.
Hybrid Notes	:	Hybrid Notes will bear interest, during the fixed rate period to be agreed between the Issuer and the Relevant Dealer(s), at a fixed rate of interest which will be payable in arrear on specified dates and, during the floating rate period to be agreed between the Issuer and the Relevant Dealer(s), at the rate of interest to be determined by reference to S$ SIBOR or S$ SWAP RATE (or such other benchmark as may be agreed between the Issuer and the Relevant Dealer(s)), as adjusted for any applicable margin (provided that if the Hybrid Notes are denominated in a currency other than Singapore dollars, such Hybrid Notes will bear interest to be determined separately by reference to such benchmark as may be agreed between the Issuer and the Relevant Dealer(s)), in each case payable at the end of each interest period to be agreed between the Issuer and the Relevant Dealer(s).
Zero Coupon Notes	:	Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest other than in the case of late payment.
Form and Denomination of Notes	:	The Notes will be issued in bearer form only and in such denominations as may be agreed between the Issuer and the Relevant Dealer(s). Each Tranche or Series of Notes may initially be represented by a Temporary Global Note or a Permanent Global Note. Each Temporary Global Note may be deposited on the relevant issue date with CDP, a common depositary for Euroclear and Clearstream Luxembourg and/or any other agreed clearing system and will be exchangeable, upon request as described therein, either for a Permanent Global Note or definitive Notes (as indicated in the applicable Pricing Supplement). Each Permanent Global Note may be exchanged, unless otherwise specified in the applicable Pricing Supplement, upon request as described therein, in whole (but not in part) for definitive Notes upon the terms therein.

Custody of the Notes	:	Notes which are to be listed on the SGX-ST may be cleared through CDP. Notes which are to be cleared through CDP are required to be kept with CDP as authorised depository. Notes which are to be cleared through Euroclear and/or Clearstream, Luxembourg are required to be kept with a common depositary on behalf of Euroclear and Clearstream, Luxembourg.
Status of the Notes	:	The Notes and Coupons of all Series will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu*, without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.
Redemption and Purchase	:	If so provided on the face of the Note and the relevant Pricing Supplement, Notes may be redeemed (either in whole or in part) prior to their stated maturity at the option of the Issuer and/or the holders of the Notes. Further, if so provided on the face of the Note and the relevant Pricing Supplement, Notes may be purchased by the Issuer (either in whole or in part) prior to their stated maturity at the option of the Issuer and/or the holders of the Notes.
Negative Pledge	:	The Issuer has covenanted with the Trustee in the Trust Deed that so long as any of the Notes remains outstanding, it will not, and will ensure that none of its Principal Subsidiaries (as defined in Condition 9) will, create or have outstanding any security on or over their respective present or future assets (unless at the same time or prior thereto (i) such security is extended equally and rateably to the obligations of the Issuer in respect of the Notes, the Coupons and the Trust Deed or (ii) the obligations of the Issuer in respect of the Notes, the Coupons and the Trust Deed have the benefit of such other security or other arrangement as shall be approved by the Noteholders by way of Extraordinary Resolution (as defined in the Trust Deed)), save for: (i) liens or rights of set-off arising in the ordinary course of its business or by operation of law (or by an agreement evidencing the same), in either case, in respect of indebtedness which either (aa) has been due for less than 14 days or (bb) is being contested in good faith and by appropriate means; (ii) any security existing as at the date of the Trust Deed over any of its assets and disclosed in writing to the Trustee on or prior to the date of the Trust Deed and any security to be created over such asset in connection with the extension, refinancing or increase in the facility limit of the credit facilities secured by such asset provided that the amount secured by the security over such asset at any time shall not exceed 70 per cent. of the current market value of such asset at that time (as determined by the Trustee on the basis of the most recent valuation report prepared by an independent professional valuer and delivered by the Issuer to the Trustee);

(iii) any security over any of its assets acquired, developed, renovated or refurbished by it after the date of the Trust Deed for the sole purpose of financing or refinancing the acquisition, development, renovation or refurbishment of such assets and securing a principal amount not exceeding the cost of that acquisition, development, renovation or refurbishment; and

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

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

(i) the Consolidated Tangible Net Worth (as defined in the Trust Deed) shall not at any time be less than S$1,500,000,000;

(ii) the ratio of Consolidated Total Liabilities (Net of Cash) (as defined in the Trust Deed) to Consolidated Tangible Net Worth shall not at any time be more than 1.5:1; and

(iii) the ratio of Consolidated Secured Debt (as defined in the Trust Deed) to Consolidated Total Assets (as defined in the Trust Deed) shall not at any time exceed 0.55:1.

Non-disposal Covenant	:	The Issuer has further covenanted with the Trustee in the Trust Deed that so long as any of the Notes remains outstanding, it will not, and will ensure that none of the Principal Subsidiaries will, (whether by a single transaction or a number of related or unrelated transactions and whether at one time or over a period of time) sell, transfer, lease out, lend or otherwise dispose of (whether outright, by a sale-and-repurchase or sale-and-leaseback arrangement, or otherwise) all or substantially all of its assets nor of any part of its assets which, either alone or when aggregated with all other disposals required to be taken into account under Clause 15.29 of the Trust Deed, is substantial in relation to its assets, or those of itself and the Principal Subsidiaries, taken as a whole or the disposal of which (either alone or when so aggregated) could have a material adverse effect on it. The following disposals shall not be taken into account under Clause 15.29 of the Trust Deed:

(i) disposals in the ordinary course of business;

(ii) any disposal of assets on normal commercial terms which are obsolete, excess or no longer required for the purpose of its business;

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

(iv) any exchange of assets for other assets of a similar nature and value and cash;

(v) any transfer of assets to any real estate investment trust or business trust, property fund or any other entity in which any member of the Group would at all times own beneficially (whether directly and/or indirectly) in aggregate at least 51 per cent. of the interest, units in or, as the case may be, shares in the issued share capital of such real estate investment trust or business trust, property fund or entity, provided that such transfers are conducted on an arm's length basis and on normal commercial terms; and

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

Optional Redemption pursuant to Change of Shareholding Event	:	If, for any reason, a Change of Shareholding Event occurs, the Issuer will within seven days of such occurrence give notice to 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 (as defined in the Trust Deed), 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 (as defined in Condition 4), on the next day which is a business day). To exercise such option, the holder must deposit such Note (together with all unmatured Coupons) with the Issuing and Paying Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent or the Issuer (as applicable), no later than 30 days from the date of the Notice. Any Note so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. For the purposes of this paragraph: (i) a "**Change of Shareholding Event**" occurs when Mr Chua Thian Poh and his Immediate Family Members cease to own in aggregate (whether directly or indirectly) at least 51 per cent. of the issued share capital of the Issuer; and (ii) "**Immediate Family Members**" means Mr Chua Thian Poh's father, mother, siblings, wife, son(s) and daughter(s).
Events of Default	:	See Condition 9 of the Notes.
Taxation	:	All payments in respect of the Notes and the Coupons by the Issuer shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, save for certain exceptions. For further details, please see the section on "Singapore Taxation" herein.

Listing	:	Each Series of the Notes may, if so agreed between the Issuer and the Relevant Dealer(s), be listed on the SGX-ST or any stock exchange(s) as may be agreed between the Issuer and the Relevant Dealer(s), subject to all necessary approvals having been obtained.
Selling Restrictions	:	For a description of certain restrictions on offers, sales and deliveries of Notes and the distribution of offering material relating to the Notes, see the section on "Subscription, Purchase and Distribution" below. Further restrictions may apply in connection with any particular Series or Tranche of Notes. Category 2 selling restrictions will apply for the purposes of Regulation S under the Securities Act. Notes will be issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) (the "**D Rules**") unless (i) the relevant Pricing Supplement states that Notes are issued in compliance with U.S.Treas. Reg. §1.163-5(c)(2)(i)(C) (the "**C Rules**") or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 ("**TEFRA**"), which circumstances will be referred to in the relevant Pricing Supplement as a transaction to which TEFRA is not applicable.
Governing Law	:	The Programme and any Notes issued under the Programme shall be governed by, and construed in accordance with, the laws of Singapore.

TERMS AND CONDITIONS OF THE NOTES

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

The Notes are constituted by a Trust Deed dated 12 May 2010 made between (1) Ho Bee Land Limited (the "**Issuer**") and (2) DBS Trustee Limited (the "**Trustee**", which expression shall wherever the context so admits include such company and all other persons for the time being the trustee or trustees of the Trust Deed), as trustee for the Noteholders (as defined below) (as amended and supplemented by a supplemental trust deed dated 21 October 2016 made between (1) the Issuer and (2) the Trustee, and as further amended and supplemented from time to time, the "**Trust Deed**"), and (where applicable) the Notes are issued with the benefit of a deed of covenant (as amended and supplemented, the "**Deed of Covenant**") dated 12 May 2010, relating to the Notes executed by the Issuer. These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Notes and Coupons referred to below. The Issuer has entered into an Agency Agreement (as amended and supplemented, the "**Agency Agreement**") dated 12 May 2010 made between (1) the Issuer, (2) DBS Bank Ltd., as issuing and paying agent (in such capacity, the "**Issuing and Paying Agent**"), (3) DBS Bank Ltd., as agent bank (in such capacity, the "**Agent Bank**"), and (4) the Trustee, as trustee. The Noteholders and the holders of the coupons (the "**Coupons**") appertaining to the interest-bearing Notes (the "**Couponholders**") are bound by and are deemed to have notice of all of the provisions of the Trust Deed, the Agency Agreement and the Deed of Covenant.

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

1. Form, Denomination and Title

(a) Form and Denomination

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

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

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

(b) Title

(i) Title to the Notes and the Coupons appertaining thereto shall pass by delivery.

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

(iii) For so long as any of the Notes is represented by a Global Note and such Global Note is held by a common depositary for Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**") and/or The Central Depository (Pte) Limited (the "**Depository**"), each person who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg and/or the Depository as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg and/or the Depository as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Issuing and Paying Agent, the Agent Bank, all other agents of the Issuer and the Trustee as the holder of such principal amount of Notes other than with respect to the payment of principal, interest and any other amounts in respect of the Notes, for which purpose the bearer of such Global Note shall be treated by the Issuer, the Issuing and Paying Agent, the Agent Bank, all other agents of the Issuer and the Trustee as the holder of such Notes in accordance with and subject to the terms of such Global Note (and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly). Notes which are represented by such Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg and/or the Depository.

(iv) In these Conditions, "**Global Note**" means the relevant Temporary Global Note representing each Series or the relevant Permanent Global Note representing each Series, "**Noteholder**" means the bearer of any Definitive Note and "**holder**" (in relation to a Definitive Note or Coupon) means the bearer of any Definitive Note or Coupon, "**Series**" means (a) (in relation to Notes other than Variable Rate Notes) a Tranche, together with any further Tranche or Tranches, which are (i) expressed to be consolidated and forming a single series and (ii) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of interest and (b) (in relation to Variable Rate Notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest and "**Tranche**" means Notes which are identical in all respects (including as to listing).

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

2. Status

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.

3. Negative Pledge and Other Covenants

(a) The Issuer has covenanted with the Trustee in the Trust Deed that so long as any of the Notes remains outstanding, it will not, and will ensure that none of its Principal Subsidiaries (as defined in Condition 9) will, create or have outstanding any security on or over their respective present or future assets (unless at the same time or prior thereto (i) such security is extended equally and rateably to the obligations of the Issuer in respect of the Notes, the Coupons and the Trust Deed or (ii) the obligations of the Issuer in respect of the Notes, the Coupons and the Trust Deed have the benefit of such other security or other arrangement as shall be approved by the Noteholders by way of Extraordinary Resolution (as defined in the Trust Deed)), save for:

(1) liens or rights of set-off arising in the ordinary course of its business or by operation of law (or by an agreement evidencing the same), in either case, in respect of indebtedness which either (aa) has been due for less than 14 days or (bb) is being contested in good faith and by appropriate means;

(2) any security existing as at the date of the Trust Deed over any of its assets and disclosed in writing to the Trustee on or prior to the date of the Trust Deed and any security to be created over such asset in connection with the extension, refinancing or increase in the facility limit of the credit facilities secured by such asset provided that the amount secured by the security

over such asset at any time shall not exceed 70 per cent. of the current market value of such asset at that time (as determined by the Trustee on the basis of the most recent valuation report prepared by an independent professional valuer and delivered by the Issuer to the Trustee);

(3) any security over any of its assets acquired, developed, renovated or refurbished by it after the date of the Trust Deed for the sole purpose of financing or refinancing the acquisition, development, renovation or refurbishment of such assets and securing a principal amount not exceeding the cost of that acquisition, development, renovation or refurbishment; and

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

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

(i) the Consolidated Tangible Net Worth shall not at any time be less than S$1,500,000,000;

(ii) the ratio of Consolidated Total Liabilities (Net of Cash) to Consolidated Tangible Net Worth shall not at any time be more than 1.5:1; and

(iii) the ratio of Consolidated Secured Debt to Consolidated Total Assets shall not at any time exceed 0.55:1.

(c) Non-disposal Covenant

The Issuer has further covenanted with the Trustee in the Trust Deed that so long as any of the Notes remains outstanding, it will not, and will ensure that none of the Principal Subsidiaries will, (whether by a single transaction or a number of related or unrelated transactions and whether at one time or over a period of time) sell, transfer, lease out, lend or otherwise dispose of (whether outright, by a sale-and-repurchase or sale-and-leaseback arrangement, or otherwise) all or substantially all of its assets nor of any part of its assets which, either alone or when aggregated with all other disposals required to be taken into account under Clause 15.29 of the Trust Deed, is substantial in relation to its assets, or those of itself and the Principal Subsidiaries, taken as a whole or the disposal of which (either alone or when so aggregated) could have a material adverse effect on it. The following disposals shall not be taken into account under Clause 15.29 of the Trust Deed:

(i) disposals in the ordinary course of business;

(ii) any disposal of assets on normal commercial terms which are obsolete, excess or no longer required for the purpose of its business;

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

(iv) any exchange of assets for other assets of a similar nature and value and cash;

(v) any transfer of assets to any real estate investment trust or business trust, property fund or any other entity in which any member of the Group would at all times own beneficially (whether directly and/or indirectly) in aggregate at least 51 per cent. of the interest, units in or, as the case may be, shares in the issued share capital of such real estate investment trust or business trust, property fund or entity, provided that such transfers are conducted on an arm's length basis and on normal commercial terms; and

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

For the purposes of this Condition:

(1) "**Consolidated Secured Debt**" means, at any particular time, the portion of Consolidated Total Liabilities secured by any security interest over any asset of the Group;

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

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

(bb) the amounts standing to the credit of the capital and revenue reserves (including profit and loss account) of the Group on a consolidated basis,

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

(I) making such adjustments as may be appropriate in respect of any variation in the issued and paid up share capital and the capital and revenue reserves set out in paragraph (bb) above of the Group since the date of the latest audited consolidated balance sheet of the Group;

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

(III) deducting:

(A) an amount equal to any distribution by any member of the Group out of profits earned prior to the date of the latest audited consolidated balance sheet of the Group and which have been declared, recommended or made since that date except so far as provided for in such balance sheet and/or paid or due to be paid to members of the Group;

(B) all goodwill and other intangible assets; and

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

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

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

(aa) bank overdrafts and all other indebtedness in respect of any bank borrowings;

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

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

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

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

where such aggregate amount falls to be calculated, no amount shall be taken into account more than once in the same calculation;

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

(aa) current creditors, proposed dividends and taxation payable within 12 months;

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

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

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

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

(ff) amounts standing to the credit of any deferred tax account or tax equalisation reserve; and

(gg) any amount proposed to be distributed to shareholders (other than any member of the Group),

Provided that no liabilities shall be included in a calculation of Consolidated Total Liabilities more than once; and

(6) "**Consolidated Total Liabilities (Net of Cash)**" means Consolidated Total Liabilities less cash and cash equivalents (as determined in accordance with generally accepted accounting principles in Singapore).

4. (I) Interest on Fixed Rate Notes

(a) Interest Rate and Accrual

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

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

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

(b) Calculations

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

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

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

(a) Interest Payment Dates

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

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

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

(b) Rate of Interest – Floating Rate Notes

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

and as adjusted by the Spread (if any);

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

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

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

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

(c) Rate of Interest – Variable Rate Notes

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(d) Definitions

As used in these Conditions:

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

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

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

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

(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; and

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

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

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

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

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

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

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

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

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

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

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

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

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

(III) Interest on Hybrid Notes

(a) Interest Rate and Accrual

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

(b) Fixed Rate Period

(i) In respect of the Fixed Rate Period shown on the face of such Note, each Hybrid Note bears interest on its 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 on the face of such Note payable in arrear on each Interest Payment Date or Interest Payment Dates shown on the face of the Note in each year and on the last day of the Fixed Rate Period if that date does not fall on an Interest Payment Date.

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

(iii) Where the due date of redemption of any Hybrid Note falls within the Fixed Rate Period, interest will cease to accrue on the Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of principal (or the Redemption Amount, as the case may be) is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(III) to the Relevant Date.

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

(c) Floating Rate Period

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

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

(iii) Where the due date of redemption of any Hybrid Note falls within the Floating Rate Period, interest will cease to accrue on the Note from the due date for redemption thereof unless, upon due presentation thereof, payment of principal (or the Redemption Amount, as the case may be) is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 4(III) to the Relevant Date.

(iv) The provisions of Condition 4(II)(b) shall apply to each Hybrid Note during the Floating Rate Period as though references therein to Floating Rate Notes are references to Hybrid Notes.

(IV) Zero Coupon Notes

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

(V) Calculations

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

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

(b) Notification

The Agent Bank will cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to the Issuing and Paying Agent, the Trustee and the Issuer as soon as possible after their determination but in no event later than the fourth business day thereafter. In the case of Floating Rate Notes, if so required by the Issuer, the Agent Bank will also cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to Noteholders in accordance with Condition 15 as soon as possible after their determination. The Interest Amounts and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period by reason of any Interest Payment Date not being a business day. If the Floating Rate Notes, Variable Rate Notes or, as the case may be, Hybrid Notes become due and payable under Condition 9, the Rate of Interest and Interest Amounts payable in respect of the Floating Rate Notes, Variable Rate Notes or, as the case may be, Hybrid Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest and Interest Amounts need to be made unless the Trustee requires otherwise.

(c) Determination or Calculation by the Trustee

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

(d) Agent Bank and Reference Banks

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

5. Redemption and Purchase

(a) Final Redemption

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

(b) Purchase at the Option of Issuer

If so provided hereon, the Issuer shall have the option to purchase all or any of the Fixed Rate Notes, Floating Rate Notes, Variable Rate Notes or Hybrid Notes at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Noteholders shall be bound to sell such Notes to the Issuer accordingly. To exercise such option, the Issuer shall give irrevocable notice to the Noteholders within the Issuer's Purchase Option Period shown on the face hereof. Such Notes may be held, resold or surrendered to the Issuing and Paying Agent for cancellation.

The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 9, 10 and 11.

In the case of a purchase of some only of the Notes, the notice to Noteholders shall also contain the certificate numbers of the Notes to be purchased, which shall have been drawn by or on behalf of the 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 Notes.

(c) Purchase at the Option of Noteholders

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

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

(d) Redemption at the Option of the Issuer

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

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

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

(e) Redemption at the Option of Noteholders

(i) If so provided hereon, the Issuer shall, at the option of the holder of any Note, redeem such Note on the date or dates so provided at its Redemption Amount, together with interest accrued to the date fixed for redemption. To exercise such option, the holder must deposit such Note (together with all unmatured Coupons) with the Issuing and Paying Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent or the Issuer (as applicable) within the Noteholders'

Redemption Option Period shown on the face hereof. Any Note so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(ii) If, for any reason, a Change of Shareholding Event occurs, the Issuer will within seven days of such occurrence give notice to 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). To exercise such option, the holder must deposit such Note (together with all unmatured Coupons) with the Issuing and Paying Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent or the Issuer (as applicable), no later than 30 days from the date of the Notice. Any Note so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

For the purposes of this Condition 5(e)(ii):

(1) a "**Change of Shareholding Event**" occurs when Mr Chua Thian Poh and his Immediate Family Members cease to own in aggregate (whether directly or indirectly) at least 51 per cent. of the issued share capital of the Issuer; and

(2) "**Immediate Family Members**" means Mr Chua Thian Poh's father, mother, siblings, wife, son(s) and daughter(s).

(f) Redemption for Taxation Reasons

If so provided hereon, the Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount or (in the case of Zero Coupon Notes) Early Redemption Amount (as defined in Condition 5(h) below) (together with interest accrued to (but excluding) the date fixed for redemption), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7, or increase the payment of such additional amounts, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement, and (ii) such obligations cannot be avoided by the Issuer taking reasonable measures available to it, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Issuing and Paying Agent a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or is likely to become obliged to pay such additional amounts as a result of such change or amendment.

(g) Purchases

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

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

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

(h) Early Redemption of Zero Coupon Notes

(i) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or formula, upon redemption of such Note pursuant to Condition 5(f) or upon it becoming due and payable as provided in Condition 9, shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.

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

(iii) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 5(f) or upon it becoming due and payable as provided in Condition 9 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph will continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Redemption Amount of such Note on the Maturity Date together with any interest which may accrue in accordance with Condition 4(IV).

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

(i) Cancellation

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

6. Payments

(a) Principal and Interest

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

(b) Payments subject to law etc.

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

(c) Appointment of Agents

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

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

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

(d) Unmatured Coupons

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

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

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

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

(e) Non-business days

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

(f) Default Interest

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

7. Taxation

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

(a) by or on behalf of a holder who is subject to such taxes, duties, assessments or governmental charges by reason of his being connected with Singapore 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 having a permanent establishment in, Singapore); or

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

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

8. Prescription

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

9. Events of Default

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

(a) the Issuer does not pay the principal of, or Redemption Amount (whether becoming due upon redemption or otherwise) or (in the case of Zero Coupon Notes) the Early Redemption Amounts on, or any interest on, any Notes of any Series when due and such default continues for three business 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 any of the Issue Documents (as defined in the Trust Deed) or any of the Notes and, if in the opinion of the Trustee that default is capable of remedy, it is not remedied within 30 days after notice of such default shall have been given by the Trustee to the Issuer;

(c) any representation, warranty or statement by the Issuer in any of the Issue Documents or any of the Notes or in any document delivered under any of the Issue Documents or any of the Notes is not complied with in any respect or is or proves to have been incorrect in any respect when made or deemed repeated and if the event resulting in such non-compliance is, in the opinion of the Trustee, capable of remedy, it is not remedied within 30 days after notice thereof shall have been given by the Trustee to the Issuer;

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

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

However, no Event of Default will occur under this paragraph (d)(i) or (d)(ii) unless and until the aggregate amount of the indebtedness in respect of which one or more of the events mentioned above in this paragraph (d) has/have occurred equals or exceeds S$25,000,000 or its equivalent in other currencies;

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

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

(g) any security on or over the whole or any material part of the assets of the Issuer or any of the Principal Subsidiaries becomes enforceable;

(h) any meeting is convened, any order is made, any resolution is passed or any petition is presented for the winding-up of the Issuer or any of the Principal Subsidiaries (except, in the case of a Principal Subsidiary only, (i) for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger, consolidation or transfer of assets to a Subsidiary of the Issuer and such event is not likely to have a material adverse effect on the Issuer, (ii) for a voluntary winding-up of such Principal Subsidiary not involving insolvency and such event is not likely to have a material adverse effect on the Issuer or (iii) on terms approved before such event occurs by the Noteholders by way of Extraordinary Resolution) or any step is taken by any person for the appointment of a liquidator (including a provisional liquidator), receiver, judicial manager, trustee, administrator, agent or similar officer of the Issuer or any of the Principal Subsidiaries or over any material part of the assets of the Issuer or any of the Principal Subsidiaries;

(i) the Issuer or any of the Principal Subsidiaries ceases or threatens to cease to carry on all or any material part of its business or (otherwise than in the ordinary course of its business) disposes or threatens to dispose of the whole or any material part of its property or assets (except (i) in the case of a Principal Subsidiary only, for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation or transfer of assets to a Subsidiary of the Issuer where such event is not likely to have a material adverse effect on the Issuer, (ii) on terms approved before such event occurs by the Noteholders by way of Extraordinary Resolution or (iii) as permitted by, and in accordance with, the provisions of the Trust Deed);

(j) any order is made by any agency of any state with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Issuer or any of the Principal Subsidiaries;

(k) any action, condition or thing (including the obtaining of any necessary consent) at any time required to be taken, fulfilled or done for any of the purposes stated in Clause 14.3 of the Trust Deed is not taken, fulfilled or done, or any such consent ceases to be in full force and effect without modification or any condition in or relating to any such consent is not complied with (unless that consent or condition is no longer required or applicable);

(l) it is or will become unlawful for the Issuer to perform or comply with its obligations under any of the Issue Documents or any of the Notes;

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

(n) any litigation, arbitration or administrative proceeding (other than those of a frivolous or vexatious nature) against the Issuer or any of the Principal Subsidiaries is current or pending (1) to restrain the exercise of any of the rights and/or the performance or enforcement of or compliance with any of the obligations of the Issuer under any of the Issue Documents or any of the Notes or (2) which has or is reasonably likely to have a material adverse effect on the Issuer or the Group taken as a whole;

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

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

In these Conditions:

(1) "**Principal Subsidiaries**" means any Subsidiary of the Issuer:

(aa) whose profits before tax and minority interests, as shown by the accounts of such Subsidiary (consolidated in the case of a company which itself has Subsidiaries), based upon which the latest audited consolidated accounts of the Group have been prepared, are at least 10 per cent. of the consolidated profits before tax and minority interests of the Group as shown by such audited consolidated accounts; or

(bb) whose total assets, as shown by the accounts of such Subsidiary (consolidated in the case of a company which itself has Subsidiaries), based upon which the latest audited consolidated accounts of the Group have been prepared, are at least 10 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 substantial part of its business, undertaking or assets to another Subsidiary or the Issuer (the "**transferee**") then:

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

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

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

(2) "**Subsidiary**" has the meaning ascribed to it in the Trust Deed.

10. Enforcement of Rights

At any time an Event of Default shall have occurred (and which has not been waived or remedied), the Trustee may (but is not obliged to), at its discretion and without further notice, institute such proceedings against the Issuer as it may think fit to enforce repayment of the Notes, together with accrued interest, but it shall not be bound to take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by Noteholders holding not less than 25 per cent. in principal amount of the Notes outstanding and (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction against all actions, proceedings, claims, demands and liabilities to which it may thereby become liable and all losses, liabilities, costs, charges, demands and expenses (including legal fees) which may be incurred by it in connection therewith. 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.

11. Meeting of Noteholders and Modifications

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

The Trustee or the Issuer at any time may, and the Trustee upon the request in writing by Noteholders holding not less than one-tenth of the principal amount of the Notes of any Series for the time being outstanding and upon being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses shall, convene a meeting of the Noteholders of that Series. An Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders of the relevant Series, whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution proposed, *inter alia*, (a) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes, (b) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Notes, (c) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates of interest or the basis for calculating any Interest Amount in respect of the Notes, (d) to vary any method of, or basis for, calculating the Redemption Amount or the Early

Redemption Amount including the method of calculating the Amortised Face Amount, (e) to vary the currency or currencies of payment or denomination of the Notes, (f) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply or (g) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, will only be binding if passed at a meeting of the Noteholders of the relevant Series (or at any adjournment thereof) at which a special quorum (provided for in the Trust Deed) is present.

The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed which in the opinion of the Trustee is of a formal, minor or technical nature, is made to correct a manifest error or to comply with mandatory provisions of Singapore law or is required by Euroclear and/or Clearstream, Luxembourg and/or the Depository and/or any other clearing system in which the Notes may be held and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed which is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable thereafter and in any event within 21 days of such modification.

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

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

12. Replacement of Notes and Coupons

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

13. 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.

14. Indemnification of the Trustee

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

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

15. Notices

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

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

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

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

Notwithstanding the other provisions of this Condition, in any case where the identity and addresses of all the Noteholders are known to the 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 business days after being sent.

16. Governing Law

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

17. Contracts (Rights of Third Parties) Act

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

Issuing and Paying Agent

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

THE ISSUER

A. OVERVIEW AND HISTORY

The Issuer is a property investment and property development company as well as an investment holding company headquartered in Singapore. The Issuer was incorporated in Singapore under the Companies Act on 8 August 1987 with the name "Ho Bee Investment Pte Ltd" as a private limited company. The Issuer was established by its founder Mr Chua Thian Poh, the Chairman and Chief Executive Officer of the Group. The Issuer's name was changed to "Ho Bee Investment Ltd" on 15 November 1999 in connection with its conversion to a public company limited by shares and its shares were listed on the Main Board of the SGX-ST on 2 December 1999. Following a rebranding exercise, the Issuer was renamed "Ho Bee Land Limited" on 23 October 2013 to better reflect the Group's positioning in the real estate industry as an international developer with its geographic footprint in Singapore, the UK, China and Australia. The Issuer's registered office is presently located at 9 North Buona Vista Drive, #11-01, The Metropolis Tower 1, Singapore 138588.

The market capitalisation of the Issuer is S$1.44 billion as at the Latest Practicable Date.

Backed by a long history of accomplishments since its incorporation in 1987, the Group, whose principal activities are property investment and property development, has established itself as a reputable, long-standing household name with a portfolio of numerous quality residential, commercial and high-tech industrial projects spanning across Singapore, the UK, China and Australia. As at 30 June 2016, the Group holds a total of 24 investment and development properties with total assets of S$4.33 billion. Of these, the investment portfolio covers 2.26 million sq. ft. of commercial and industrial space with a value of S$2.87 billion.

Following the global financial crisis of 2007 to 2009, the Group recognised the need to build a more sustainable earnings model which was less dependent on development income. Accordingly, the Group undertook a strategic shift by concentrating its resources on the purchase and development of commercial properties primarily in Singapore and the UK to boost its recurring income. As a result of the move, the Group was able to build a portfolio of commercial properties and this has shown to be very successful in allowing the Group to enjoy resilient and sustainable rental income streams. The Group's total revenue from rental income for FY2015 was S$126 million. The recurring income acts as a cushion against declining residential property prices and sales volume faced over the last three years as a result of the Singapore government's cooling measures.

The table below sets out the summary of some of the major events in the corporate activities of the Group.

Year	Event
1987	The Issuer was incorporated.
1996	The Group made a strategic move to grow its business overseas with its first foray into London.
1999	The Issuer was listed on the Singapore Exchange.
2002	Acting to seize opportunities emerging from the phenomenal growth in the China market, the Group made its first investments in the key city of Shanghai.
2003	The Issuer became the pioneer developer in the exclusive residential enclave of Sentosa Cove, Singapore, eventually becoming the biggest developer in Sentosa Cove and building a total of eight high-end condominiums, terrace houses and luxurious villas.
2009	The Group started collaborating with Yanlord to undertake the joint developments of high-end residential projects in China.

Year	Event
2010	The Group embarked on a 1.2 million sq. ft. office development, *The Metropolis* at one-north, Singapore as part of its strategic move to build up its recurrent income. The Group was named in Forbes Asia's "Best Under a Billion" 2010 listing.
2012	The Group further diversified into Australia by acquiring two prime residential sites in Gold Coast, and subsequently one residential site in Doncaster, Melbourne.
2013	The Group started to build up its portfolio of office investments in London through the acquisition of Rose Court.
2014	The Group further acquired two more offices in London, *1 St Martin's Le Grand* and *60 St Martin's Lane*.
2015	The Group further added three offices, *39 Victoria Street*, *110 Park Street* and *Apollo and Lunar House* in London, to its commercial portfolio.

In 2010, the Group's revenue from investment properties constituted approximately 1.7% of its total revenue (based on FY2009 figures).This had since increased to 97% for FY2015.

As of the date of this Information Memorandum, *The Metropolis*, the Group's flagship office building in Singapore, is fully let. In FY2015, it accounted for 60% of the revenue from the Group's Singapore operations. *The Metropolis* is the sole Grade-A commercial complex in the one-north precinct of Singapore. Together with four other investment assets located in Singapore, they have a combined total value of S$1.72 billion. The revenue from Singapore operations accounted for 69% of the Group's total revenue in FY2015. Contributions to the Group's total rental income from London in FY2015 was 31%, placing it behind Singapore as the second largest geographical contributor to the Group's total revenue. Five of the six commercial properties held in London are fully let. The remaining commercial property, *110 Park Street*, has an occupancy rate of 82% as the Group is refurbishing the remaining space in order to generate higher rental rates per square foot. In London, the total value of the Group's office portfolio was approximately £638 million.

The Group is engaged in the Chinese residential market through three joint venture residential projects in Shanghai, Tangshan and Zhuhai with Chinese developer Yanlord Land Group ("Yanlord"). Yanlord is a real estate developer based in China that focuses on developing high-end residential, commercial and integrated property projects in strategically selected key high-growth cities in China and is listed on the Main Board of the SGX-ST.

In Shanghai, the first phase of the joint venture project has been completed in 2015 and the Group had recognised after-tax profit of approximately S$18 million in FY2015 for its 40% interest in the project. As at the Latest Practicable Date, about 64% of the total 1,470 units in the project have been sold and full completion is expected by December 2016. In Tangshan, the first two phases of the joint venture project are expected to be completed by the end of 2016. However, due to the challenging environment faced by the residential market for third tier cities in China, the Group had recognised an impairment loss of S$3.6 million for its 40% effective stake in the joint venture. Ongoing reviews regarding the business conditions and other market factors are being undertaken by the Group and its joint venture partner in order to strategically time the commencement of construction for subsequent phases. For the Zhuhai project, in which the Group has a 20% interest, construction work for the first phase will complete by the end of 2016 and, as at the Latest Practicable Date, 97% of this phase has been sold. The total number of units in this development is about 3,500 and it will be completed in phases over the next few years. Together, the Group's ongoing residential development projects in Shanghai, Tangshan and Zhuhai have a combined saleable area of 9.4 million sq. ft.

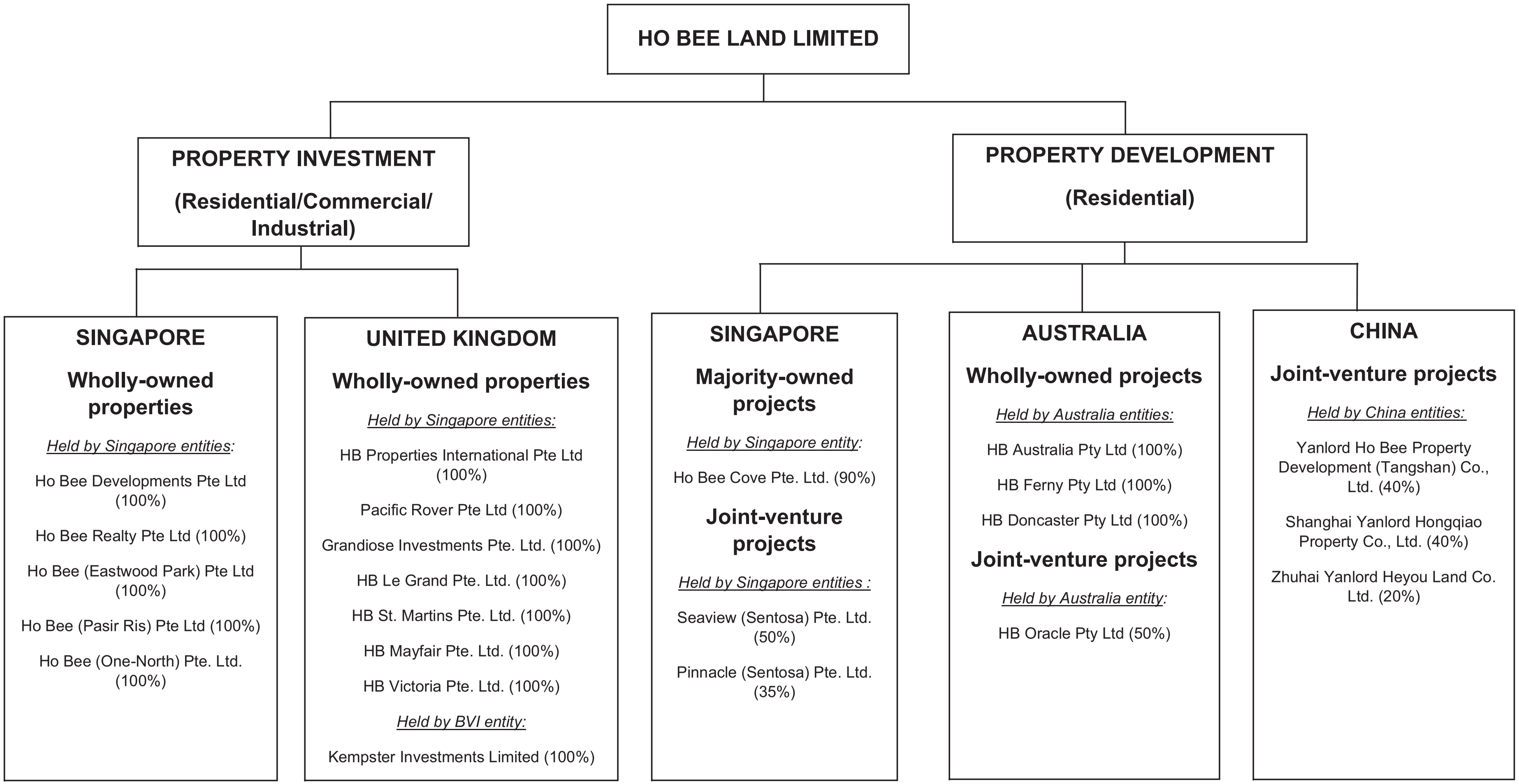
The Group diversified into the Australian property market with the acquisition of three development sites comprising a total land area of approximately 159,000 square feet in 2012/2013. Construction work for two Australian residential projects, *Rhapsody* in Gold Coast and *Pearl* in Melbourne have been completed. As at 30 June 2016, the Group has recognised total revenue of S$136 million arising from the completion of these two properties. As at the Latest Practicable Date, both properties have achieved encouraging sales - 72% of the 223 units at *Rhapsody* and 87% of the 185 units at *Pearl*. The Group also holds a joint interest in *Eporo Tower*, a 44-storey residential tower comprising 307 apartments in the central business district of Melbourne. This has been fully sold with completion expected to take place in early 2017.

Due to the weak residential market for luxury housing in Singapore, the Group has withheld sales of its three residential projects in Sentosa Cove. Instead, it has adopted an interim strategy of leasing these units out in order to weather the cooling measures implemented by the Singapore government. *Turquoise* and *Seascape*, of which 47% and 32% have been sold respectively, are about 80% leased, while occupancy in *Cape Royale*, which has yet to be launched for sale, is at approximately 70%. The Group will review its options when the Singapore high-end residential market conditions improve. Importantly, these projects are neither subject to Qualifying Certificate extension charges nor Additional Buyer Stamp Duty liabilities.

Notwithstanding the challenging market conditions, the Group's strategy of building up its recurrent income allowed it to enjoy a 30% increase in turnover from S$99.6 million in FY2014 to S$129.9 million in FY2015 with after-tax profit of S$242 million. The Group will continue to look for both investment and development opportunities.

B. CORPORATE STRUCTURE

The corporate structure of the Issuer is as follows:



C. PRINCIPAL ACTIVITIES AND PORTFOLIO DETAILS

The Group's properties consist mainly of investment properties and development properties.

(i) Investment Properties

As of the date of this Information Memorandum, the Group's key investment properties consist primarily of 11 commercial and industrial buildings mainly located in Singapore and the UK. The Group's investment properties in Singapore include one Grade-A office building (*The Metropolis*), two industrial buildings (*HB Centre I* and *HB Centre II*), an SPC petrol station and two retail units (*Eastwood Centre*). In the UK, the Group owns six commercial properties located at prime locations in London. Please refer to the portfolio details on page 48 for more information.

As part of the Issuer's leasing strategy, the Issuer maintains a variety of tenants from different trade sectors and a wide range of lease tenors across its commercial properties in Singapore and the UK. This strategy enables it to strengthen its base of recurring income from its investment properties and ensures that the Issuer's income stream remains resilient in spite of seasonal changes associated with a particular trade sector or the general economic climate of a country in which the Issuer operates.

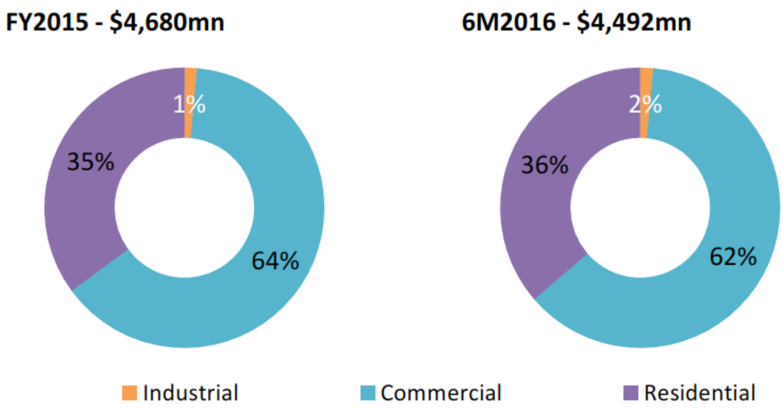
(ii) Development Properties

The Group's current development projects include properties in Surfers Paradise, Broadbeach and Ferny Avenue in Gold Coast, Australia, as well as Doncaster and the Central Business District in Melbourne, Australia. The Group also has a 40% interest in a joint venture project in Shanghai and a 40% effective interest in a joint venture project in Tangshan with its joint venture partner, Yanlord, as well as a 20% interest in a joint venture project in Zhuhai with Yanlord and Shanghai Youyou Group.

Before embarking on a development project, the Group carries out detailed market research, feasibility studies and risk-return analysis. Please refer to the portfolio details on page 51 of this Information Memorandum for more information.

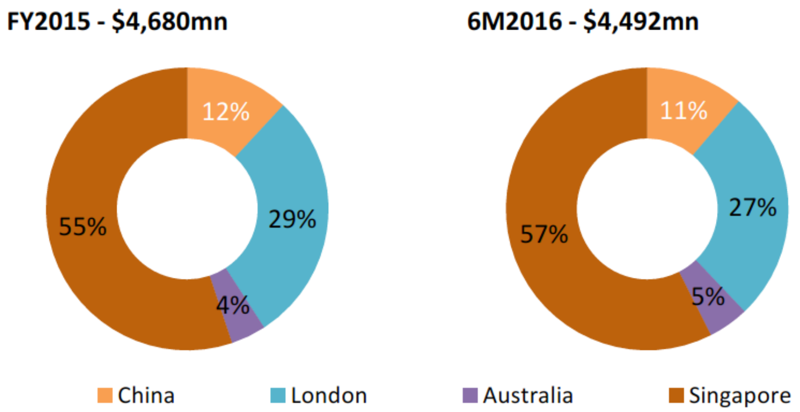
Asset Breakdown by Sector

The diagram below illustrates a breakdown of the Issuer's assets by sector for 6M2016 and FY2015. The Issuer presently has a higher concentration of commercial properties than industrial and residential properties.



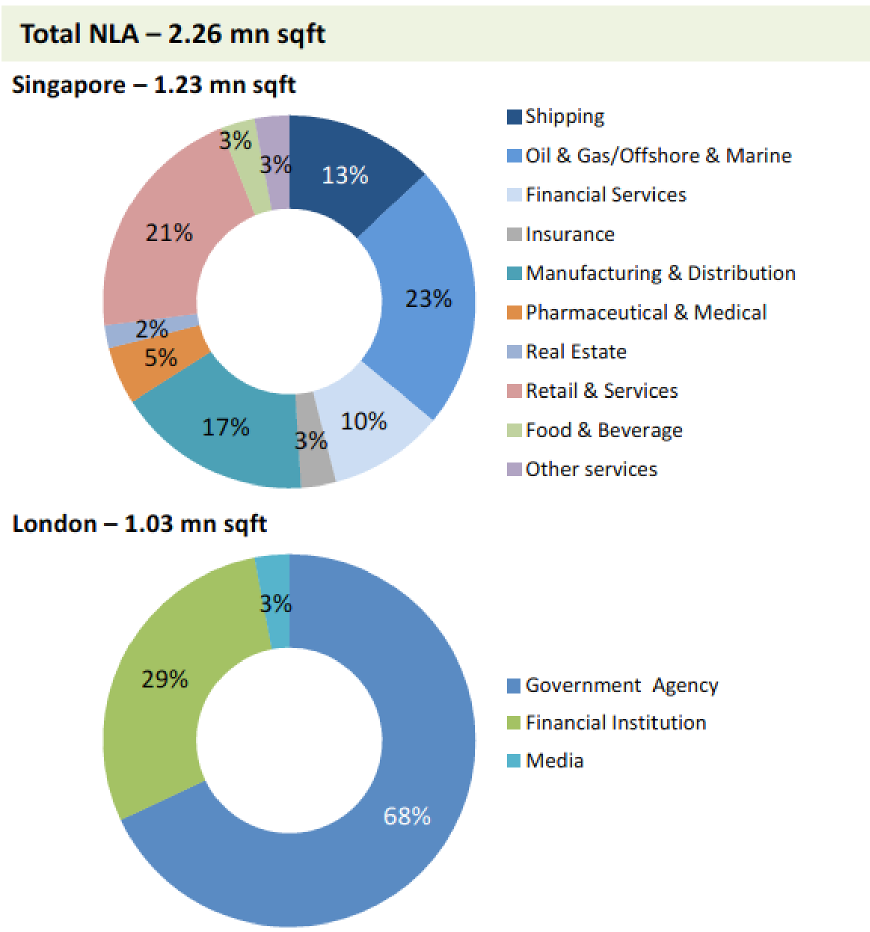
Asset Breakdown by Region

The diagram below illustrates a breakdown of the Issuer's assets by region for 6M2016 and FY2015. Singapore continues to be the Issuer's primary market.



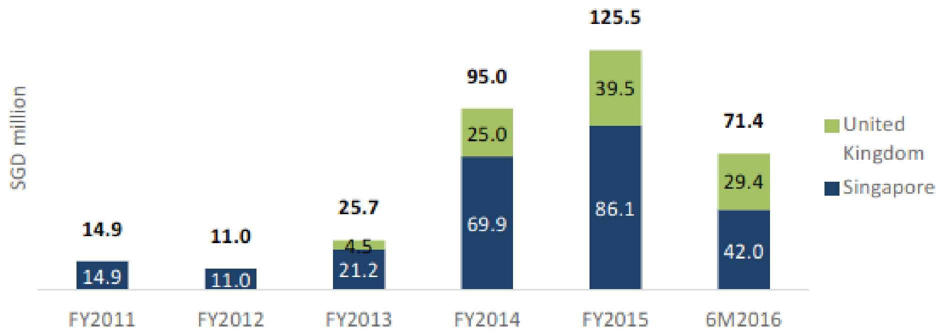
Tenant Trade Breakdown from Investment Properties by NLA as at 30 Sep 2016

The pie charts below illustrate the Issuer's tenant breakdown of its industrial and commercial space by net lettable area as at 30 September 2016.



Recurring Rental Income from Investment Properties

The graphs below illustrate a comparison between the Issuer's recurring rental income received from its investment properties in the UK and its investment properties in Singapore from FY2011 to 6M2016.



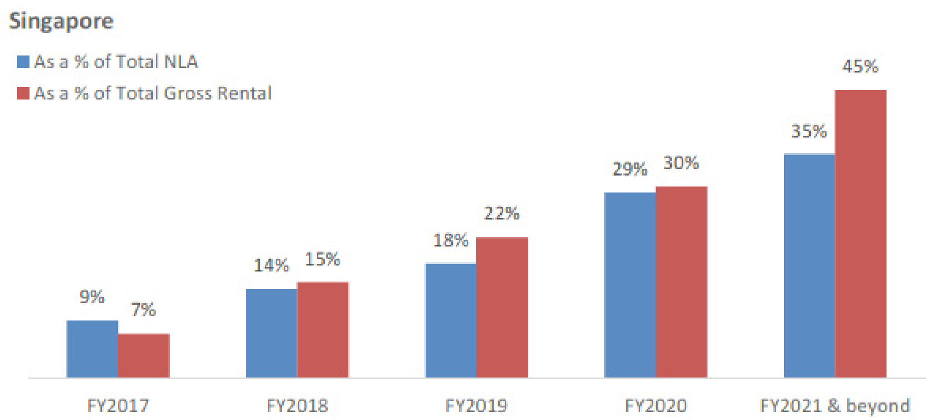
Portfolio of High Occupancy Investment Properties

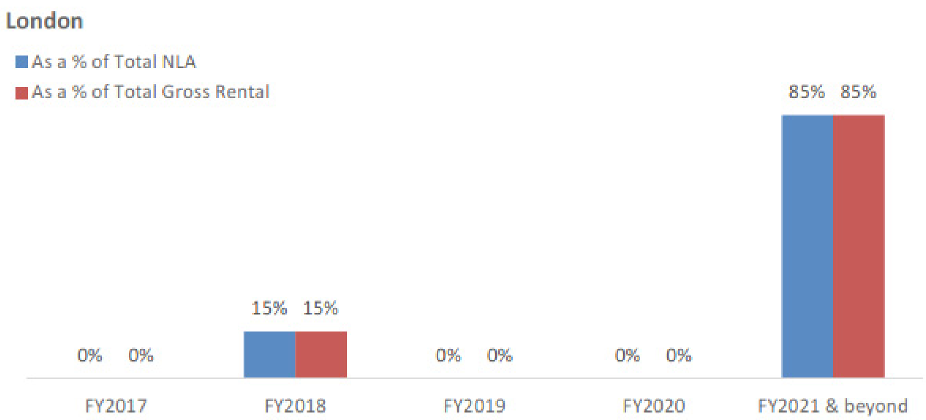
The table below lists the occupancy rate and average remaining tenor of lease of each of the Issuer's various investment properties across Singapore and the UK.

Properties	Location	Occupancy Rate	Average Remaining Tenor of Lease
THE METROPOLIS	Singapore	100%	4 Years
HB CENTRE I	Singapore	91%	2 Years
HB CENTRE II	Singapore	100%	2 Years
EASTWOOD CENTRE	Singapore	100%	3 Years
SPC CENTRE	Singapore	100%	1 Year
ROSE COURT	United Kingdom	100%	2 Years
1 ST MARTIN'S LE GRAND	United Kingdom	100%	9 Years
60 ST MARTINS LANE	United Kingdom	100%	10 Years
39 VCTORIA STREET	United Kingdom	100%	13 Years
110 PARK STREET	United Kingdom	82%	5 Years
APOLLO & LUNAR HOUSE	United Kingdom	100%	7 Years

Well-Spread Lease Expiry Profile from Investment Properties

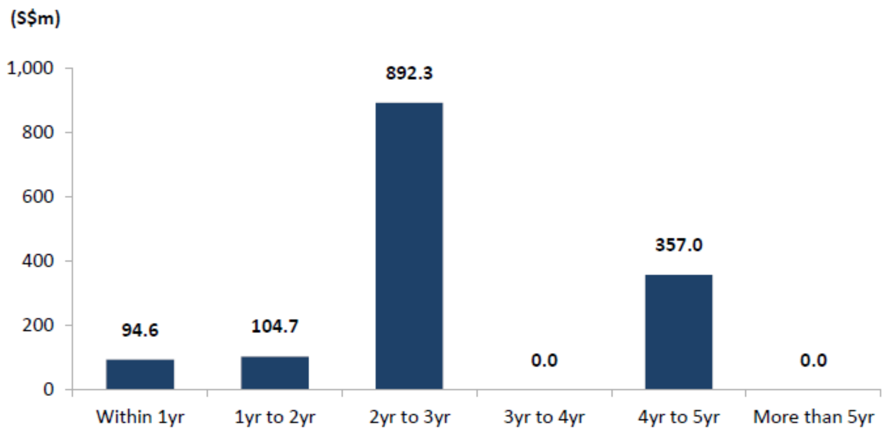
The graphs below illustrate the lease expiry profiles of the Issuer's Singapore and UK properties as (i) a proportion of total net lettable area as well as (ii) a proportion of total gross rental.





Debt Maturity Profile

As at 30 June 2016, the debt maturity profile of the Issuer is as follows:



Portfolio Details of the Group's Investment Properties

Property / Project Name	Location	Property Type	Tenure	Lettable Area (sqft)	Average Remaining Term of Lease (Years)	Occupancy Rate as at 30 Sept 2016 (%)	Valuation as at 31 Dec 2015	Major Tenants	Group's Stake (%)
Singapore									
THE METROPOLIS	One-North	Office	99-Yr Leasehold	1,080,000	4 Years	100%	$1,620,000,000	SGX-ST, Procter and Gamble, Shell Eastern Petroleum	100%
HB CENTRE I	Tannery Road	Business space	Freehold	82,474	2 Years	91%	$48,700,000	Multi-tenanted	100%
HB CENTRE II	Tannery Road	Business space	Freehold	34,617	2 Years	100%	$19,000,000	Multi-tenanted	100%
EASTWOOD CENTRE	Bedok	2 Retail Units	99-Yr Leasehold	10,463	3 Years	100%	$12,800,000	Cold Storage	100%
SPC PETROL STATION	Bukit Timah Road	Retail	999-Yr Leasehold	19,989	1 Year	100%	$21,000,000	Singapore Petroleum Company	100%
United Kingdom									
ROSE COURT	Southbank	Office	Freehold	157,406	2 Years	100%	£92,500,000	Secretary of State for Communities and Local Government	100%
1 ST MARTIN'S LE GRAND	City of London	Office	Freehold	273,496	9 Years	100%	£197,000,000	Nomura International, Julius Baer International, FMR Investment Management, SS & C Technologies and Mitsui & Co Europe	100%
60 ST MARTINS LANE	Covent Garden	Office and Retail	Freehold	36,350	10 Years	100%	£48,000,000	Havas Media	100%
39 VICTORIA STREET	Victoria	Office	Freehold	97,876	13 Years	100%	£149,656,000	The Corporate Officer of The House of Commons	100%
110 PARK STREET	Mayfair	Office	125-Yr Leasehold	26,996	5 Years	82%	£47,875,000	Thunder Bird, FM Capital Partners	100%
APOLLO & LUNAR HOUSE	Croydon	Office	Freehold	441,797	7 Years	100%	£103,000,000	Secretary of State for Communities and Local Government	100%
GOODMAN'S FIELDS	Aldgate	17 Residential Units	999-Yr Leasehold	7,626	1 Year	100%	£8,802,000	Multi-tenanted	100%
CANALETTO	Islington	21 Residential Units	999-Yr Leasehold	11,279	1 Year	100%	£11,121,000	Multi-tenanted	100%

Brief Description of Major Investment Properties in Singapore and UK

1. **39 VICTORIA STREET** *London*

   The freehold property is situated in Victoria, one of the West End's most established office markets. Completed in 2014, the building provides 98,000 sq. ft. of Grade-A office and retail space arranged over basement, ground and nine upper floors.

   The location is exceptionally well connected, providing excellent transport connections to Central London, the south-east of England and beyond. It is within short distance to Victoria Station – the second busiest station in London and a major London Underground interchange, providing access to both the Victoria and Circle and District lines. It also provides easy access to Westminster and St James's Park Underground stations.

2. **110 PARK STREET** *London*

   110 Park Street is a 5-storey building which provides about 28,000 sq. ft. of Grade-A office accommodation on lower ground, ground and four upper floors. The building was re-constructed behind its original Victorian façades in 1990/1991. It recently underwent a comprehensive high specification refurbishment to the common areas, reception and to the ground, first and fourth floors.

   The location benefits from excellent transport connectivity, with Bond Street (Central & Jubilee Lines), Marble Arch (Central Line), Oxford Circus and Green Park underground stations a short walk away. It is also within walking distance to the Crossrail Station in Bond Street, which is due for completion in 2018.

3. **APOLLO AND LUNAR HOUSE** *London*

   Apollo and Lunar House comprises two office buildings of 20 storeys and 22 storeys, providing a total of about 442,000 sq. ft. of office accommodation. The buildings were constructed in the late 1960s and underwent a phased refurbishment programme in 1995 and 2000. Both buildings enjoy excellent natural light and impressive views across the Croydon skyline.

   Croydon is the largest of the London boroughs in terms of population and is the sixth largest business and commercial centre in the UK. It has excellent connectivity to both Central London and Gatwick International Airport. Croydon is an important part of the Greater London office market which houses 12,000 local, national and international businesses. The town centre is currently undergoing significant expansion and rejuvenation.

   The property is situated in the heart of Croydon Town Centre, and is a short distance between the East and West Croydon Railway Stations. It enjoys excellent public transport connectivity with the Tramlink and subway links nearby.

4. **60 ST MARTIN'S LANE** *London*

   The property is located in the heart of the world renowned Covent Garden, one of London's most famous retail, entertainment and business districts. The property is also situated at a prime position on St Martin's Lane. It has an unrivalled public transport network with four London Underground Stations located nearby. 60 St Martin's Lane is a prime trophy office and retail building comprehensively redeveloped in 2011 behind a striking retained Portland Stone façade totaling 36,350 sq. ft. Constructed around a modern steel frame, the building has been designed to exacting standards with an impressive and dramatic double height reception area complementing the contemporary feel of the surrounding area.

   Internally, the building comprises six floors of high quality Grade-A office accommodation and a substantial, well-configured retail/restaurant unit at ground and lower ground floor level, providing an extensive frontage to St Martin's Lane. The office floors are visually spectacular, offering virtually column free space and full height windows throughout, which provide excellent levels of natural light.

5. **1 ST MARTIN'S LE GRAND** *London*

1 St Martin's Le Grand is located in a prominent island site in the western core of the City of London. The freehold commercial property – acquired in March 2014 – stands beside the historical banking address of Gresham Street, and is about 50 metres north of the London Stock Exchange. Transport facilities are excellent, with the building in close proximity to St Paul's and Barbican Underground Stations.

1 St Martin's Le Grand was originally constructed in the late 19th Century. It served as the General Post Office of London in the past. The building was redeveloped behind its original Portland stone facade in the late 1980s. The building comprises approximately 276,792 sq. ft. of Grade-A office arranged over basement, ground and nine upper floors. A comprehensive refurbishment was completed in 2007 and an internal refurbishment programme was also undertaken in 2011.

6. **ROSE COURT** *London*

Rose Court is situated in the very heart of Southbank, a unique Central London location which combines a vibrant mixture of commercial, residential and hotel uses, stunning riverside views, unrivalled proximity to the City and West End, excellent transport links, and an internationally recognised cultural centre.

The property occupies a highly prominent corner position on the west side of Southwark Bridge at its junction with Park Street to the south, benefitting from outstanding views over the River Thames on both the east and west elevations. Southwark Bridge is one of the major north/south routes across the River Thames, providing exceptional access to the core of the City of London.

Rose Court is constructed over the remains of the historic Rose Theatre, which lies under the southern part of the site. The Rose Theatre is one of the earliest purpose-built playhouses in England, constructed in 1587, and housed the first recorded performance of Shakespeare's Hamlet, Henry VI and Titus Andronicus.

This freehold property provides approximately 157,406 sq. ft. of office space arranged over lower ground, mezzanine, ground and nine upper floors.

7. **THE METROPOLIS** *Singapore*

With a strategic location along North Buona Vista Drive, The Metropolis was conceptualised to become the gateway to the iconic One North, home to the region's finest research facilities and business parks. Comprising two soaring office towers that are earmarked to serve as headquarters for leading multinational corporations, it will set new standards for prestige, comfort and convenience. The Buona Vista MRT Interchange is located right at its doorstep, and it is well-connected to the rest of the island via major expressways and arterial roads.

Awarded the BCA Green Mark Platinum, this architectural marvel has large floor plates of about 29,000 and 27,000 sq. ft. with column-free spaces that provide complete flexibility and efficiency to meet the demands of 21st century business. With a total gross floor area of some 1.2 million sq. ft., this much-anticipated development was completed in 2013.

8. **HB CENTRES 1 & 2** *Singapore*

HB Centres 1 & 2 are two prestigious freehold buildings with a distinctive identity that owners will be proud to operate from. Its outstanding corporate design is achieved with the use of energy-saving reflective glass curtain walls and aluminium cladding.

Built with the highest construction standards and fitted with an impressive entrance lobby to receive visitors, HB Centres 1 & 2 are located in a prime industrial estate which is easily accessible from the Central Business District of Singapore. The area is well connected to the rest of the island via the nearby Pan Island and Central Expressways and is also served by the public transport network. Unit sizes range from 1,100 sq. ft. to 9,000 sq. ft.

Portfolio Details of the Group's Development Properties

Below is a description of the development projects and developed projects by the Group which have not been completed or fully sold.

Property / Project Name	Location	Type of Development	Tenure	Net Saleable Area (sqm)	Total Units	Launch Date	No. of Units Sold	% Sold	% Leased for Unsold Units	Actual / Expected Year of Completion	Group's Stake (%)
SINGAPORE											
Turquoise	Sentosa Cove	Residential	99-Yr Leasehold	22,002	91	Sep 2007	43	47%	83%	2010	90%
Seascape	Sentosa Cove	Residential	99-Yr Leasehold	37,977	151	Mar 2010	48	32%	76%	2011	50%
Cape Royale	Sentosa Cove	Residential	99-Yr Leasehold	64,934	302	Not Launched	N.A.	N.A.	69%	2014	35%

Property / Project Name	Location	Type of Development	Tenure	Net Saleable Area (sqm)	Site Area (sqm)	Total Units	Launch Date	No. of Units Sold	% Sold	Actual / Expected Year of Completion	Group's Stake (%)
AUSTRALIA											
Rhapsody	Gold Coast	Residential	Freehold	15,184	2,382	223	2014	161	72%	2016	100%
Pearl	Melbourne	Residential	Freehold	14,721	5,475	185	2014	161	87%	2016	100%
Eporo Tower	Melbourne	Residential	Freehold	20,720	838	307	2015	307	100%	2017	50%
Broadbeach, Gold Coast	Gold Coast	Mixed Use	Freehold	TBD	11,342	TBD	TBD	N.A.	N.A.	N.A.	100%
Ferny Avenue	Gold Coast	Residential	Freehold	TBD	1,055	TBD	TBD	N.A.	N.A.	N.A.	100%

Property / Project Name	Location	Type of Development	Tenure	Net Saleable Area (sqm)	Total Units	Launch Date	No. of Units Sold	% Sold	Actual / Expected Year of Completion	Group's Stake (%)
CHINA										
Yanlord Hu Bin Cheng	Tangshan	Residential	70-Yr Leasehold	154,036	845	2014	341	40%	2016	40%
Yanlord Xijiao Garden	Shanghai	Residential	70-Yr Leasehold	244,613	1,470	2014	937	64%	2016	40%
Yanlord Marina Peninsula	Zhuhai	Residential	70-Yr Leasehold	476,789	3,481	2015	1,311	38%	2017-2020	20%

D. BUSINESS STRATEGY

In light of the uncertain economic outlook for the property market, it is the Group's intention to focus on retaining and acquiring more quality properties to boost its recurrent income base. Selectively, the Group will undertake property developments when it finds the right opportunities at less prohibitive land prices. To this end, the Group will continue to adopt the following strategies:

- *Focus on dual engine of growth in property investment and development*

  The Group has a robust business model built on a solid recurring income base and supplemented by development income to capitalise on opportunities within its key markets. Group turnover for FY2015 rose 30% from S$99.6 million to S$129.9 million due to higher rental contributions from the Group's commercial properties, despite a sluggish property market in Singapore and declining property prices and sales volume in almost all sectors of the market. This will in turn be augmented by the completion of the Group's residential projects in Australia and China via the recognition of development profits.

- *Diversify geographically*

  The property business is cyclical. However, such cycles vary from region to region at different points in time. To spread its risk and reduce its dependency on the Singapore market, the Group has expanded its real estate activities to the UK, China and Australia and will continue to explore these markets for opportunistic acquisitions. In particular, the Group is actively expanding its portfolio of commercial properties for rental income in the UK. In 2015, the Group acquired three more commercial properties (*39 Victoria Street*, *110 Park Street* and *Apollo and Lunar House, Croydon*) in London. Following these acquisitions, the Group's total investments in London for the six commercial properties amounted to approximately £638 million.

  Notwithstanding the uncertainties surrounding the UK Referendum on Brexit, the Group believes in the long term fundamentals of London as a global financial city and current uncertainties may present opportunities for further investments in London.

- *Focus on quality commercial properties for investment*

  The Group intends to continue its strategy of acquiring quality commercial properties for investment both locally and overseas. It benchmarks the relative yields and borrowing costs of various cities. Centred on this strategy, the Group rationalised and divested its fringe industrial and commercial properties and its hotel (*Hotel Windsor*) over the past few years. The Group's existing investment portfolio comprises mainly of seven commercial properties held across Singapore and London.

- *Diversify portfolio of properties*

  The Group intends to continue to hold a diversified portfolio of development and investment properties in the residential, commercial and industrial sectors. The good mix of properties held by the Group in the different property sub-sectors will allow the Group to spread its exposure effectively.

  In London, the Group holds a portfolio of commercial properties ranging in size and located in different parts of London covering Mayfair, Victoria, City and Southbank. This diversity in size and location is a prudent approach to reducing its risks.

E. COMPETITIVE STRENGTHS

The competitive strengths of the Group are set out below:

- *The Group displays nimbleness and adaptability in adjusting business strategies to deal with changing business environments*

  As a medium-sized real estate company, the Group is nimble and is able to leverage on the short lead time to execute decisions so as to adapt its business strategies quickly to meet a changing business environment.

  For example, recognising potential demand by foreign buyers for high-end waterfront residential property in Sentosa in the early 2000s, the Group was an early mover in undertaking high-end residential development in Sentosa Cove, allowing it to benefit from the first-mover advantage.

  As an astute market watcher which adopts a strong prudent business approach, the Group was able to anticipate the subsequent softening of the residential property market in Singapore and quickly shifted its focus from property development to property investment. Currently, the Group enjoys strong recurring income from its stable of commercial properties.

- *Diversified operating portfolio across sectors and regions*

  The Group is able to mitigate its investment risks through geographical diversification into the UK, China and Australia markets. By spreading its investment across different regions whose economic cycles are not significantly inter-dependent, the Group is able to achieve greater stability in its income stream. Such geographical diversification add a further layer of protection to the Group's overall diversification strategy, which also lays emphasis on sector diversification. Presently, the Group's Singapore and UK commercial properties primarily contribute to its property investment business, while its China and Australia residential properties primarily contribute to the property development branch of its business.

  In addition, the Group maintains a diverse mix of tenants across its commercial properties in Singapore and the UK, allowing it to withstand any seasonal changes affecting each trade sector or the economic climate in general. For example, the Group's concentration on government agencies in the UK has enabled it to withstand the vagaries of the UK market following the UK's exit from the European Union.

- *Strong mix of recurring income*

  The Group's total assets under management both in Singapore and London amount to slightly over two million sq. ft. With high occupancies for all properties, this portfolio generates about S$130 million in annual rental income and, coupled with the well-spread lease expiry profiles of the properties as well as the diverse mix of the Group's tenants, the Group has a strong recurring income buffer and is put in good stead to weather all economic climates.

- *Established business relationships and extensive networks*

  The Group has numerous blue-chip business partners as major tenants in both Singapore and the UK, including government agencies, financial institutions and multinational corporations. The Group has also partnered with established joint venture partners to achieve successful results. Such strategic partnerships allow the Group to tap into the experience, expertise and resources of its joint venture partners and pave the Group's expansion into new markets where such partners have established reputations. Furthermore, the synergy ensuing from such partnerships gives the Group and its joint venture partners a competitive edge when they are bidding jointly for projects.

Instances of the Group's joint venture partnerships include:

- its 50:50 joint venture with MCL Land in 2006 to acquire a freehold residential site in Holland Hill for the subsequent development of *Parvis*, for a consideration of S$292.0 million. MCL Land is a property group which is part of the Jardine Matheson Group under Hongkong Land Holdings with a long track record of building quality homes in Singapore and Malaysia;

- its 50:50 joint venture with IOI Land in 2007 to acquire the land parcel located at Sentosa Cove for the subsequent development of *Seascape*, for a consideration of approximately S$459.8 million. IOI Land is a wholly-owned subsidiary of IOI Properties Group Berhad which is listed on the Main Market of Bursa Malaysia;

- its 35:65 joint venture with IOI Properties (S) in 2008 to acquire the last prime condominium site at Sentosa Cove for the subsequent development of *Cape Royale*, for a consideration of approximately S$1.10 billion. IOI Properties (S) is also a wholly-owned subsidiary of IOI Properties Group Berhad;

- its 50:50 joint venture with Yanlord in 2009 to explore the investment and development of a high-end residential development within the Nanhu Eco-City in Tangshan, China. Yanlord is a real estate developer based in China that focuses on developing high-end residential, commercial and integrated property projects in strategically selected key high-growth cities in China, and is listed on the Main Board of the SGX-ST;

- its 40:60 joint venture with Yanlord in 2010 to acquire a 13.69 hectares prime residential development site in Qingpu District, Shanghai for RMB 3.82 billion; and

- its 20:20:60 joint venture with Shanghai Youyou Group and Yanlord in 2011 to acquire two adjacent prime residential sites with a combined gross floor area of 499,329 square metres in Tang Jia Wan district, Zhuhai, for RMB 3.0 billion. Located along Zhuhai's picturesque seafront, the project is part of the Chinese government's initiative to develop the area into a prime waterfront residential district. The project is expected to be completed in phases over the next few years.

- *Experienced management team and quality Board of Directors*

  The Group boasts an experienced and qualified management team with a successful track record in managing its businesses. Most of the core members of the Group's senior management team have been instrumental in its development since the establishment of the Issuer. The Group is led by its founder, Chairman and Chief Executive Officer, Mr Chua Thian Poh, who has close to 30 years of experience in the real estate industry. It has a capable and experienced management team that has an aggregate of about 100 years of experience in the business. The Group believes that its senior management team possesses the appropriate mix of multi-disciplinary skills and experience.

F. AWARDS

The Group has been accorded the following awards:

	Award	Awarding Organisation	Date of Award
1.	Singapore Good Design SG Mark Award for *The Metropolis*	DBCS	2015
2.	BCA Construction Excellence Award, Commercial / Mixed Development Buildings for *The Metropolis*	BCA	2015
3.	Singapore Property Awards, Winner 2014 Office Category for *The Metropolis*	FIABCI-Singapore	2014
4.	Singapore Property Awards, Winner 2012 Residential (Low Rise) Category for *Seascape*	FIABCI-Singapore	2012
5.	BCA Construction Excellence Award, Residential Buildings for *Dakota Residences*	BCA	2012
6.	BCA Green Mark Platinum Award for *The Metropolis*	BCA	2011
7.	'Best Architecture Multiple Residence', 'Best Apartment', Singapore for *Dakota Residences*	International Property Awards	2011
8.	"Best Under a Billion" 2010 Listing for Ho Bee Land Limited	Forbes Asia	2010
9.	MIPIM Award (Marche International des Professionels de l'immobilier) for *The Berth*	MIPIM	2007

G. FINANCIAL SUMMARY AND OVERVIEW

The summary of the audited consolidated financial results of the Group for FY2015, FY2014 and FY2013 and the unaudited consolidated financial results of the Group for 6M2016 are as follows:

CONSOLIDATED INCOME STATEMENT

	6M 2016	FY 2015	FY 2014	FY 2013
	(S$'000)	(S$'000)	(S$'000)	(S$'000)
Revenue				
Sale of development properties	136,356	-	-	108,646
Rental income	73,636	129,933	99,601	30,698
	209,992	**129,933**	**99,601**	**139,344**
Other operating income	3,227	195,427	283,569	569,719
	213,219	**325,360**	**383,170**	**709,063**
Less:				
Cost of sale of development properties including marketing expenses	(108,837)	(3,350)	(4,105)	(84,907)
Write back of accrual upon finalisation of construction costs for development projects	-	21,391	11,511	-
Direct rental expenses	(8,880)	(18,755)	(20,471)	(8,298)
Staff cost & directors' remuneration	(4,909)	(16,332)	(10,277)	(7,464)
(Loss)/Gain on foreign exchange	(14,173)	3,706	(1,967)	(369)
Other operating expenses	(2,726)	(8,361)	(11,836)	(11,719)
Profit from operations	**73,694**	**303,659**	**346,025**	**596,306**
Net finance costs	(17,586)	(22,805)	(18,014)	(1,177)
	56,108	280,854	328,011	595,129
Share of profits/(losses) of:				
Associates	16,900	17,039	(1,614)	(1,239)
Jointly controlled entities	640	(39,843)	(4,323)	13,355
Profit before taxation	**73,648**	**258,050**	**322,074**	**607,245**
Income tax expense	(13,220)	(16,878)	(7,371)	(4,263)
Profit from continuing operations	**60,428**	**241,172**	**314,703**	**602,982**
Discontinued operation				
Profit/(Loss) from discontinued operation (net of tax)	-	**-**	(187)	3,234
Profit for the period/year	**60,428**	**241,172**	**314,516**	**606,216**
Attributable to:				
Owners of the Company	60,486	242,244	314,991	591,775
Non-controlling interests	(58)	(1,072)	(475)	14,441
Net profit for the period/year	**60,428**	**241,172**	**314,516**	**606,216**

CONSOLIDATED BALANCE SHEET

	AS AT			
ASSETS	**30/6/2016**	**31/12/2015**	**31/12/2014**	**31/12/2013**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Non-current Assets				
Property, Plant & Equipment	22,192	22,406	21,667	21,054
Investment Properties	2,871,310	3,049,518	2,283,127	1,540,709
Interests in Associates	466,808	482,711	456,330	444,842
Interests in Jointly Controlled Entities	307,407	306,568	346,095	202,554
Other Assets	150	150	150	150
Financial Assets	2,863	3,337	4,051	4,518
Amounts Due From Subsidiaries & Jointly Controlled Entities	281,841	285,425	270,374	400,788
Deferred Tax Assets			473	473
	3,952,571	**4,150,115**	**3,382,267**	**2,615,088**
Current Assets				
Development Properties	78,320	165,151	79,832	58,187
Properties Held For Sale	185,455	155,758	149,714	149,753
Trade & Other Receivables	24,096	51,862	42,980	33,102
Inventories	-	-	-	21
Amounts Due From Subsidiaries, Jointly Controlled Entities & Corporate Shareholder of Associate	18	20,941	19,682	18,776
Cash & Cash Equivalents	87,445	14,569	9,953	117,557
	375,334	**408,281**	**302,161**	**377,396**
TOTAL ASSETS	**4,327,905**	**4,558,396**	**3,684,428**	**2,992,484**
EQUITIES & LIABILITIES				
Equity Attributable To Shareholders				
Share Capital	156,048	156,048	156,048	156,048
Treasury Shares	(62,859)	(62,859)	(60,284)	(54,265)
Capital Reserve	2,043	2,043	2,043	2,230
Hedging Reserve	(4,554)	2,415	351	-
Foreign Currency Translation Reserve	(39,215)	33,307	22,359	7,935
Accumulated Profits	2,703,337	2,689,487	2,480,600	2,218,827
Share Capital and Reserves	**2,754,800**	**2,820,441**	**2,601,117**	**2,330,775**
Non-controlling Interests	12,761	13,459	14,691	16,976
Total Equity	**2,767,561**	**2,833,900**	**2,615,808**	**2,347,751**
Non-current Liabilities				
Long-term Borrowings	1,348,205	1,195,023	751,516	98,831
Other Non-current Liabilities	27,631	28,103	27,365	15,213
Deferred Tax Liabilities	157	157	287	1,515
Deferred Income	620	348	8,175	819
	1,376,613	**1,223,631**	**787,343**	**116,378**
Current Liabilities				
Trade & Other Payables	46,916	50,339	69,838	110,353
Short-term Borrowings	100,427	383,956	163,644	370,703
Deferred Income	5,465	18,962	13,250	3,876
Current Tax Payable	30,923	47,608	34,545	43,423
	183,731	**500,865**	**281,277**	**528,355**
Total Liabilities	**1,560,344**	**1,724,496**	**1,068,620**	**644,733**
TOTAL EQUITY & LIABILITIES	**4,327,905**	**4,558,396**	**3,684,428**	**2,992,484**

RATIOS	6M 2016 (S$'000)	FY 2015 (S$'000)	FY 2014 (S$'000)	FY 2013 (S$'000)
Consolidated Total Borrowings (Net of Cash)	1,361,187	1,564,410	905,207	351,977
Consolidated Tangible Net Worth	2,754,800	2,820,441	2,601,117	2,330,775
Net Gearing Ratio	49.4%	55.5%	34.8%	15.1%
Consolidated Total Assets	4,327,905	4,558,396	3,684,428	2,992,484
Consolidated Total Borrowing (Net of Cash to Consolidated Total Assets	31.5%	34.3%	24.6%	11.8%

PERFORMANCE REVIEW OF THE GROUP

<u>1st Half 2016 vs 1st Half 2015</u>

For the six months ended 30th June 2016, Group revenue for the current year was up 241%, from S$61.7 million in the preceding year to S$210.0 million.

The Group's joint venture project in Shanghai was the main contributor to the share of profits from associates which amounted to S$16.9 million, compared to a loss of S$2.0 million in the corresponding period last year.

Profit at pre-tax level was S$73.6 million, 119% higher than the S$33.7 million recorded last year.

Correspondingly, profit attributable to owners of the Company rose 114% from S$28.2 million in the same period last year to S$60.5 million. Earnings per share for the period under review was 9.08 cents against 4.23 cents in the preceding year.

Total shareholders' fund as at end of June 2016 amounted to S$2.75 billion, representing a net asset value of S$4.13 per share. The drop in shareholders' fund was due to foreign exchange translation loss resulting from the weakening Sterling Pound, Renminbi and Australian dollar.

<u>Full Year Ended 31st December 2015 vs Full Year Ended 31st December 2014</u>

For the full year ended 31st December 2015, Group turnover was S$129.9 million, an increase of 30% over the previous year due to higher rental contributions from the Group's commercial properties both in Singapore and London.

Profit at pre-tax level was S$258.1 million, 20% lower than the S$322.1 million achieved in 2014. This was due partly to lower fair value gain of investment properties amounting to S$186.4 million (comprising mainly of *The Metropolis*: S$108 million, *Rose Court*: S$34.6 million, *1 St Martin's Le Grand*: S$39.0 million and *60 St. Martin's Lane*: S$4.8 million) compared to S$281.7 million in FY2014. Another contributing factor for the lower profit was the Group's share of impairment loss of S$99.2 million recognised for its joint venture project, *Cape Royale* in Sentosa. Its 35% share of this loss was S$34.7 million.

There was a write-back of accruals upon finalisation of construction cost for *The Metropolis* amounting to S$21.4 million (FY2014: S$11.5 million). Share of profits from associates, mainly from the Shanghai joint venture project, was S$17 million (FY2014: S$1.6 million loss).

Profit attributable to owners of the Company decreased 23% from S$315.0 million in the same period last year to S$242.2 million. Earnings per share for the year under review was 36.3 cents against 47.2 cents in the preceding year.

Total shareholders' fund as at end of December 2015 amounted to S$2.82 billion, representing a net asset value of S$4.23 per share, an increase of S$0.33 per share from the end of 2014.

Full Year Ended 31st December 2014 vs Full Year Ended 31st December 2013

For the full year ended 31st December 2014, Group turnover was S$99.6 million, a decrease of 29% from the previous year due to the absence of revenue recognition for sales of development properties.

Profit at pre-tax level was S$322.1 million, 47% lower than the S$607.2 million recorded in 2013. The higher earnings recorded last year, were due mainly to the higher fair value changes in investment properties and the non-recurring transactions coming from the gains of S$25.9 million on the sale of Hotel Windsor and S$47.2 million on the disposal of investment interest in Chongbang Holdings in China.

Correspondingly, profit attributable to shareholders decreased 47% from S$591.8 million in the same period last year to S$315.0 million. Earnings per share for the year under review was 47.2 cents against 87.4 cents in the preceding year.

Total shareholders' fund as at end of December 2014 amounted to S$2.6 billion, representing a net asset value of S$3.90 per share.

H. MANAGEMENT OF THE ISSUER

(i) Board of Directors

The Board of the Issuer is made up of eight Directors, comprising three Executive Directors and five Independent Non-Executive Directors.

Information on the business and working experience of each of the Directors is set out below:

Mr Chua Thian Poh
Chairman and CEO

Mr Chua Thian Poh is the founder of Ho Bee Group. He was appointed the Chairman and Chief Executive Officer of the Group in 1999. Mr Chua has close to 30 years' worth of experience in the real estate industry and is responsible for the Group's strategic planning and direction, as well as its financial and investment decisions.

Mr Chua serves on the boards of several other companies and community organisations. He is the President of Singapore Federation of Chinese Clan Associations, Honorary President of Singapore Chinese Chamber of Commerce & Industry, Chairman of Ren Ci Hospital, President of Singapore Hokkien Huay Kuan, Chairman of Board of Trustee of the Chinese Development Assistance Council, and Chairman of Bishan East Citizens' Consultative Committee. Mr Chua is also a Board member of Ascendas-Singbridge Pte. Ltd.

In recognition of his contributions towards the local community and society, Mr Chua was conferred the Public Service Star (BBM) in 2004 and appointed Justice of the Peace in 2005. He was conferred the Distinguished Service Order (Darjah Utama Bakti Cemerlang) in 2014. In September 2015, Mr Chua was appointed as the Non-Resident High Commissioner of Singapore to the Republic of Maldives. Mr Chua was appointed as a member of the Constitutional Commission for the review of Elected Presidency in February 2016.

Besides being an active community leader, Mr Chua is a notable philanthropist. In November 2012, he was honoured with The President's Award for Philanthropy (Individual). Mr Chua was chosen by Forbes Asia in its Heroes of Philanthropy honour roll in 2014. An outstanding business leader, he was awarded the 2006 Businessman of the Year by the Singapore Business Awards.

Mr Desmond Woon Choon Leng
Executive Director

Mr Desmond Woon joined the Group in 1987 as a Manager responsible for the Group's financial, investment and marketing initiatives. He was appointed as an Executive Director in August 1995. Mr Woon directs the Group's corporate finance, accounting, tax, legal, risk management, corporate governance and investor relations, and oversees these functions across the Group. He played a leading role in the Issuer's initial public offering in 1999.

Prior to joining the Group, Mr Woon's career highlights include holding the post of Finance and Administration Manager at two of Indonesia's leading electronics companies.

Mr Ong Chong Hua
Executive Director

Mr Ong Chong Hua joined the Group in August 1995 as an Executive Director. He works with the Chairman in charting the Group's investment, development and marketing strategies for Singapore as well as overseas. In addition to his strategic role, Mr Ong directs the project management team that drives the construction of the Group's various development projects in Singapore. He also oversees the property management of the Group's investment portfolio both locally and overseas.

Mr Ong has more than 30 years of experience in the real estate sector. He began his career as a Town Planner with the Urban Redevelopment Authority in 1980 before joining Jones Lang Wootton (now known as Jones Lang LaSalle) in 1990 as Head of its Consultancy and Project Management Department. Mr Ong holds a Masters degree in Town and Regional Planning from the University of Sheffield, UK.

Mr Bobby Chin Yoke Choong
Lead Independent Director

Mr Bobby Chin was appointed to the Board in November 2006. He was the Managing Partner of KPMG Singapore from 1992 until his retirement in September 2005. He is an Associate Member of the Institute of Chartered Accountants in England and Wales.

Mr Chin served as a board member of Urban Redevelopment Authority from 1997 to 2006 and was its Chairman from 2001 to 2006. He also served as the Chairman of Singapore Totalisator Board from 2006 to 2012.

Mr Chin is currently the Chairman of NTUC Fairprice Co-operative Ltd, Chairman of NTUC Fairprice Foundation Ltd, and Deputy Chairman of NTUC Enterprise Co-Operative Limited. He is also the Chairman of the Housing and Development Board. Mr Chin serves as a member of the Council of Presidential Advisers. He is also a board member of Temasek Holdings (Private) Ltd, Frasers Centrepoint Asset Management Ltd and Singapore Labour Foundation. Mr Chin also sits on the boards of several listed companies including, Yeo Hiap Seng Ltd, AV Jennings Limited, Sembcorp Industries Ltd and Singapore Telecommunications Limited.

Mr Ch'ng Jit Koon
Independent Director

Mr Ch'ng Jit Koon was appointed to the Board in November 1999. Mr Ch'ng is the Chairman of Pan-United Corporation Ltd since April 1997. He also sits on the boards of other public listed companies, namely, Progen Holdings Limited and Santak Holdings Limited. Mr Ch'ng was a Member of the Singapore Parliament from 1968 to 1996 and held the post of Senior Minister of State, Ministry of Community Development, when he retired in January 1997. He currently also serves in several community organisations. Mr Ch'ng holds a Bachelor of Arts Degree in Economics and Political Science from Nanyang University, Singapore (now Nanyang Technological University).

Mr Jeffery Chan Cheow Tong
Independent Director

Mr Jeffery Chan was appointed to the Board in October 2002. He is also an Independent Director of Goodhope Asia Holdings Ltd. Mr Chan is a Fellow Member of the Institute of Chartered Accountants in England and Wales as well as the Institute of Singapore Chartered Accountants.

Mr Tan Eng Bock
Independent Director

Mr Tan Eng Bock has been a member of the Board since October 2002. Mr Tan has been instrumental in the development of sports in Singapore since 1970. He had, among other capacities, served as the Deputy President of the Singapore Swimming Association and Chairman of the River Valley Constituency Sports Club. He was a Member of the Technical Water Polo Committee of the World Swimming Body FINA as well as Vice Chairman of the Asian Amateur Swimming Federation. He also serves on the boards of several companies. Mr Tan spent close to four decades in the Singapore Police Force where he held various positions including Director of Public Affairs and Director of Criminal Investigation Department. He retired from the Singapore Police Force as an Assistant Police Commissioner. For his many contributions to the nation, Mr Tan was awarded The Public Service Star (BBM) in 1986.

Mr Ko Kheng Hwa
Independent Director

Mr Ko is currently Senior Advisor to Accenture in China. He is the Lead Independent Director of Singapore public-listed iX Biopharma Ltd and a Member of the SIM University Advisory Board. As a Corporate Advisor, he also provides advisory services to companies and governments.

Mr Ko has more than 30 years of leadership, business and international experience. Public sector leadership positions held by him included Managing Director of Economic Development Board, CEO of JTC Corporation and CEO of National Computer Board. Business sector leadership appointments held included CEO of Singbridge International Singapore Pte Ltd (a Temasek-linked company), CEO Sustainable Development & Living Business Division of Keppel Corporation Ltd, Group CEO of Ying Li International Real Estate Ltd, Chairman of Arcasia (now Ascendas) Land Singapore Pte Ltd, Director of Sino-Singapore Guangzhou Knowledge City Investment and Development Co Ltd (China), Director of Sino-Singapore Tianjin Eco-City Investment and Development Co Ltd (China) and Chairman of the former NASDAQ-listed Pacific Internet Ltd.

Mr Ko's academic and professional background includes: Advanced Management Program, Harvard Business School; Masters in Management, MIT; BA (Honours) in Civil Engineering, Cambridge University; Fellow of Institution of Engineers Singapore and Fellow of Singapore Computer Society. A President Scholar, he was also awarded the Public Administration Gold Medal by the Singapore government.

(ii) Senior Management of the Group

Information on the experience and expertise of each of the key executive officers (who are not Directors or the CEO) of the Group is set out below:

Mr Chong Hock Chang
Associate Director

Mr Chong Hock Chang joined the Group in 1995 as a Manager of marketing and business development. He was appointed as Associate Director in January 2011. In his role, Mr Chong steers the marketing of the Group's investment and development properties, and develops new business ventures for the Group. He also engages in the Group's overseas development projects. Mr Chong started his career as a Valuer at the Inland Revenue Authority of Singapore. He then joined Jones Lang Wootton (now known as Jones Lang Lasalle) as a Consultant and undertook major research, feasibility studies and formulated marketing strategies for clients. Mr Chong holds a Bachelor of Science Degree (Honours) in Estate Management from the National University of Singapore, and is a member of the Singapore Institute of Surveyors and Valuers. He currently serves as a council member on the Management Committee of the Real Estate Developers Association of Singapore.

Mr Nicholas Chua
Associate Director

Mr Nicholas Chua joined the Group in 2002 as a Manager in charge of business development and marketing. He was appointed as Associate Director in January 2011. Mr Chua is responsible for identifying and evaluating business opportunities for the Group, and marketing of the Group's investment and development properties. He also engages in the Group's overseas development projects. Before joining the Group, Mr Chua was with DBS Group Holdings Ltd. He graduated with a Bachelor of Science in Finance and Marketing from the University of Oregon.

Mr Lum Hon Chew
General Manager (Special Projects)

Mr Lum Hon Chew joined the Group in 2000 as a Project Manager. He was appointed as General Manager (Special Projects) in January 2015. Mr Lum is in charge of property management for the Group's local investment portfolio, and project management for local development assignments. Before joining the Group, he served in the Development Control Division of the Urban Redevelopment Authority, and was also a Project Development Manager with a private property development firm. Mr Lum holds a Bachelor Degree in Business Administration from Royal Melbourne Institute of Technology, a Diploma in Management Studies from Singapore Institute of Management, and a Diploma in Architectural Technology from Singapore Polytechnic.

RISK FACTORS

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

Limitations of this Information Memorandum

This Information Memorandum does not purport to nor does it contain all information that a prospective investor in or existing holder of the Notes may require in investigating the Issuer, 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 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 (nor any part thereof) is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, any of the Dealers or the Arranger that any recipient of this Information Memorandum or any such other document or information (or such part thereof) should subscribe for or purchase or sell any of the Notes. Each person receiving this Information Memorandum acknowledges that such person has not relied on the Issuer, its subsidiaries or associated companies (if any), any of the Dealers or the Arranger or any person affiliated with each of them in connection with its investigation of the accuracy or completeness of the information contained herein or of any additional information considered by it to be necessary in connection with its investment or divestment decision. Any recipient of this Information Memorandum contemplating subscribing for or purchasing or selling any of the Notes should determine for itself the relevance of the information contained in this Information Memorandum and any such other document or information (or any part thereof) and its investment or divestment should be, and shall be deemed to be, based solely upon its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and the Group, the terms and conditions of the Notes and any other factors relevant to its decision, including the merits and risks involved. A prospective investor should consult with its legal, tax and financial advisers prior to deciding to make an investment in the Notes.

RISKS ASSOCIATED WITH AN INVESTMENT IN THE NOTES

Limited Liquidity of the Notes issued under the Programme

Notes may have no established trading market when issued and one may never develop. There can be no assurance regarding the future development of the market for the Notes issued under the Programme, the ability of the Noteholders, or the price at which the Noteholders may be able, to sell their 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.

Fluctuation of Market Value of Notes issued under the Programme

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

Interest Rate Risk

Noteholders may suffer unforeseen losses due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in the price of the 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.

Inflation Risk

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

Singapore Taxation Risk

The Notes to be issued from time to time under the Programme, during the period from the date of this Information Memorandum to 31 December 2018, are intended to be "qualifying debt securities" for the purposes of the ITA, subject to the fulfillment of certain conditions more particularly described in the section "Singapore Taxation". However, there is no assurance that such Notes will continue to enjoy the tax concessions should the relevant tax laws be amended or revoked at any time.

Performance of contractual obligations by the Issuer is 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 Programme Agreement, the Trust Deed and the Agency Agreement of their obligations thereunder including the performance by the Trustee, the Issuing and Paying Agent and/or the Agent Bank of their respective obligations. Whilst the non-performance of any relevant parties will not relieve the Issuer of its obligations to make payments in respect of the Notes, the Issuer may not, in such circumstances, be able to fulfill its obligations to the Noteholders and the Couponholders.

The Notes may not be a suitable investment for all investors

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

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

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

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

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

Notes may be issued at a substantial discount or premium

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

The Notes may be subject to optional redemption by the Issuer

An optional redemption feature is likely to limit the market value of Notes. During any period when the Issuer may elect to redeem Notes, the market value of such Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period. 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.

RISKS RELATING TO THE ISSUER'S AND THE GROUP'S BUSINESS, FINANCIAL CONDITION AND/OR RESULTS OF OPERATIONS

Risk factors relating to property investment and development

Higher interest rates may have negative consequences on the Group's revenue and business, financial condition and results of operations

Any increase in interest rates in Singapore and/or any of the other countries in which the Group operates may negatively impact the Group's residential and commercial property developments. In particular, it is uncertain how and to what extent the potential interest rate increase by the U.S. Federal Reserve will affect the rates of interest in the countries in which the Group operates. Higher interest rates generally impact the real estate industry by making it harder for consumers to secure financing, which can lead to a decrease in the demand for residential, industrial and commercial sites. The level of the interest rates is also an important parameter for the valuation of real estate, and a change in one of the assumptions used or factors considered in making a property's valuation could considerably decrease or increase the value of the property. Moreover, as a substantial portion of the Group's banking facilities are based on a floating rate of interest, an increase in interest rates will lead to higher borrowing costs and lower profits overall for the Group. Holding costs for the Group's projects are also directly correlated to the rates of interests. Any decline in rental levels or market values, or spike in borrowing costs or holding costs, may adversely affect the revenues, business, financial condition and results of operations of the Group and accordingly the Issuer's ability to meet its obligations under the Notes.

The Group's principal strategy of investing in office properties may entail a higher level of risk compared to other real estate companies that have a more diverse range of investments

As at the date of this Information Memorandum, the Group's principal strategy is focused on owning and investing on a long-term basis in a diversified portfolio of income-producing real estate properties that are primarily used for office purposes. In 2015, the Group's sole source of revenue was derived from rental income earned from its stable of office properties. As such, the Group will be subject to risks inherent in concentrating on investments in a single industry. The level of risk could be higher compared to other types of real estate companies that have a more diverse range of investments. A concentration of investments in a portfolio of such specific real estate assets exposes the Group to both a downturn in the real estate market as well as the job industry and general economic climate in each of its respective countries of operation. In addition, the nature of the office rental industry makes it particularly susceptible to a downturn in the economy. A lagging economy could lead to retrenchments and job losses, which, in turn, would lead to a reduction in demand for office space and a decline in occupancy for office properties. These may affect the Group's rental income from the tenants of the properties in the Group's portfolio, or may result in a decline in the capital value of the properties, either of which may lead to an adverse effect on the Group's business, financial condition and results of operations.

The Group may not be able to generate adequate returns on its properties held for long-term purposes

The Group's investment in properties held for long-term purposes is subject to varying degrees of risks. The investment returns available from investments in real estate depend, to a large extent, on the amount of capital appreciation generated, income earned from the rental of the relevant properties as well as the expenses incurred. Maximising yields from properties held for long-term investment also hinges to a large extent on active ongoing management and maintenance of the properties. The ability to eventually dispose of investment properties will also depend on market conditions and levels of liquidity, which may be limited or subject to significant fluctuation in the case of certain types of commercial properties. The revenue derived from and the value of property investment may be adversely affected by a number of factors including, but not limited to, changes in market rates for comparable rentals, the inability to collect rent due to bankruptcy or insolvency of tenants as well as the costs resulting from periodic maintenance, repair and re-letting. In the case of older properties, the revenue derived from and the value of property investment may further be adversely affected by the need to undertake major renovations that require capital expenditure, which may result in loss of rental income during the period of renovation, as well as the inability of the owner to provide adequate maintenance to preserve the value of the investment.

Rental income stream from, and the value of, the Group's investment properties may be adversely affected by a number of factors

In 2014 and 2015, the Issuer's revenue was derived solely from its rental income. The amount of cash flow available to the Issuer to make interest payments on the Notes will therefore depend significantly on the Issuer's ability continue to let its investment properties on economically favourable terms. The Issuer's cash flow could be adversely affected by any significant decline in the rental rates at which it is able to lease its investment properties and by its ability to renew existing leases or attract new tenants. Rental revenue may also decrease for a number of reasons including the lowering of occupancy rates, insolvency or delay in the payment of rent by tenants. During times of economic recession, these risks will increase.

There can be no assurance that rental rates will not decline and that such decline will not have an adverse effect on the cash flow of Issuer. Factors that may adversely affect the revenue earned from, and the value of, the Group's investment properties include but are not limited to:

- vacancies following the expiry or termination of leases that lead to lower occupancy rates which reduce the Issuer's revenue and its ability to recover certain operating costs (such as through a service charge);
- tenants requesting for rental rebates due to the impact of an economic downturn on their respective businesses and market pressure;
- tenants requesting waivers of interest on late payment of rent;
- the ability of tenants to pay rent on a timely basis or at all;
- the quality of the tenants and the financial strength of their businesses;
- the attractiveness of the Group's investment properties and each of their respective locations thereof;
- in respect of the investment properties of the Group which feature a retail component, the compatibility of, and development progress of, assets in areas surrounding such investment properties which may have a direct impact on shopper traffic;
- tenants seeking the protection of bankruptcy laws which could result in delays in the receipt of rent payments, inability to collect rental income, or delays in the termination of the tenant's lease which could hinder or delay the re-letting of the space in question, or the sale of the Group's investment properties;
- the amount of rent payable by tenants and other terms on which tenancy renewals and new tenancies are agreed being less favourable than those under current tenancies;

- competition for tenants from other properties which may affect rental levels or occupancy levels of the investment properties of the Group and/or competitors' initiatives to increase the attractiveness of their investment properties (for example, upgrades to their facilities);

- the economic climate and real estate market conditions in Singapore, the UK, China or Australia (such as oversupply of, or reduced demand, for office and/or retail space, inflation, changes in market rental rates and operating expenses of the Group's investment properties);

- changes in laws and governmental regulations in relation to real estate, including those governing the environment, ownership, real estate development, usage, zoning, taxes and government charges. Such revisions may lead to an increase in management expenses or unforeseen capital expenditure needed to ensure compliance. Rights related to the investment properties held by the Group may also be restricted by legislative actions, such as revisions to the laws relating to environmental and building standards or town planning laws, or the enactment of new laws related to condemnation and redevelopment;

- price and wage controls, taxation, expropriation and other political, economic or diplomatic developments in or affecting Singapore, the UK, China or Australia;

- any environmental claims in respect of real estate; and/or

- natural disasters, acts of God, wars, terrorist attacks, riots, civil commotions, widespread communicable diseases and other events beyond the control of the Issuer.

The Group faces increasing competition

The Group is a medium-sized real estate business which competes with larger domestic and international companies in both the domestic and overseas markets, including Chinese developers in the Singapore market and various investment funds in the UK market. Such competition pervades both its property investment and property development businesses.

On the property investment end, the supply of similar rental properties at comparable or lower rental rates by competitors may adversely affect the attractiveness of the Group's commercial properties and, as a result, the value of the Group's investment properties as well as the contribution of rental income from the Group's investment properties to its overall turnover.

Intensified competition between real estate companies and funds may also result in increased costs for land acquisition, lower profit margins and a slowdown in the approval process for new property developments by the relevant government authorities, all of which may adversely affect the Group's property development business.

There can be no assurance that the Group will be able to compete successfully in the future against its existing or potential competitors or that increased competition with respect to the Group's activities may not have a material adverse effect on its business, financial condition and results of operations.

Changing market conditions may adversely affect the Group's financial condition

Property markets tend to be cyclical and are subject to changes in economic outlook and financial market volatility. Any such changes are likely to have an impact on the Group's rental revenues and property values. The Group has experienced in the past, and expects to experience in the future, the negative impact of periods of economic slowdown or recession and corresponding declines in the demand for property for rent or for sale in the markets in which it operates. The Group's decision to hold, lease, buy or sell properties may not deliver the expected returns or may fail to meet value or performance expectations because of the Group's failure to anticipate the market cycle correctly. Entering into tenancy agreements, buying or selling at the wrong point in the property cycle or in the wrong location could lead to an underperformance of the Group's portfolio.

Timing of launching new projects is the key to securing sales of units at optimal sales prices. A downturn in the property market leading to lower property values may result in the Group having to delay the launches of new developments. This will result in increased holding costs until the development properties are sold. Further, property development requires significant capital outlays and returns on capital are not achieved until cash is received from pre-sale, sales or leases. The size of the capital outlays and number of parties involved in a property development project make it difficult to change property development plans once set. As a result, the Group may not be able to adjust its plans or reallocate its resources to adapt to rapidly changing market conditions. Depending on the size of the development, the time span for completing a property development usually lasts for more than a year. Consequently, changes in the business environment or market condition, such as changes in customer tastes, market prices and the desirability of a location, during the length of the project may affect the revenue and cost of the development, which in turn has a direct impact on the profitability of the projects and the financial condition of the Group.

Fluctuations in the value of the currencies of the countries in which the Group operates may have a material and adverse effect on the Group

The Group borrows and transacts in the domestic currency of the countries it operates in, and does not hedge against the foreign exchange risk resulting from such foreign currency transactions. Thus, it is subject to fluctuations in the value of the currencies of the countries in which it operates. The value of the British pound, Renminbi or Australian dollar against the Singapore dollar, US dollar and other currencies is affected by, amongst other things, changes in the UK's, China's or Australia's political and economic conditions respectively. Any significant revaluation of the British pound, Renminbi or Australian dollar may materially and adversely affect the Group's cash flows, revenues, earnings and financial position, and the value of, and any dividends payable on, the shares in foreign currency terms. For example, following the referendum passed by the UK to leave the European Union on 23 June 2016, the Group had witnessed a slight drop in income after converting the rental income (in British pound) earned from the Group's investment properties in the UK to Singapore dollars as a result of the weakened British pound against the Singapore dollar.

The Group is dependent on the performance of the property industry in the countries it operates in

The Group's real estate business is subject to the performance of the property industry in the countries it operates in, where property prices are largely affected by supply and demand for properties. The demand for properties could be adversely affected by any of the following:

- weakness in the local and regional economies;
- competition from other property companies;
- surge in supply of properties for sale;
- adverse government regulation;
- absence of financing for purchase of properties; and/or
- higher interest rates.

To the extent that any of these factors occur, they are likely to impact the demand for the Group's properties and pricing which will then affect the business, financial condition, results of operations and prospects of the Group and the value of the Group's properties. The Group may also incur losses in its property development business by retaining unsold properties or selling them below cost in a depressed market. In the event that the Group is unable to sell its unsold properties, the Group may incur holding costs, including interest costs and maintenance costs.

The tenants of the properties in the Group's portfolio may not renew or may terminate their respective leases of the properties in the portfolio

No assurance can be given that the tenants of the properties in the Group's portfolio will exercise any option to renew their leases of the properties in the portfolio upon the expiry of their respective leases. In such a situation, the Group may not be able to locate suitable replacement lessees or a master lessee, and the Group may consequently lose a significant portion of its revenue. In addition, replacement of the tenants of the properties in the portfolio on satisfactory terms may not be possible in a timely manner. The failure on the part of the tenants of the properties in the Group's portfolio to renew their leases of the properties in the portfolio upon the expiry of their respective leases, or the termination of any of the lease agreements with the tenants of the properties in the portfolio, may have an adverse effect on the Group's gross revenue and, consequently, its business, financial condition and results of operations.

The Group is subject to risks associated with the development of residential and industrial properties

A significant portion of the Group's business is dedicated to the development of residential and industrial properties. Property developments typically require substantial capital outlay during the land acquisition and construction phases and may take one or more years before positive cashflows may be generated through pre-sales or sales of a completed property development.

A significant amount of funds is required in property development and investment projects. The Group finances its property development and investment projects largely through internally generated funds as well as debt financing. The ability of the Group to undertake its property development and investment projects is subject to its ability to secure adequate funding. In addition, it is charged interest at rates which may fluctuate according to market rates charged by commercial banks, and its profitability may be adversely affected in the event that the interest expense arising from such debt financing is underestimated.

The time taken and the costs involved in completing construction can be adversely affected by many factors, including shortages of materials, equipment, labour and unforeseen engineering, environmental or geological problems, adverse weather conditions, natural disasters, litigation, work stoppages and labour disputes with contractors and subcontractors, accidents, changes in government priorities and other unforeseen problems or circumstances. Factors that may affect the profitability of a project also include the risk that the receipt of government approvals may take more time than expected, the failure to complete construction according to original specifications, schedule or budget, the availability of financing and lacklustre sales of the properties. The sales and the value of a property development project may be adversely affected by a number of factors including, but not limited to, the international, regional and local political and economic climate, local real estate conditions, perceptions of property buyers, competition from other available properties, changes in market rates for comparable sales and increased business and operating costs. If any of the property development risks described above materialises, the Group's returns on investments may be lower than originally expected and the Group's financial performance may be materially and adversely affected.

The Group is subject to risks in relation to pre-sold properties

The Group faces risks relating to pre-sale of properties. For example, the Group may fail to complete a fully or partially pre-sold property development, in which case, the Group may be liable for potential losses that buyers may suffer as a result. There can be no assurance that these losses would not exceed the purchase price paid in respect of the pre-sold units. In addition, if a pre-sold property development is not completed on time, the buyers of pre-sold units may be entitled to compensation for late delivery. Failure to complete a property development on time may be attributed to factors such as longer time taken and higher costs involved in completing construction, which are in turn adversely affected by factors such as delays in obtaining requisite licences, permits or approval from government agencies or authorities, shortages of labour, adverse weather conditions, natural disasters, labour disputes, dispute with contractors, accidents and changes in government priorities and policies. If the delay extends beyond the contractually-specified period, these buyers may even be entitled to terminate the pre-sale agreements and claim damages. There is no assurance that the Group will not experience any significant delays in completion or delivery or that the Group will not be subject to any liabilities for any such delays. Further, a high default rate of the buyers under their respective sale agreements could have an adverse effect on the Group's property development business, cashflow and financial position.

The Group may encounter problems with its joint ventures that may adversely affect its business

The Group has, and expects in the future to have, interests in joint venture entities in connection with its property development plans. There may be disagreements between the Group and its joint venture partners regarding the business and operations of the joint ventures which may not be resolved amicably. In addition, the Group's joint venture partners may (i) have economic or business interests or goals that are inconsistent with that of the Group, (ii) take actions contrary to the Group's instructions, requests, policies or objectives, (iii) be unable or unwilling to fulfill their obligations, (iv) have financial difficulties, or

(v) have disputes with the Group as to the scope of their responsibilities and obligations. Any of these and other factors may materially and adversely affect the performance of the Group's joint ventures, which may in turn materially and adversely affect the Group's financial condition and results of operations.

The Group's performance may be affected by changes in commodity prices

The Group faces risks in relation to changes in commodity prices due to the consumption of large quantities of building materials, including raw iron, steel, sand, granite and concrete, in its property development operations. As a property developer, in general, the Group enters into fixed or guaranteed maximum price construction contracts with independent construction companies, each of which affects the development of a significant part of its overall development project. These contracts typically cover both the supply of the building materials and the construction of the facility during the construction period. Therefore, should the price of building materials increase significantly prior to the Group entering into a fixed or guaranteed maximum price construction contract, or should its existing contractors fail to perform under their contracts, the Group may be required to pay more to existing or prospective contractors, which could materially and adversely affect the Group's results of operations and financial condition.

The Group relies on independent contractors to provide property development products and services

The Group engages independent third party contractors to provide significant property development services, including construction, piling and foundation, building and property fitting-out work, interior decoration and installation of air-conditioning units and elevators. There can be no assurance that the services rendered by any such independent contractor or any subcontractor will be completed in a timely manner or of satisfactory quality. If these services are not timely or of acceptable quality, the Group may incur substantial costs to complete the projects and remedy any defects and the Group's reputation could be significantly harmed. The Group is also exposed to the risk that a contractor may require additional funds in excess of the fixed cost to which they committed contractually and the Group may have to bear such additional amounts. Furthermore, any contractor that experiences financial or other difficulties, including labour disputes with its employees, may be unable to carry out construction or related work, resulting in delay in the completion of the Group's development projects or resulting in additional costs. The Group believes that any problems with the Group's contractors, individually or in the aggregate, may materially and adversely affect the Group's financial condition, results of operations or reputation. There is no assurance that such problems with the Group's contractors will not occur in the future.

The Group may not always be able to obtain timely approval, if at all, for its development projects

In order to develop and complete a property development, a property developer must obtain various permits, licences, certificates and other approvals from the relevant administrative authorities at various stages of the property development process, including land use rights certificates, planning permits, construction permits, pre-sale permits and certificates or confirmation of completion and acceptance. Each approval is dependent on the satisfaction of certain conditions. Problems may be encountered in obtaining such government approvals or in fulfilling the conditions required for obtaining the approvals, especially as new laws, regulations or policies may come into effect from time to time with respect to the real estate industry in general or the particular processes with respect to the granting of approvals. If the Group fails to obtain relevant approvals or fulfill the conditions of those approvals for its property developments, these developments may not proceed as scheduled, and the Group's businesses, financial condition and results of operations may be adversely affected.

The Group may not be able to identify new property development projects and source for new land sites at commercially acceptable prices

The Group believes that sourcing for high-quality land for future development remains one of its growth strategies. The Group competes with other property developers for the sourcing of land sites and is subject to the availability of suitable land sites at commercially acceptable prices. The Group's inability to identify and acquire attractive new sites at commercially acceptable prices could impair the Group's ability to compete with other property developers and materially and adversely affect the Group's ability to grow its business and maintain its profitability.

The Group's real estate investments may be illiquid

Real estate investments are generally illiquid. Such illiquidity limits the ability of an owner or a developer to convert real estate assets into cash on short notice or may require a substantial reduction in the price that may otherwise be sought for such asset to ensure a quick sale. Such illiquidity also limits the ability of the Group to vary its portfolio in response to changes in economic, real estate market or other conditions. This could have an adverse effect on Group's financial condition and results of operations, with a consequential adverse effect on the Group's ability to make expected returns. Moreover, the Group may face difficulties in securing timely and commercially favourable financing in asset-based lending transactions secured by real estate due to its illiquidity.

Risk factors relating to Singapore

The Group's business is dependent on the performance of the real estate market in Singapore

A large proportion of the Group's existing properties are located in Singapore. As such, the success of the Group's business depends on the continued growth of the real estate market in Singapore. In mid-2016, the Singapore property market fell into a period of stagnation with disruptive forces on multiple fronts, including weak demand, hefty supply, manpower constraints, a challenging business environment and stringent cooling measures imposed by the Singaporean government. While the Group had taken measures to curb its exposure to the real estate market in Singapore by reducing its focus on the property development business in Singapore from 2011 to 2015, the Group is nevertheless still exposed to any adverse development in the property prices or supply of or demand for property in Singapore. There is no guarantee that any such adverse development will not have a material and adverse effect on the Group's financial condition, results of operations and profitability.

The Group's business may be affected by changes in government policies, including governmental measures to cool the property market in Singapore

The Singapore residential property market is subject to varying degrees of government regulations over, and policies on, among other things, land and title acquisition, development planning and design and construction and mortgage financing and refinancing. The Singapore government is actively involved in the development, construction and sale of housing to middle- and lower-income families through its public housing scheme. The Singapore government is also a major supplier of land to private developers, and regulation of land supply through availability of sites for tender under the Singapore government's Land Sales Programme, which is reviewed on a half-yearly basis, as well as changes in en bloc legislation may affect land supply and pricing. The Singapore government has exercised and continues to exercise significant influence over Singapore's property industry, and the policies of the Singapore government concerning the economy or the real estate sector, or any change therein, could have a material adverse effect on the business of the Group. For example, changes to the Master Plan guidelines relating to zoning and micro-planning restrictions on land use, increases in foreign worker levies and changes in laws relating to sustainable development, environmental controls, building codes, stamp duty, property tax, income tax and capital gains tax could adversely affect the profitability of the Group. No assurance can be given that the Singapore government will not introduce or amend legislation or policies in the future that would adversely affect the Singapore property market.

Specifically, the Singapore government has sought to regulate or reduce property speculation through measures such as the adoption and enforcement of regulations and the imposition of credit controls, taxes and fees. In recent years, it has implemented a series of measures to cool the Singapore property market and maintain a stable and sustainable property market where prices move in line with economic fundamentals. For instance, on 13 January 2011, the Singapore government announced the extension of the holding period for imposition of the seller's stamp duty ("**SSD**") on residential properties from three years to four years based on new rates. The new SSD rates, ranging from 4% to 16%, will be imposed on residential properties which are acquired (or purchased) on or after 14 January 2011 and disposed of (or sold) within four years of acquisition. In December 2011, the Singapore government introduced the additional buyer's stamp duty ("**ABSD**"), which was further enhanced in January 2013. ABSD ranging from 5% to 15% is to be paid by certain groups of people who buy or acquire residential properties (including residential land). The loan-to-value limits on housing loans granted by financial institutions were also tightened for individuals who already have at least one outstanding loan, as well as for non-individuals such as companies. Besides tighter loan-to-value limits, the minimum cash down payment for individuals applying for a second or subsequent housing loan was also raised. In June 2013, the MAS also introduced a new total debt servicing ratio ("**TDSR**") framework for all property loans granted by financial institutions to individuals. The new TDSR framework requires financial institutions to take into consideration borrowers' other outstanding debt obligations when granting property loans. The TDSR is the percentage of total monthly debt obligations to gross monthly income. The MAS expects that any property loan extended by financial institutions will not exceed a TDSR threshold of 60% and will review the 60% threshold over time, with a view to further encouraging financial prudence.

Such measures and further legislation or policies to encourage financial prudence which may be introduced by the Singapore government to moderate the property market in Singapore may affect the purchasing power of potential buyers of residential properties and may dampen the general sentiments of the residential property market, resulting in reduced demand for and consequently fewer sales of residential property units in Singapore.

In light of the above measures implemented by the Singapore government, the Group has taken three of its residential properties in Sentosa, namely, *Seascape*, *Turquoise* and *Cape Royale*, off the market until such time that the cooling measures are lifted. However, there is no assurance that the Singapore government will abolish the existing legislation or policies intended to cool the property market. There is also no assurance that the Singapore government will not introduce further legislation or policies or amend existing legislation or policies to further regulate the growth of the Singapore property market. Such changes may have an adverse effect on the business, financial condition, results of operations and prospects of the Group.

The Group may be adversely affected by a compulsory acquisition of property by the Singapore government

The Land Acquisition Act, Chapter 152 of Singapore, *inter alia,* gives the Singapore Government the power to acquire any land in Singapore:

- for any public purpose;
- where the acquisition is required by any person, corporation or statutory board, for any work or undertaking which is of public benefit or of public utility or in the public interest; or
- for any residential, commercial or industrial purpose.

In determining the amount of the compensation to be awarded pursuant to any such compulsory acquisition, the following matters, *inter alia,* would be considered: (i) the market value of the property as at the date of the publication in the Singapore Government Gazette of the notification of likely acquisition of the land (provided that within six months from the date of publication of such notification, a declaration of intention to acquire is made by publication in the Singapore Government Gazette), or (ii) the market value of the property as at the date of publication in the Singapore Government Gazette of the declaration of intention to acquire in any other case.

Accordingly, if the market price of the property or part thereof which is acquired is greater than the market values referred to above, the compensation paid in respect of the property will be less than its market value. In such event, such compulsory acquisitions would have an adverse effect on the Group's financial condition.

Risk factors relating to the UK

Exposure to UK political developments, including the outcome of the UK Brexit negotiation with the EU, could have a material adverse effect on the Group

On 23 June 2016, the UK held a referendum on the UK's membership of the European Union (the "**EU**"). The result of the referendum's vote was to leave the EU, which has created a number of uncertainties within the UK regarding its relationship with the EU. Although the result does not entail any immediate changes to the Group's current operations and structure, it is likely to generate further increased volatility in the markets and economic uncertainty which could adversely affect the Group's results, financial condition and prospects. Until the terms and timing of the UK's exit from the EU are confirmed, it is not possible to determine the full impact that the referendum may have on general economic conditions in the UK (including on the performance of the UK housing market). The negotiation of the UK's exit terms is likely to take a number of years.

The UK political developments described above, along with any further changes in government structure and policies, could affect the fiscal, monetary and regulatory landscape to which the Group is subject and consequently the Group's revenue derived from its UK portfolio of investment properties which, in 2015, accounted for 31% of its total rental income. The political and economic uncertainties created by the UK's vote to leave the EU therefore bring about a risk of instability which could adversely affect the Group's results, financial condition and prospects.

Risk factors relating to China

The Group's Chinese property development business will be dependent on the performance of the Chinese property sector

Given that the Group has three joint venture projects in China, including one 3,500 unit development in Zhuhai, a sizeable part of the Group's business is dependent on the continuing growth of China's economy generally and the property sector of China specifically.

The property development market may be adversely affected by economic, political, social, regulatory or diplomatic developments in China. The Group's business may be adversely affected by changes in inflation, interest rates, taxation, or other regulatory, political, social or economic factors affecting China, and any adverse developments in the supply and demand or housing prices in the property sector. These include the ability of the markets in which the Group operates in China to absorb newly-built housing inventories.

The Group's business is also subject to the cyclical nature of the property industry, and is hence vulnerable to any downturn in the residential or commercial property development market in China. For example, in 2015, the Group had to recognise an impairment loss of S$3.6 million for its 50% share in the Group's joint venture project in Tangshan owing to a challenging residential market for third-tier cities in China. If the property sector of China does not perform favourably, the Group's business, financial condition and results of operations may be adversely affected.

Rules and regulations of China government can adversely impact the performance and development of the Chinese property sector

The Chinese government makes policy adjustments from time to time and adopts new regulatory measures in an effort to control the development of the real estate market in China. The Chinese government had previously made a number of policy announcements and implemented various rules and regulations aimed at discouraging excessive growth of the Chinese property sector. These include:

- limiting the amount of high-end residential properties that can be developed;
- taxing certain sales of residential properties;
- increasing the minimum down-payment for certain property purchases. For example, in 2016, buyers of second homes in Shanghai were made to pay a down-payment of at least 50% for normal homes and a minimum down-payment of 70% for non-normal homes;
- limiting banks' ability to lend to certain types of property developers;
- prohibiting proportional divisions and grants of land use right certificates; and
- ceasing the processing of certain types of foreign exchange for real estate enterprises with foreign investment.

The continuation of these measures and the introduction of any new measures may materially and adversely affect the Group's real estate activities and expansion plans in China.

The central and local authorities may also continue to adjust interest rates, tax rates and other economic policies or impose other regulations or restrictions that may have an adverse effect on the property market in China, which may unfavourably impact the Group's real estate activities in China.

The Group may be required to forfeit land-use rights to the Chinese government if it fails to comply with the terms of the land grant contracts

Under Chinese laws, if a developer fails to comply with or develop land according to the terms of the land grant contract (including those relating to payment of fees, land use or the schedule for commencement and completion of the development of the land), the relevant government authority may give a warning to or impose a penalty on the developer or require forfeiture of the land-use rights granted to the developer. Circumstances leading to a possible breach of terms of the land grant contract (for example, a delay in the payment of the land grant fees or the commencement of the development of the land for more than two years from the stipulated date of commencement in the land grant contract) may arise or forfeiture action may be taken by the relevant authorities. Therefore, if the Group breaches the terms of a land grant contract and its land-use rights become subject to forfeiture by the government, its business and prospects will be adversely affected.

Interpretation of Chinese laws and regulations involves uncertainty

The Group's operations in China are subject to the laws and regulations promulgated by the Chinese government. The Chinese legal system is a codified legal system made up of the Chinese constitution, written laws, regulations, circulars, directives and other government orders. The Chinese government is still in the process of developing its legal system to meet the needs of investors and to encourage foreign investment. Generally, the Chinese economy is developing at a faster pace than its legal system. Therefore, some degree of uncertainty exists in connection with whether existing laws and regulations will apply to certain events or circumstances, and if so, the manner of such application. In particular, unlike common law jurisdictions like Singapore, decided cases do not form part of the legal structure of China and thus have no binding effect. The administration of Chinese laws and regulations may be subject to a certain degree of discretion by governmental authorities. This has resulted in the outcome of dispute resolutions not being as consistent or predictable as compared to more developed jurisdictions. In addition, it may be difficult to obtain swift and equitable enforcement of laws in China, or enforcement of judgments by a court of another jurisdiction.

Furthermore, in line with its transformation from a centrally planned economy to a free market oriented economy, the Chinese government is still in the process of developing a comprehensive set of laws and regulations. As the legal system in China is still evolving, laws and regulations or the interpretation of the same may be subject to change.

There is a lack of reliable and updated information on property market conditions in China where the Group's development properties are located and in China generally

The Group is subject to property market conditions in China generally and, in particular, the provinces where its development properties are located. Currently, reliable and up-to-date information on the amount and nature of property development and investment activities, the demand for such development, the supply of new properties being developed or the availability of land and buildings suitable for development and investment is not generally available in China and in the relevant municipal cities and provinces. Consequently, the Group's investment and business decisions may not always have been, and may not be in the future, based on accurate, complete and/or timely information. Inaccurate information may adversely affect the Group's business decisions, which could materially and adversely affect the Group's results of operations and financial condition.

Changes of laws and regulations with respect to pre-sales may adversely affect the cash flow position and performance of the Group

The Group depends on cash flows from pre-sales of properties as an important source of funding for the Group's property projects. Under current Chinese laws and regulations, property developers must fulfil certain conditions before they can commence pre-selling of the relevant properties and may only use pre-sale proceeds to finance the relevant developments. There have been motions put forward in China to change the existing system for sale of forward delivery housing into one for sale of completed housing. These recommendations have not yet been adopted by the Chinese government; however, there can be no assurance that the Chinese government will not ban the practice of pre-selling uncompleted properties or implement further restrictions on the pre-sale of properties, such as imposing additional conditions for a pre-sale permit or further restrictions on the use of pre-sale proceeds. Any such measure will adversely affect any property development activities the Group may carry out in China in respect of the Group's cash flow and force the Group to seek alternative sources of funding.

Risk factors relating to Australia

The Group's business, financial condition and results of operations may be affected by changes in the Australian property market

The Group has a portfolio of residential properties in the cities of Gold Coast and Melbourne in Australia, several of which are not yet fully sold. As such, the Group's revenue from its residential projects in Australia may be affected by any changes in the Australian property market in the near future. This in turn is influenced by a number of factors, including but not limited to the Australian and international economic outlook, changes in economic conditions including inflation, recessions and interest rates, changes in the Australian government's fiscal, monetary and regulatory policies, as well as changes in the Australian banking industry's lending policies. In recent times, the respective governments of a number of states in Australia introduced a new stamp duty surcharge on overseas residential real estate investors, while certain major Australian banks have also tightened their lending criteria for home loans to overseas investors. For example, in 2016, Australia's Victoria State increased the stamp duty surcharge for foreign buyers from 3% to 7% in response to burgeoning demand from foreign buyers from Mainland China. The Queensland state had also announced in 2016 that it will be introducing an additional 3% stamp duty surcharge for foreign buyers of residential real estate in Queensland. Such policies may quell the demand for the Group's residential properties, and therefore adversely affect the Group's revenue from its residential properties in Australia, and there is no assurance that the Group will be able to successfully achieve high returns for its residential properties in light of these new policies.

Other risk factors

Economic and social conditions globally and in the countries where the Group operates may adversely impact the Group

Volatility and liquidity disruptions will result in a general fall in demand for real estate and in real estate prices in the markets in which the Group operates and this, in turn, will impede the Group's ability to borrow from financial institutions for property related purposes and increase the Group's risk of counterparty default. Such events could adversely affect the Group's business, financial condition, prospects and results of operations, as a result of among other things, decreases in valuations of the Group's properties, decreases in the sales of, or prices for residential, commercial or industrial developments, deferment in the construction of development projects, delays in the sales launches of the Group's residential projects in order to take advantage of future periods of more robust real estate demand, decreases in rental or occupancy rates for commercial properties, insolvency of contractors resulting in construction delays, insolvency of tenants in commercial and industrial properties, inability of customers to obtain credit to finance purchases of properties and/or customer insolvencies, the granting to the Group's customers of an extension of time to pay for their purchases of the Group's properties, defaults by customers on their purchases of the Group's properties, or failure of financial and other institutions, negatively impacting treasury operations including, but not limited to, counterparty risks relating to deposits, money market investments and treasury contracts, including those related to foreign exchange or interest rate transactions.

The Group may suffer material losses in excess of insurance proceeds

The Group maintains insurance policies covering its properties in line with general market practice and legal requirements. Where practicable, the Group also maintains certain property damage, business interruption and general liability insurance in the various countries in which it operates.

Certain types of risks (such as risk of war, acts of God, certain terrorist acts and losses caused by the outbreak of contagious diseases) may be uninsurable or the cost of insurance may be prohibitive. Should an uninsured loss or a loss in excess of insured limits occur, the Group could be required to pay compensation and/or lose the capital invested in the affected property as well as anticipated future revenue from that property. The Group would also remain liable for any debt or other financial obligation related to that property. No assurance can be given that uninsured losses or losses in excess of insurance proceeds will not occur in the future. Such an event would adversely affect the business, financial condition, results of operations and prospects of the Group.

The Issuer faces risks associated with debt financing

The property development and property investment sectors are capital-intensive and the Issuer's ability to raise funds on acceptable terms will depend on a number of factors including capital market conditions, general economic and political conditions and the Issuer's performance and credit rating and credit availability. Both the cost and availability of funding may be negatively affected by disruptions in the global capital markets. Changes in the cost of current and future borrowings, including a rise in interest rates, may impact the earnings of the Issuer and result in the risk that its cash flow will be insufficient to meet required payments under such financing, which may adversely affect the Issuer's ability to make payments to Noteholders.

PURPOSE OF THE PROGRAMME AND USE OF PROCEEDS

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

CLEARING AND SETTLEMENT

Clearance and Settlement under the Depository System

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

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

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

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

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

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

Clearance and Settlement under Euroclear and/or Clearstream, Luxembourg

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

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

SINGAPORE TAXATION

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by MAS in force as at the date of this Information Memorandum and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, which changes could be made on a retroactive basis. These laws, guidelines and circulars are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Information Memorandum are intended or are to be regarded as advice on the tax position of any holder of the 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. Prospective holders of the Notes are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of the Notes, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Issuer, the Arranger and any other persons involved in the Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Notes.

1. Interest and Other Payments

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

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

(b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15.0 per cent. final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17.0 per cent. The applicable rate for non-resident individuals is currently 22.0 per cent. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15.0 per cent. The rate of 15.0 per cent. may be reduced by applicable tax treaties.

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

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

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

(c) prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007, except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

In addition, as the Programme as a whole was arranged by DBS Bank Ltd., which was a Financial Sector Incentive (Bond Market) Company (as defined in the ITA) at such time, any tranche of the Notes (the "**Relevant Notes**") issued as debt securities under the Programme during the period from the date of this Information Memorandum to 31 December 2018 would be qualifying debt securities ("**QDS**") for the purposes of the ITA, to which the following treatment shall apply:

(i) subject to certain prescribed conditions having been fulfilled (including the furnishing by the 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 the funds and profits of such person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the "**Qualifying Income**") from the Relevant 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;

(ii) 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), Qualifying 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 subject to income tax at a concessionary rate of 10.0 per cent. (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and

(iii) subject to:

    (aa) the 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 derived from the Relevant Notes is not exempt from tax shall include such income in a return of income made under the ITA; and

    (bb) the 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,

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

Notwithstanding the foregoing:

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

(B) even though a particular tranche of Relevant Notes are QDS, 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, Qualifying Income derived from such Relevant Notes held by:

(I) any related party of the Issuer; or

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

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

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

The terms "**prepayment fee**", "**redemption premium**" and "**break cost**" are defined in the ITA as follows:

"prepayment fee", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities;

"redemption premium", in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity; and

"break cost", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption.

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

Where interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) is derived from 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 QDS 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. Any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) 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.

Under the Qualifying Debt Securities Plus Scheme ("**QDS Plus Scheme**"), subject to certain conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities in respect of the QDS in the prescribed format within such period as the MAS may specify and such other particulars in connection with the QDS as the MAS may require), income tax exemption is granted on Qualifying Income derived by any investor from QDS (excluding Singapore Government Securities) which:

(a) are issued during the period from 16 February 2008 to 31 December 2018;

(b) have an original maturity of not less than 10 years;

(c) cannot have their tenure shortened to less than 10 years from the date of their issue, except where –

   (i) the shortening of the tenure is a result of any early termination pursuant to certain specified early termination clauses which the issuer included in any offering document for such QDS; and

   (ii) the QDS do not contain any call, put, conversion, exchange or similar option that can be triggered at specified dates or at specified prices which have been priced into the value of the QDS at the time of their issue; and

(d) cannot be re-opened with a resulting tenure of less than 10 years to the original maturity date.

However, even if a particular tranche of the Relevant Notes are QDS which qualify under the QDS Plus Scheme, 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, Qualifying Income from such Relevant Notes derived by:

(i) any related party of the Issuer; or

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

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

2. Capital Gains

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

Holders of the Notes who apply or who are required to apply the Financial Reporting Standard 39 – Financial Instruments: Recognition and Measurement ("**FRS 39**"), may for Singapore income tax purposes be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Notes, irrespective of disposal, in accordance with FRS 39. Please see the section below on "Adoption of FRS 39 Treatment for Singapore Income Tax Purposes".

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

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

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

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

4. Estate Duty

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

SUBSCRIPTION, PURCHASE AND DISTRIBUTION

The Programme Agreement provides for Notes to be offered from time to time through one or more Dealers. The price at which a Series or Tranche will be issued will be determined prior to its issue between the Issuer and the Relevant Dealer(s). The obligations of the Dealers under the Programme Agreement will be subject to certain conditions set out in the Programme Agreement. Each Dealer (acting as principal) will subscribe for or procure subscribers for Notes from the Issuer pursuant to the Programme Agreement. The Issuer may also from time to time agree with the relevant Dealer(s) that the Issuer may pay certain third parties commissions (including, without limitation, rebates to private banks as specified in the applicable Pricing Supplement).

The Arranger, the Dealers 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 their business.

The Dealers or certain of their respective affiliates may purchase the Notes and be allocated the Notes for asset management and/or proprietary purposes but not with a view to distribution.

In connection with each tranche of Notes issued under the Programme, the Dealers or certain of their affiliates may purchase Notes and be allocated Notes for asset management and/or proprietary purposes but not with a view to distribution. Further, the Dealers and/or their respective affiliates may place orders, receive allocations and purchase Notes for their own account (without a view to distributing such Notes) and such orders and/or allocations of the Notes may be material. Such entities may hold or sell such Notes or purchase further Notes for their own account in the secondary market or deal in any other securities of the Issuer, and therefore, they may offer or sell the Notes or other securities otherwise than in connection with the offering. Accordingly, references herein to the Notes being "offered" should be read as including any offering of the Notes to the Arranger, the Dealers and/or their respective affiliates for their own account. Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any legal or regulatory obligation to do so.

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 or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act ("**Regulation S**").

The 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, as amended, and regulations thereunder.

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

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

Hong Kong

Each Dealer will be required to represent, warrant and agree, that:

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the 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 Securities and Futures Ordinance and any rules made under that Ordinance.

Singapore

Each Dealer has acknowledged that this Information Memorandum has not been registered as a prospectus with the MAS. Accordingly, each Dealer has represented, warranted and agreed that it has not offered or sold any 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 (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or to any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

General

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

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

GENERAL AND OTHER INFORMATION

INFORMATION ON DIRECTORS

1. The name and position of each of the Directors are set out below:

Name	Position
Mr Chua Thian Poh	Chairman and Chief Executive Officer
Mr Desmond Woon Choon Leng	Executive Director
Mr Ong Chong Hua	Executive Director
Mr Bobby Chin Yoke Choong	Lead Independent Non-Executive Director
Mr Ch'ng Jit Koon	Independent Non-Executive Director
Mr Jeffery Chan Cheow Tong	Independent Non-Executive Director
Mr Tan Eng Bock	Independent Non-Executive Director
Mr Ko Kheng Hwa	Independent Non-Executive Director

2. No Director is or was involved in any of the following events:

   (a) a petition under any bankruptcy laws filed in any jurisdiction against such person or any partnership in which he was a partner or any corporation of which he was a director or an executive officer;

   (b) a conviction of any offence, other than a traffic offence, or judgment, including findings in relation to fraud, misrepresentation or dishonesty, given against him in any civil proceedings in Singapore or elsewhere, or being a named subject to any proceedings pending as at the date of this Information Memorandum which may lead to such a conviction or judgment, or so far as such person is aware, any criminal investigation pending against him; or

   (c) the subject of any order, judgment or ruling of any court of competent jurisdiction, tribunal or government body, permanently or temporarily enjoining him from acting as an investment adviser, dealer in securities, director or employee of a financial institution and engaging in any type of business practice or activity.

3. Save as disclosed in paragraph 6 below, none of the Directors are related by blood or marriage to one another or related to any substantial shareholder of the Issuer.

4. No option to subscribe for shares in, or debentures of, the Issuer has been granted to, or was exercised by, any Director or employees of the Group during the last financial year ended 31 December 2015.

5. No Director is interested, directly or indirectly, in the promotion of any assets acquired or disposed of by or leased to, the Issuer or any of its subsidiaries, within the two years preceding the date of this Information Memorandum, or in any proposal for such acquisition, disposal or lease as aforesaid.

6. **DIRECTORS' AND SUBSTANTIAL SHAREHOLDERS' INTERESTS**

	Direct Interest		Deemed Interest	
	Number of Shares	**% of total Issued Shares(1)**	**Number of Shares**	**% of total issued Shares(1)**
Directors				
Chua Thian Poh(2)	-	-	491,946,000	73.84
Desmond Woon Choon Leng	2,100,000	0.32	-	-
Ong Chong Hua	1,800,000	0.27	-	-
Bobby Chin Yoke Choong	131,000	0.02	-	-
Ch'ng Jit Koon	420,000	0.06	-	-
Jeffery Chan Cheow Tong	370,000	0.06	-	-
Tan Eng Bock	-	-	-	-
Ko Kheng Hwa	-	-	-	-
Substantial Shareholders				
Ho Bee Holdings (Pte) Ltd (3)	490,532,000	73.63	1,414,000	0.21

Notes:

(1) Based on 666,234,800 issued Shares as at the Latest Practicable Date (this is based on 703,338,000 Shares in issue as at the Latest Practicable Date and disregarding 37,103,200 Shares held in treasury as at the Latest Practicable Date).

(2) Mr Chua Thian Poh has a deemed interest in 490,532,000 Shares held by Ho Bee Holdings (Pte) Ltd and 1,414,000 Shares held by Kingdom Investment Holdings Pte. Ltd.

(3) Ho Bee Holdings (Pte) Ltd has a deemed interest in the 1,414,000 Shares held by Kingdom Investment Holdings Pte. Ltd.

SHARE CAPITAL

7. As at the date of this Information Memorandum, there is only one class of ordinary shares in the Issuer. The rights and privileges attached to the Shares are stated in the Constitution of the Issuer.

8. The issued share capital of the Issuer is as follows:

Share Designation	**Issued Share Capital**	
	Number of Shares	**Amount**
Ordinary Shares	703,338,000	S$156,048,000

Notes: There were 37,103,200 treasury shares held by the Issuer as at the Latest Practicable Date and these were included in the number of issued ordinary shares above.

BORROWINGS

9. Save as disclosed in Appendix IV, the Group had as at 31 December 2015 no other borrowings or indebtedness in the nature of borrowings including bank overdrafts and liabilities under acceptances (other than normal trading bills) or acceptance credits, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities.

WORKING CAPITAL

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

CHANGES IN ACCOUNTING POLICIES

11. There has been no significant change in the accounting policies of the Issuer since its audited consolidated financial statements for the financial year ended 31 December 2015.

LITIGATION

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

CONSENT

13. The Auditors have given and have 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.

MATERIAL ADVERSE CHANGE

14. There has been no material adverse change in the financial condition or business of the Issuer or the Group since 31 December 2015.

DOCUMENTS AVAILABLE FOR INSPECTION

15. Copies of the following documents may be inspected at the registered office of the Issuer at 9 North Buona Vista Drive, #11-01, The Metropolis Tower 1, Singapore 138588 during normal business hours:

    (a) the Constitution of the Issuer;

    (b) the Trust Deed;

    (c) the letter of consent referred to in paragraph 13 above; and

    (d) the audited consolidated financial statements of the Issuer and its subsidiaries for the financial years ended 31 December 2013, 31 December 2014 and 31 December 2015 and the announcement of the unaudited financial statements of the Issuer and its subsidiaries for the second quarter ended 30 June 2016.

FUNCTIONS, RIGHTS AND OBLIGATIONS OF THE TRUSTEE

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

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF HO BEE LAND LIMITED AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

The information in this Appendix II has been extracted and reproduced from the Annual Report of Ho Bee Land Limited and its subsidiaries for the financial year ended 31 December 2013 and has not been specifically prepared for inclusion in this Information Memorandum

INDEPENDENT AUDITORS' REPORT

Members of the Company
Ho Bee Land Limited
(formerly known as Ho Bee Investment Ltd)

Report on the financial statements

We have audited the accompanying financial statements of Ho Bee Land Limited (formerly known as Ho Bee Investment Ltd) (the Company) and its subsidiaries (the Group), which comprise the statements of financial position of the Group and the Company as at 31 December 2013, the income statement and statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 54 to 122.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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

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

INDEPENDENT AUDITORS' REPORT

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2013 and the results, changes in equity and cash flows of the Group for the year ended on that date.

Report on other legal and regulatory requirements

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

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
20 March 2014

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2013

	Note	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Non-current assets					
Property, plant and equipment	4	21,054	16,656	2,430	322
Investment properties	5	1,540,709	761,182	–	–
Subsidiaries	6	–	–	70,639	39,758
Associates	7	444,842	413,291	437,055	431,733
Jointly-controlled entities	8	202,554	5,244	225,500	1,500
Other assets	9	150	150	–	–
Financial assets	10	4,518	3,438	–	–
Other receivables	11	400,788	601,834	412,832	594,277
Deferred tax assets	12	473	582	–	–
		2,615,088	1,802,377	1,148,456	1,067,590
Current assets					
Inventories		21	44	–	–
Development properties	13	207,940	282,182	–	–
Trade and other receivables	14	51,878	56,783	37,500	30,720
Financial assets	10	–	1,433	–	58
Cash and cash equivalents	15	117,557	162,508	85,683	125,462
Assets held for sale	16	–	135,700	–	–
		377,396	638,650	123,183	156,240
Total assets		2,992,484	2,441,027	1,271,639	1,223,830
Equity attributable to equity holders of the Company					
Share capital	17	156,048	205,133	156,048	205,133
Reserves	18	2,174,727	1,581,557	974,619	619,265
		2,330,775	1,786,690	1,130,667	824,398
Non-controlling interests		16,976	19,512	–	–
Total equity		2,347,751	1,806,202	1,130,667	824,398
Non-current liabilities					
Loans and borrowings	19	98,831	275,800	–	–
Other liabilities	20	15,213	29,287	–	–
Deferred tax liabilities	12	1,515	12,536	–	–
Deferred income	21	819	1,801	–	–
		116,378	319,424	–	–
Current liabilities					
Trade and other payables	22	113,226	82,292	45,955	259,285
Loans and borrowings	19	370,703	186,106	94,903	139,937
Deferred income	21	1,003	982	–	–
Current tax payable		43,423	46,021	114	210
		528,355	315,401	140,972	399,432
Total liabilities		644,733	634,825	140,972	399,432
Total equity and liabilities		2,992,484	2,441,027	1,271,639	1,223,830

CONSOLIDATED INCOME STATEMENT
Year ended 31 December 2013

	Note	2013 $'000	2012 $'000
Revenue	23	139,344	461,649
Cost of sales		(93,205)	(309,972)
Gross profit		46,139	151,677
Other income	24	80,940	29,270
Fair value gain on investment properties	5	493,084	17,600
Administrative expenses		(16,597)	(14,681)
Other expenses		(3,163)	(2,463)
Results from operating activities		600,403	181,403
Finance costs	26	(5,274)	(3,656)
Share of (loss)/profits, net of tax, of:			
- associates		(1,239)	(484)
- jointly-controlled entities		13,355	29,492
Profit before income tax		607,245	206,755
Income tax expense	27	(4,263)	(23,533)
Profit from continuing operations		602,982	183,222
Discontinued operation			
Profit from discontinued operation (net of tax)	28	3,234	3,723
Profit for the year	29	606,216	186,945
Profit attributable to:			
Owners of the Company		591,775	187,065
Non-controlling interests		14,441	(120)
Profit for the year		606,216	186,945
Earnings per share			
Basic earnings per share (cents)	30	87.42	26.69
Diluted earnings per share (cents)	30	87.42	26.69

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2013

	2013 $'000	2012 $'000
Profit for the year	606,216	186,945
Other comprehensive income		
Items that will not be reclassified to profit or loss:		
Surplus on revaluation of property, plant and equipment	–	26,077
Items that are or may be reclassified subsequently to profit or loss:		
Foreign currency translation differences relating to foreign operations	3,453	(4,473)
Share of foreign currency translation differences of equity-accounted investee	27,468	(25,535)
Net gain on hedge of net investment in foreign operations	(1,700)	2,602
	29,221	(27,406)
Other comprehensive income for the year, net of income tax	29,221	(1,329)
Total comprehensive income for the year	635,437	185,616
Attributable to:		
Owners of the Company	620,773	186,105
Non-controlling interests	14,664	(489)
Total comprehensive income for the year	635,437	185,616

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2013

	Attributable to owners of the Company								
	Share capital $'000	Reserve for own shares $'000	Capital reserve $'000	Revaluation reserve $'000	Foreign currency translation reserve $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Group									
At 1 January 2012	205,133	(43,977)	2,230	68,599	5,974	1,407,285	1,645,244	21,001	1,666,245
Total comprehensive income for the year									
Profit for the year	–	–	–	–	–	187,065	187,065	(120)	186,945
Other comprehensive income									
Foreign currency translation differences relating to foreign operations	–	–	–	–	(4,104)	–	(4,104)	(369)	(4,473)
Share of foreign currency translation differences of equity-accounted investee	–	–	–	–	(25,535)	–	(25,535)	–	(25,535)
Net gain on hedge of net investment in foreign operations	–	–	–	–	2,602	–	2,602	–	2,602
Surplus on revaluation of property, plant and equipment	–	–	–	26,077	–	–	26,077	–	26,077
Total other comprehensive income	–	–	–	26,077	(27,037)	–	(960)	(369)	(1,329)
Total comprehensive income for the year	–	–	–	26,077	(27,037)	187,065	186,105	(489)	185,616
Transactions with owners of the Company, recognised directly in equity									
Contributions by and distributions to owners of the Company									
Dividend paid to non-controlling shareholders	–	–	–	–	–	–	–	(1,000)	(1,000)
Final tax exempt dividend paid of 4 cents per share in respect of 2011	–	–	–	–	–	(28,136)	(28,136)	–	(28,136)
Purchase of treasury shares	–	(16,523)	–	–	–	–	(16,523)	–	(16,523)
Total contributions by and distributions to owners of the Company	–	(16,523)	–	–	–	(28,136)	(44,659)	(1,000)	(45,659)
At 31 December 2012	205,133	(60,500)	2,230	94,676	(21,063)	1,566,214	1,786,690	19,512	1,806,202

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONT'D)

Year ended 31 December 2013

	Attributable to owners of the Company								
	Share capital $'000	**Reserve for own shares $'000**	**Capital reserve $'000**	**Revaluation reserve $'000**	**Foreign currency translation reserve $'000**	**Retained earnings $'000**	**Total $'000**	**Non-controlling interests $'000**	**Total equity $'000**
Group									
At 1 January 2013	205,133	(60,500)	2,230	94,676	(21,063)	1,566,214	1,786,690	19,512	1,806,202
Total comprehensive income for the year									
Profit for the year	–	–	–	–	–	591,775	591,775	14,441	606,216
Other comprehensive income									
Foreign currency translation differences relating to foreign operations	–	–	–	–	3,230	–	3,230	223	3,453
Share of foreign currency translation differences of equity-accounted investee	–	–	–	–	27,468	–	27,468	–	27,468
Net gain on hedge of net investment in foreign operations	–	–	–	–	(1,700)	–	(1,700)	–	(1,700)
Reversal of revaluation of property, plant and equipment	–	–	–	(94,676)	–	94,676	–	–	–
Total other comprehensive income	–	–	–	(94,676)	28,998	94,676	28,998	223	29,221
Total comprehensive income for the year	–	–	–	(94,676)	28,998	686,451	620,773	14,664	635,437
Transactions with owners of the Company, recognised directly in equity									
Contributions by and distributions to owners of the Company									
Dividend paid to non-controlling shareholders	–	–	–	–	–	–	–	(17,200)	(17,200)
Final tax exempt dividend paid of 5 cents per share in respect of 2012	–	–	–	–	–	(33,838)	(33,838)	–	(33,838)
Cancellation of treasury shares	(49,085)	49,085	–	–	–	–	–	–	–
Purchase of treasury shares	–	(42,850)	–	–	–	–	(42,850)	–	(42,850)
Total contributions by and distributions to owners of the Company	(49,085)	6,235	–	–	–	(33,838)	(76,688)	(17,200)	(93,888)
At 31 December 2013	156,048	(54,265)	2,230	–	7,935	2,218,827	2,330,775	16,976	2,347,751

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2013

	2013 $'000	2012 $'000
Cash flows from operating activities		
Profit for the year	606,216	186,945
Adjustments for:		
Depreciation of property, plant and equipment	866	1,761
Loss on disposal of property, plant and equipment	–	2
Unrealised exchange gain	(5,014)	(1,564)
Interest income	(4,674)	(4,841)
Dividend income	(38)	(21)
Distribution income from financial assets designated at fair value through profit or loss	(247)	(570)
Finance costs	5,274	3,656
Fair value gain of investment properties	(493,084)	(17,600)
Net changes in fair value of financial assets at fair value through profit or loss	(1,137)	352
Gain on disposal of investment properties	–	(17,946)
Gain on sale of associate	–	(2,166)
Gain on disposal of freehold land and hotel building	(25,927)	–
Gain on sale of investee company	(47,194)	–
Gain on sale of quoted equity	(7)	–
Share of profits of:		
- associates	1,239	484
- jointly-controlled entities	(13,355)	(29,492)
Income tax expense	4,925	24,577
	27,843	143,577
Changes in working capital:		
Development properties	69,036	136,417
Inventories	23	(26)
Trade and other receivables	(25,025)	11,659
Trade and other payables	15,223	35,003
Cash generated from operations	87,100	326,630
Income taxes paid	(18,480)	(19,719)
Net cash generated from operating activities carried forward	68,620	306,911

CONSOLIDATED STATEMENT OF CASH FLOWS (CONT'D)
Year ended 31 December 2013

	Note	2013 $'000	2012 $'000
Net cash generated from operating activities brought forward		68,620	306,911
Cash flows from investing activities			
Net repayments from jointly-controlled entities		(13,785)	2,561
Purchase of property, plant and equipment		(5,737)	(5,583)
Proceeds from disposal of investment properties		–	46,717
Proceeds from disposal of associate		–	6,819
Proceeds from disposal of freehold land and hotel building (net of transaction costs)		161,836	–
Proceeds from sale of investee company		79,147	–
Proceeds from sale of quoted equity		114	–
Proceeds from sale of property, plant and equipment		271	–
Additional costs incurred on investment properties		(133,086)	(117,117)
Investment in associate		(5,321)	(70,539)
Interest received		741	1,224
Dividend received		37,400	32,007
Purchase of financial assets designated at fair value through profit or loss		(97)	(347)
Purchase of investment properties		(138,707)	–
Advances to an investee company		–	(3,850)
Distributions from financial assets designated at fair value through profit or loss		609	1,294
Net cash used in investing activities		(16,615)	(106,814)
Cash flows from financing activities			
Amount due to a non-controlling shareholder (non-trade)		(5,384)	1,456
Amount due to jointly-controlled entities (non-trade)		6,700	–
Proceeds from bank loans		198,638	141,059
Repayment of bank loans		(191,288)	(180,418)
Interest paid		(11,626)	(11,292)
Purchase of treasury shares		(42,850)	(16,523)
Dividends paid		(33,838)	(28,136)
Dividend paid to non-controlling shareholders		(17,200)	(1,000)
Net cash used in financing activities		(96,848)	(94,854)
Net (decrease)/increase in cash and cash equivalents		(44,843)	105,243
Cash and cash equivalents at 1 January		162,508	57,247
Effect of exchange rate fluctuations on cash held		(108)	18
Cash and cash equivalents at 31 December	15	117,557	162,508

NOTES TO THE FINANCIAL STATEMENTS

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 20 March 2014.

1 Domicile and activities

Ho Bee Land Limited (formerly known as Ho Bee Investment Ltd) (the Company) is incorporated in the Republic of Singapore. The address of the Company's registered office is 9 North Bouna Vista Drive, #11-01 The Metropolis Tower 1, Singapore 138588.

The financial statements of the Company as at and for the year ended 31 December 2013 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interests in associates and jointly-controlled entities.

The Group is primarily involved in property development, property investment, hotel management, and investment holding. The immediate and ultimate holding company during the financial year is Ho Bee Holdings (Pte) Ltd, incorporated in the Republic of Singapore.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (FRS).

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described below.

2.3 Functional and presentation currency

The financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with FRS 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.

Information about critical judgements in applying accounting policies and assumptions and estimation uncertainties that have the most significant effect on the amounts recognised in the financial statements or have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 35 – valuation of financial instruments
- Note 38 – accounting estimates and judgements

NOTES TO THE FINANCIAL STATEMENTS

2 Basis of preparation (cont'd)

2.5 Changes in accounting policy

Fair value measurement

FRS 113 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other FRSs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. It also replaces and expands the disclosure requirements about fair value measurements in other FRSs, including FRS 107 Financial Instruments: Disclosures.

From 1 January 2013, in accordance with the transitional provisions of FRS 113, the Group has applied the new fair value measurement guidance prospectively, and has not provided any comparative information for new disclosures. Notwithstanding the above, the change had no significant impact on the measurements of the Group's assets and liabilities. The additional disclosures necessary as a result of the adoption of this standard has been included in note 37.

Presentation of items of other comprehensive income

From 1 January 2013, as a result of the amendments to FRS 1, the Group has modified the presentation of items of other comprehensive income in its statement of comprehensive income, to present separately items that would be reclassified to profit or loss in the future from those that would never be. Comparative information has also been re-presented accordingly.

The adoption of the amendment to FRS 1 has no impact on the recognised assets, liabilities and comprehensive income of the Group.

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, except as explained in note 2.5, which addresses change in accounting policy.

3.1 Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

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 acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

Business combinations (cont'd)

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on a transaction-by-transaction basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date. All other non-controlling interests are measured at acquisition-date fair value or, when applicable, on the basis specified in another standard.

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.

Subsidiaries

Subsidiaries are entities controlled by the Group. 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 the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Investments in associates and jointly-controlled entities (equity-accounted investees)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies of these entities. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. Jointly-controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Investments in associates and jointly-controlled entities are accounted for using the equity method (equity-accounted investees) and are recognised initially at cost. The cost of the investments includes transaction costs.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

Investments in associates and jointly-controlled entities (equity-accounted investees) (cont'd)

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity-accounted investees, after adjustments to align the accounting policies of the equity-accounted investees with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of that interest, including any long-term investments, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and jointly-controlled entities 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.

Accounting for subsidiaries, associates, jointly-controlled entities by the Company

Investments in subsidiaries, associates and joint ventures are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the end of 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.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.2 Foreign currency (cont'd)

Foreign currency transactions (cont'd)

Foreign currency differences arising on retranslation are recognised in profit or loss, except for the following differences which are recognised in other comprehensive income arising on the retranslation of:

- available-for-sale equity instruments (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent the hedge is effective.

Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and are translated at the exchange rates at the end of the reporting period. For acquisitions prior to 1 January 2005, the exchange rates at the date of acquisition were used.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, 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 interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or jointly-controlled entity that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation. These are recognised in other comprehensive income, and are presented in the translation reserve in equity.

Hedge of a net investment in foreign operation

The Group applies hedge accounting to foreign currency differences arising between the functional currency of the foreign operation and the Company's functional currency (Singapore dollars), regardless of whether the net investment is held directly or through an intermediate parent.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.2 Foreign currency (cont'd)

Hedge of a net investment in foreign operation (cont'd)

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in other comprehensive income to the extent that the hedge is effective, and are presented within equity in the foreign currency translation reserve. To the extent that the hedge is ineffective, such differences are recognised in profit or loss. When the hedged net investment is disposed of, the relevant amount in the foreign currency translation reserve is transferred to profit or loss as part of the gain or loss on disposal.

3.3 Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has an unconditional and legally enforeceable right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets.

Financial assets at fair value through profit or loss

An instrument is classified at fair value through profit or loss if it is acquired principally for the purpose of selling in the short term or is designated as such upon initial recognition. Financial instruments are designated as fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management and investment strategies. Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Available-for-sale financial assets

The Group's investments in certain equity securities and debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than for impairment losses, and foreign exchange gains and losses on available-for-sale monetary items (see note 3.2), are recognised in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognised, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

Available-for-sale financial assets (cont'd)

Equity instruments that do not have a quoted market price in an active market and in respect of which the range of fair value estimates is significant, are measured at cost less accumulated impairment losses if the probabilities of the various estimates cannot be reasonably assessed.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

Non-derivative financial liabilities

The Group initially recognises financial liabilities (including liabilities designated at fair value through profit or loss) initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or when they expire.

Non-derivative financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, trade and other payables and other liabilities.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has an unconditional and legally enforeceable right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Impairment of financial assets

A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

Impairment of financial assets (cont'd)

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss.

Impairment losses in respect of financial assets measured at amortised cost are reversed if the subsequent increase in fair value can be related objectively to an event occurring after the impairment loss was recognised.

Impairment losses once recognised in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in fair value of such assets is recognised directly in equity.

Intra-group financial guarantees

Financial guarantees are financial instruments issued by the Group that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are accounted for as insurance contracts. A provision is recognised based on the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the balance sheet date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

Share capital

Ordinary shares are classified as equity.

Costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Where share capital recognised as equity is repurchased (treasury shares), the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own share account. Where such shares are subsequently reissued, sold or cancelled, the consideration received is recognised as a change in equity and the resulting surplus or deficit on the transaction is presented in non-distributable capital reserve.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.4 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses except for hotel land and buildings, which are stated at their revalued amounts. The revalued amount is the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are carried out by independent professional valuers regularly such that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the balance sheet date.

Any increase in the revaluation amount is credited to the revaluation reserve unless it offsets a previous decrease in value of the same asset that was recognised in profit or loss. A decrease in value is recognised in profit or loss where it exceeds the increase previously recognised in the revaluation reserve. Upon disposal, any related revaluation reserve is transferred from the revaluation reserve to accumulated profits and is not taken into account in arriving at the gain or loss on disposal.

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, and any other costs directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. 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 determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net within other income/other expense in profit or loss.

The cost of replacing part 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 part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Paintings and sculptures, and property under construction are not depreciated. Depreciation on other property, plant and equipment is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

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 property	50 years
Leasehold improvements	5 to 10 years
Furniture, fittings and office equipment	5 years
Motor vehicles	5 years

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

Property, plant and equipment which are fully depreciated, are retained in the financial statements until they are no longer in use.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.5 Goodwill

Goodwill and negative goodwill arise on the acquisition of subsidiaries, associates and jointly-controlled entities.

Goodwill represents the excess of:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, 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 equity-accounted investee.

3.6 Investment properties

Investment property is property held either to earn rental income or for capital appreciation or for 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 property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss. At each year end, the Group's investment property portfolio is valued by an external, independent valuation company, having appropriate recognised professional qualifications. Rental income from investment properties is accounted for in the manner described in note 3.14.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

When the use of a property changes such that it is reclassified as property, plant and equipment, or development properties, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Property that is being constructed for future use as investment property is accounted for at fair value.

Where a property is expected to be sold within the foreseeable future, it is reclassified to current assets in the statement of financial position. The property is measured at fair value with any change recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.7 Leases

When the entities within the Group are lessors of an operating lease

Assets subject to operating leases are included in investment properties and are stated at fair value and not depreciated. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

When the entities within the Group are lessees of an operating lease

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease.

3.8 Impairment – non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill, the recoverable amount is estimated at each reporting date, and as and when indicators of impairment are identified.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss unless it reverses a previous revaluation, credited to equity, in which case it is charged to equity. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a *pro rata* basis.

The recoverable amount of an asset or cash-generating unit 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 cash-generating unit.

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. 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.

3.9 Development properties

Development properties are those properties which are held with the intention of development and sale in the ordinary course of business. They are stated at the lower of cost plus, where appropriate, a portion of attributable profit, and estimated net realisable value, net of progress billings. Net realisable value is the estimated selling price less costs to be incurred in selling the properties.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.9 Development properties (cont'd)

The cost of properties under development comprise specifically identified costs, including acquisition costs, development expenditure, borrowing costs and other related expenditure. Borrowing costs payable on loans funding a development property are also capitalised, on a specific identification basis, as part of the cost of the development property until the completion of development.

Development properties which have been awarded Temporary Occupation Permit (TOP) and are not sold are transferred to properties held for sale.

Properties held for sale are those properties which are acquired as completed properties and are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price less costs to be incurred in selling the properties. The cost of properties held for sale comprises the cost of purchase of properties and associated costs.

3.10 Inventories

Inventories are stated at the lower of cost and net realisable value on the first-in, first-out basis.

3.11 Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, the assets, or disposal group, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property and biological assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated. In addition, equity accounting of associates and jointly controlled entities ceases once classified as held for sale or distribution.

3.12 Employee benefits

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 services are rendered by employees.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.12 Employee benefits (cont'd)

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.

3.13 Interest-free related party loans – non-quasi equity

Loans to subsidiaries and associate

Interest-free loans to subsidiaries and associate are stated at fair value at inception. The difference between the fair value and the loan amount at inception is recognised as additional investments in subsidiaries and associate in the financial statements. Subsequently, these loans are measured at amortised cost using the effective interest method. The unwinding of the difference is recognised as interest income in profit or loss over the expected repayment period.

Intra-group balances between the Company and its subsidiaries are eliminated in full in the Group's consolidated financial statements.

3.14 Revenue recognition

Sale of development properties in Singapore

Where property is under development and agreement has been reached to sell such property when construction is complete, the Group considers whether the contract comprise a contract to construct a property or a contract for the sale of a completed property.

Where a contract is judged to be for the construction of a property, revenue is recognised using percentage of completion method as construction progresses. Under the percentage of completion method, the percentage of completion is measured by reference to the work performed, based on the stage of completion certified by an architect or a quantity surveyor. Profits are recognised only in respect of finalised sale agreements to the extent that such profits relate to the progress of the construction work.

Where a contract is judged to be for the sale of a completed property, revenue is recognised when the significant risks and rewards of ownership of the real estate have been transferred to the buyer.

Sale of development properties overseas

For overseas property development projects, where no progress payments are received from purchasers during construction, there is a risk that purchasers may not complete their obligations under the sale contracts. Accordingly, income from such sales is recognised in the period in which the purchaser takes possession of the property and when full payment is received.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.14 Revenue recognition (cont'd)

Rental income

Rental income receivable under operating leases is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income to be received. Contingent rentals are recognised as income in the accounting period in which they are earned.

Dividend income

Dividend income is recognised on the date that the shareholder's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Interest income

Interest income from bank deposits is recognised as it accrues, using the effective interest method.

Distribution income

Distribution received from investment in private equity fund which constitute a return of capital is treated as a return of investment and is set off against the carrying value of the investment. Any other distributions are taken to profit or loss.

Management fee income

Fee from the provision of management services are recognised when the services have been rendered.

3.15 Finance costs

Borrowing costs are recognised in profit or loss using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

Capitalisation of interest for a development of property is discontinued upon the receipt of TOP issued by the relevant authority.

3.16 Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.16 Income tax (cont'd)

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 the following temporary differences: 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 relating to investments in subsidiaries and jointly-controlled entities to the extent that 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 end of the reporting period, 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.

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 income 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.

A deferred tax asset is recognised for unused tax losses, 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 utilised. 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.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.17 Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is re-presented as if the operation had been discontinued from the start of the comparative year.

NOTES TO THE FINANCIAL STATEMENTS

3 Significant accounting policies (cont'd)

3.18 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.19 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance.

3.20 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

4 Property, plant and equipment

	Note	Freehold land and building $'000	Freehold property $'000	Leasehold improvements $'000	Paintings and sculptures $'000	Furniture, fittings and office equipment $'000	Motor vehicles $'000	Total $'000
Group								
Cost/Valuation		**Valuation**	**Cost**	**Cost**	**Cost**	**Cost**	**Cost**	
At 1 January 2012		111,000	–	625	9,725	1,569	2,003	124,922
Additions		–	2,248	–	3,321	14	–	5,583
Surplus on revaluation		26,077	–	–	–	–	–	26,077
Reversal of depreciation on revaluation		(1,377)	–	–	–	–	–	(1,377)
Reclassification to assets held for sale	16	(135,700)	–	–	–	–	–	(135,700)
Disposals		–	–	–	–	(19)	–	(19)
At 31 December 2012		–	2,248	625	13,046	1,564	2,003	19,486
Additions		–	–	–	2,975	2,762	–	5,737
Disposals		–	–	–	–	(410)	–	(410)
Effect of movement in exchange rate		–	(270)	–	–	–	–	(270)
At 31 December 2013		–	1,978	625	16,021	3,916	2,003	24,543
Accumulated depreciation and impairment losses								
At 1 January 2012		–	–	624	–	1,185	654	2,463
Depreciation charge for the year		1,377	44	1	–	106	233	1,761
Reversal of depreciation on revaluation		(1,377)	–	–	–	–	–	(1,377)
Disposals		–	–	–	–	(17)	–	(17)
At 31 December 2012		–	44	625	–	1,274	887	2,830
Depreciation charge for the year		–	42	–	–	595	229	866
Disposals		–	–	–	–	(200)	–	(200)
Effect of movement in exchange rate		–	(7)	–	–	–	–	(7)
At 31 December 2013		–	79	625	–	1,669	1,116	3,489
Carrying amount								
At 1 January 2012		111,000	–	1	9,725	384	1,349	122,459
At 31 December 2012		–	2,204	–	13,046	290	1,116	16,656
At 31 December 2013		–	1,899	–	16,021	2,247	887	21,054

NOTES TO THE FINANCIAL STATEMENTS

4 Property, plant and equipment (cont'd)

	Furniture, fittings and office equipment $'000	Motor vehicles $'000	Painting $'000	Total $'000
Company				
Cost				
At 1 January 2012	255	523	–	778
Additions	14	–	–	14
Disposals	(10)	–	–	(10)
At 31 December 2012	259	523	–	782
Additions	2,745	–	3	2,748
Disposals	(5)	–	–	(5)
At 31 December 2013	2,999	523	3	3,525
Accumulated depreciation and impairment losses				
At 1 January 2012	210	167	–	377
Depreciation charge for the year	16	77	–	93
Disposals	(10)	–	–	(10)
At 31 December 2012	216	244	–	460
Depreciation charge for the year	564	76	–	640
Disposals	(5)	–	–	(5)
At 31 December 2013	775	320	–	1,095
Carrying amount				
At 1 January 2012	45	356	–	401
At 31 December 2012	43	279	–	322
At 31 December 2013	2,224	203	3	2,430

NOTES TO THE FINANCIAL STATEMENTS

5 Investment properties

	Note	Group 2013 $'000	Group 2012 $'000
Freehold properties			
At 1 January		125,300	138,900
Additions		147,645	671
Disposals		–	(28,771)
Changes in fair value		1,300	14,500
At 31 December		274,245	125,300
Leasehold properties			
At 1 January		31,600	28,500
Transfer from leasehold property under development		743,080	–
Changes in fair value		491,784	3,100
At 31 December		1,266,464	31,600
Leasehold property under development			
At 1 January		604,282	481,120
Additions		138,798	123,162
Transfer to leasehold properties		(743,080)	–
At 31 December		–	604,282
Total investment properties		1,540,709	761,182
Interest capitalised during the year	26	5,712	6,716

Investment properties comprise a number of commercial properties that are leased to third party customers. Each of the leases contains an initial non-cancellable period of 1 to 3 years. Subsequent renewals are negotiated with the lessee. No contingent rents are charged.

Certain investment properties with carrying value amounting to $1,537,245,569 (2012: $682,182,000) have been pledged to secure banking facilities granted to the Group (see note 19).

Investment properties are stated at fair value based on valuations carried out by Colliers International Consultancy & Valuation (Singapore) Pte Ltd ("Colliers"), a firm of independent professional valuers. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion.

In 2013, the Group recognised a fair value gain of $493,084,000 (2012: $17,600,000) on its investment properties, out of which, $489,583,000 (2012: $nil) relate to the revaluation of The Metropolis. The Metropolis was also reclassified from leasehold properties under development to leasehold properties following its completion in 2013. See note 37 – Determination of fair values for disclosure on the valuation techniques used by Colliers.

NOTES TO THE FINANCIAL STATEMENTS

6 Subsidiaries

	Company 2013 $'000	Company 2012 $'000
Equity investments, at cost	69,366	38,599
Discount implicit in interest-free loans to subsidiaries	2,273	2,159
Impairment loss	(1,000)	(1,000)
	70,639	39,758

Details of the significant subsidiaries are as follows:

Name of subsidiary	Country of incorporation	Effective equity held by the Group 2013 %	Effective equity held by the Group 2012 %
Ho Bee Developments Pte Ltd	Singapore	100	100
Ho Bee Realty Pte Ltd	Singapore	100	100
Ho Bee (One North) Pte. Ltd.	Singapore	100	100
Pacific Rover Pte Ltd	Singapore	100	100
Ho Bee Cove Pte Ltd	Singapore	90	90
HB Investments (China) Pte. Ltd.	Singapore	80	80
Grandiose Investments Pte Ltd	Singapore	100[1]	–

[1] *Grandiose Investments Pte Ltd was incorporated on 5 March 2013.*

KPMG LLP are the auditors of all significant Singapore-incorporated subsidiaries.

NOTES TO THE FINANCIAL STATEMENTS

7 Associates

The Group's associates include share of the associates' post-acquisition losses of $2,072,000 (2012: post-acquisition losses of $833,000).

Details of significant associates are as follows:

	Name of associates	Country of incorporation	Effective equity held by the Group 2013 %	2012 %
^	Shanghai Yanlord Hongqiao Property Co., Ltd	China	40	40
@	Zhuhai Yanlord Heyou Land Co., Ltd	China	20	20
@	Zhuhai Yanlord Youmei Land Co., Ltd	China	20	20

^ Audited by 上海中惠会计师事务所， a CPA firm, China.

@ Audited by 珠海德鸿会计师事务所有限公司， a CPA firm, China.

The summarised financial information is not adjusted for the percentage of ownership held by the Group. Summarised financial information on the associates is set out below:

	2013 $'000	2012 $'000
Results		
Loss after taxation	(4,581)	(1,476)
Assets and liabilities		
Total assets	1,609,992	1,384,280
Total liabilities	156,221	63,468

NOTES TO THE FINANCIAL STATEMENTS

8 Jointly-controlled entities

	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Investments in jointly-controlled entities	202,554	5,244	225,500	1,500

The Group's share of profits in its jointly-controlled entities for the year was $13,355,000 (2012: $29,492,000).

In 2013, the Group received dividends of $37,400,000 (2012: $32,000,000) from its investments in jointly-controlled entities.

Included in the Company's investments in jointly-controlled entities are impairment losses amounting to $350,000 (2012: $350,000).

Details of significant jointly-controlled entities are as follows:

	Name of jointly-controlled entities	Country of incorporation	Effective equity held by the Group 2013 %	Effective equity held by the Group 2012 %
@	Calne Pte Ltd	Singapore	50	50
@	Seaview (Sentosa) Pte Ltd	Singapore	50	50
@	Pinnacle (Sentosa) Pte Ltd	Singapore	35	35
1	Yanlord Ho Bee Investment Pte. Ltd.	Singapore	40	40

@ Audited by KPMG LLP, Singapore.

1 The jointly-controlled entity is audited by Deloitte & Touche LLP, Singapore.

NOTES TO THE FINANCIAL STATEMENTS

8 Jointly-controlled entities (cont'd)

The Group's share of the jointly-controlled entities' results, assets and liabilities is as follows:

	2013 $'000	2012 $'000
Results		
Income	20,433	38,765
Expenses	(7,078)	(9,273)
Profit after income tax	13,355	29,492
Assets and liabilities		
Current assets	832,230	874,139
Non-current assets	48,628	–
Current liabilities	(78,467)	(65,596)
Non-current liabilities	(599,837)	(803,299)
Net assets	202,554	5,244
Group's share of jointly-controlled entities' capital commitments	–	8,700

9 Other assets

	Group 2013 $'000	Group 2012 $'000
At cost		
Club membership	150	150

NOTES TO THE FINANCIAL STATEMENTS

10 Financial assets

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Non-current assets				
Investments designated at fair value through profit or loss				
Investments in private equity funds	4,518	3,438	–	–
Current assets				
Investments held for trading				
Quoted equity investments	–	107	–	58
Available-for-sale investments				
Unquoted equity investment	–	1,326	–	–
	–	1,433	–	58
Total financial assets	4,518	4,871	–	58

Investments designated at fair value through profit or loss are those that the Group intends to hold for the medium term and represent investments in companies that are strategic and are involved in emerging technologies.

As at 31 December 2012, the available-for-sale unquoted equity investment refers to the Group's investment in an investee company. In 2013, the Group entered into a share repurchase agreement and completed the sale of its entire investment in the investee company back to the investee company for a consideration of $48.1 million. The gain from the sale of the investment is $47.2 million and is included in the profit for the financial year ended 31 December 2013. The gain attributable to the owners of the Company is $33.0 million.

NOTES TO THE FINANCIAL STATEMENTS

11 Other receivables

	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Non-current assets				
Amounts due from subsidiaries (non-trade)				
- interest bearing	–	–	1,296	1,714
- non-interest bearing	–	–	137,099	114,490
	–	–	138,395	116,204
Amounts due from jointly-controlled entities (non-trade)				
- interest-bearing	331,070	534,706	331,070	534,706
- non-interest bearing	69,718	67,128	–	–
Impairment losses	–	–	(56,633)	(56,633)
	400,788	601,834	274,437	478,073
	400,788	601,834	412,832	594,277

The above amounts are unsecured and are not expected to be repaid within the next 12 months.

Group
The settlement for the non-interest bearing amounts due from jointly-controlled entities of $69,718,000 (2012: $67,128,000) is neither planned nor likely to occur in the foreseeable future. As this amount is, in substance, a part of the Group's net investment in the jointly-controlled entity, it is stated at cost less accumulated impairment losses.

Interest bearing amounts due from jointly-controlled entities of $331,070,000 (2012: $534,706,000) have no fixed terms of repayment and are charged at rates of 1.20% to 1.45% per annum.

Company
The settlement for the non-interest bearing amounts due from subsidiaries of $137,099,000 (2012: $114,490,000) is neither planned nor likely to occur in the foreseeable future. As this amount is, in substance, a part of the Company's net investment in the subsidiary, it is stated at cost less accumulated impairment losses.

Interest bearing amounts due from subsidiaries of $1,296,000 (2012: $1,714,000) have no fixed terms of repayment and are charged at a rate of 2.40% per annum.

NOTES TO THE FINANCIAL STATEMENTS

12 Deferred tax

Movements in deferred tax assets and liabilities of the Group (prior to offsetting of balances) during the year are as follows:

	At 1 January 2012 $'000	Recognised in income statement (note 27) $'000	At 31 December 2012 $'000	Recognised in income statement (note 27) $'000	At 31 December 2013 $'000
Group					
Deferred tax liabilities					
Development properties	7,753	4,626	12,379	(12,249)	130
Property, plant and equipment	53	–	53	–	53
Income not remitted into Singapore	104	–	104	–	104
Advanced rental receipts	–	–	–	1,228	1,228
Total	7,910	4,626	12,536	(11,021)	1,515
Deferred tax assets					
Tax loss carried forward	(88)	(21)	(109)	109	–
Deferred income	(640)	167	(473)	–	(473)
Total	(728)	146	(582)	109	(473)

13 Development properties

	Note	Group 2013 $'000	Group 2012 $'000
Properties held for sale		149,753	150,454
Properties under development:			
- Costs incurred and attributable profits		58,187	696,154
- Progress billings		–	(564,426)
		58,187	131,728
Total development properties		207,940	282,182
Interest capitalised during the year	26	–	398

In previous year, the finance costs was capitalised at rates ranging from 1.18% to 1.32% per annum for development properties.

Certain development properties with carrying value amounting to $nil (2012: $145,527,000) were pledged to secure banking facilities granted to the Group (see note 19).

NOTES TO THE FINANCIAL STATEMENTS

14 Trade and other receivables

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Trade receivables	20,729	311	–	–
Impairment losses	(16)	(28)	–	–
Net receivables	20,713	283	–	–
Other deposits	4,906	374	49	1
Amounts due from:				
- subsidiaries (non-trade)				
- non-interest bearing	–	–	18,329	12,563
- jointly-controlled entities (non-trade)				
- non-interest bearing	16	16	–	–
- joint venture partner (non-trade)	18,760	18,063	18,760	18,063
- an investee company (non-trade)	–	30,628	–	–
Goods and services tax recoverable	4,247	6,299	106	–
Other receivables	442	873	228	67
	49,084	56,536	37,472	30,694
Prepayments	2,794	247	28	26
	51,878	56,783	37,500	30,720

Amounts due from subsidiaries, jointly-controlled entities and joint venture partner are unsecured and repayable within the next twelve months.

Amount due from an investee company as at 31 December 2012 has been fully repaid upon the Group's disposal of its entire stake in the investee company during the financial year.

15 Cash and cash equivalents

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Cash at banks and in hand	19,901	111,500	347	90,462
Fixed deposits	97,656	51,008	85,336	35,000
	117,557	162,508	85,683	125,462

Included in cash and cash equivalents of the Group are amounts held under the Housing Developers (Project Account) (Amendment) Rules 1997, totalling $8,544,000 (2012: $17,727,000), the use of which is subject to restrictions imposed by the aforementioned rules.

The weighted average effective interest rates relating to fixed deposits at the balance sheet date for the Group is 0.73% (2012: 0.72%) per annum. Interest rates reprice at intervals of one, three or six months.

NOTES TO THE FINANCIAL STATEMENTS

16 Assets held for sale

As at 31 December 2012, the Group's freehold land and hotel building were presented as assets held for sale pursuant to the option to purchase agreement exercised by an external buyer on 29 October 2012 to buy the freehold land and hotel building from the Group. The carrying amount of the freehold land and hotel building held for sale as at 31 December 2012 was $135,700,000.

In 2013, the sale of the freehold land and hotel building was completed and a net gain of $25,927,000 was recognised in the profit for the year.

17 Share capital

	Group and Company	
	2013 Number of shares ('000)	**2012 Number of shares ('000)**
Fully paid ordinary shares, with no par value:		
At 1 January and 31 December	703,338	737,338

During the year, there was a cancellation of 34,000,000 treasury shares. As at 31 December 2013, included in the total number of ordinary shares was 32,895,000 (2012: 44,561,000) shares purchased by the Company (the "Treasury Shares") by way of market acquisition at an average price of $1.65 (2012: $1.36) per share. The Treasury Shares were deducted from total equity (see note 18).

The holders of ordinary shares (excluding treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares (excluding treasury shares) rank equally with regard to the Company's residual assets.

Capital management

The Board's policy is to maintain an adequate capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity, excluding non-controlling interests. The Board of Directors also monitors the level of dividends to ordinary shareholders. The Group funds its operations and growth through a mix of equity and debts. This includes the maintenance of adequate lines of credit and assessing the need to raise additional equity where required.

From time to time, the Group may undertake share purchases or acquisitions under its approved Share Purchase Mandate if and when circumstances permit, as part of the Group's management mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements, in an expedient and cost-efficient manner. The purchases or acquisitions of its shares seek to increase shareholder' values and provide greater flexibility over the Group's share capital structure.

NOTES TO THE FINANCIAL STATEMENTS

17 Share capital (cont'd)

There were no changes in the Group's approach to capital management during the year.

The Company and its subsidiaries are not subject to externally imposed capital requirements.

The gearing ratio is calculated as net debt divided by total equity (excluding non-controlling interests). Net debt is calculated as borrowings less cash and cash equivalents.

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Net debt	351,977	299,398	9,220	14,475
Total equity (excluding non-controlling interests)	2,330,775	1,786,690	1,130,667	824,398
Gearing ratio	0.15	0.17	0.01	0.02

The Group and the Company are in compliance with all borrowing covenants for the financial years ended 31 December 2012 and 31 December 2013.

18 Capital and reserves

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Reserve for own shares	(54,265)	(60,500)	(54,265)	(60,500)
Capital reserve	2,230	2,230	187	187
Foreign currency translation reserve	7,935	(21,063)	–	–
Revaluation reserve	–	94,676	–	–
Retained earnings	2,218,827	1,566,214	1,028,697	679,578
	2,174,727	1,581,557	974,619	619,265

Reserve for own shares

Reserve for own shares comprises the cost of the Company's shares held by the Group.

Capital reserve

The capital reserve which arose prior to 1 January 2001, comprises negative goodwill arising on acquisition of interests in subsidiaries and discount arising on the acquisition of a loan extended by a former shareholder to a subsidiary.

Foreign currency translation reserve

The currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company.

NOTES TO THE FINANCIAL STATEMENTS

18 Capital and reserves (cont'd)

Revaluation reserve

As at 31 December 2012, the revaluation reserve comprised of the surpluses arising from the revaluation of freehold land and hotel building.

In 2013, the Group completed the sale of its freehold land and hotel building. The revaluation reserve amounting to $94,676,000 was transferred to retained earnings.

Retained earnings

Included in retained earnings is a net accumulated profit of $18,640,000 (2012: $43,924,000) representing share of post acquisition results of associates and jointly-controlled entities.

19 Loans and borrowings

	Group		Company	
	2013	**2012**	**2013**	**2012**
	$'000	**$'000**	**$'000**	**$'000**
Non-current liabilities				
Secured bank loans	98,831	275,800	–	–
Current liabilities				
Secured bank loans	370,703	186,106	94,903	139,937
	469,534	461,906	94,903	139,937

The bank loans are secured on the following assets:

		Group	
	Note	**2013**	**2012**
		$'000	**$'000**
Investment properties	5	1,537,246	682,182
Development properties	13	–	145,527
Carrying amounts		1,537,246	827,709

In addition, the Group's bank loans are secured by legal assignment of sales and rental proceeds.

NOTES TO THE FINANCIAL STATEMENTS

19 Loans and borrowings (cont'd)

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Effective interest rate %	Expected year of maturity	2013 Face value $'000	2013 Carrying amount $'000	2012 Face value $'000	2012 Carrying amount $'000
Group						
Secured bank loans						
- floating rate	1.62 – 3.72	2014 – 2018	469,534	469,534	461,906	461,906
Company						
Secured bank loans						
- floating rate	1.62 – 3.72	2014	94,903	94,903	139,937	139,937

Intra-group guarantees

Intra-group financial guarantees comprise guarantees granted by the Company to banks in respect of banking facilities amounting to $570,404,000 (2012: $517,742,000) extended to its subsidiaries, associates and jointly-controlled entities. The periods in which the financial guarantees expire are as follows:

	Group 2013 $'000	Group 2012 $'000	Company 2013 $'000	Company 2012 $'000
Less than 1 year	195,773	–	471,573	46,169
Between 1 and 5 years	–	195,773	98,831	471,573
	195,773	195,773	570,404	517,742

20 Other liabilities

	Group 2013 $'000	Group 2012 $'000
Amount due to a non-controlling shareholder (non-trade)	15,213	15,213
Non-current retention sums payable	–	14,074
	15,213	29,287

Amount due to a non-controlling shareholder (non-trade) is unsecured and interest-free, and does not have fixed terms of repayment. As the amount represents, in substance, the non-controlling shareholder's net investment in the Group, it is stated at cost.

NOTES TO THE FINANCIAL STATEMENTS

21 Deferred income

	Group	
	2013	2012
	$'000	$'000
Deferred gain:		
- current	1,003	982
- non-current	819	1,801
	1,822	2,783

Deferred gain relates to the excess of sales proceeds over the fair value of the leasehold property disposed of under a sale and leaseback arrangement in 2010. Deferred gain is released to profit or loss on a straight-line basis over the leaseback period of 5 years.

22 Trade and other payables

	Group		Company	
	2013	2012	2013	2012
	$'000	$'000	$'000	$'000
Trade payables	53	64	–	–
Deposits and advances from customers	2,873	1,883	–	–
Rental deposits	14,842	6,130	–	–
Accrued operating expenses and development expenditure	75,700	59,222	10,180	9,459
Amounts due to subsidiaries (non-trade)	–	–	29,075	249,811
Amount due to non-controlling shareholder (non-trade)	–	5,384	–	–
Amount due to jointly-controlled entities (non-trade)	6,700	–	6,700	–
Other payables	684	546	–	–
Sales option fees received	–	8,150	–	–
Goods and services tax payable	594	913	–	15
Retention sums payable	11,780	–	–	–
	113,226	82,292	45,955	259,285

Amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

Amount due to non-controlling shareholder was unsecured, interest-free and repayable within the next twelve months.

Amount due to jointly-controlled entities is unsecured, interest-free and repayable within the next twelve months.

NOTES TO THE FINANCIAL STATEMENTS

23 Revenue

Revenue represents property development income, and rental income and service charges, after eliminating inter-company transactions. Property development income consists of sales proceeds from properties held for resale, and in respect of property development projects, an appropriate portion of the contracted sales value on which profit has been recognised under the percentage of completion method.

The amount of each significant category of revenue is as follows:

	Group	
	2013	2012
	$'000	$'000
Gross proceeds from properties sold	108,646	447,213
Rental income and service charges	30,698	14,436
	139,344	461,649

Included in rental income and service charges is lease income generated from investment properties of $23,468,000 (2012: $8,788,000).

24 Other income

	Group	
	2013	2012
	$'000	$'000
Interest income	4,674	4,841
Gross dividend income from:		
- quoted equity investments	1	7
- unquoted equity investments	37	14
Gain on disposal of investment properties	–	17,946
Gain on disposal of associate company	–	2,166
Gain on disposal of freehold land and hotel building	25,927	–
Gain on sale of quoted equity	7	–
Gain on sale of investee company	47,194	–
Exchange (loss)/gain, net	(369)	1,963
Distribution income from financial assets designated at fair value through profit or loss	247	570
Forfeiture income	–	1,222
Management fee income	1,569	705
Government grants received under Jobs Credit Scheme	–	1
Fair value gain/(loss) on financial assets at fair value through profit or loss	1,137	(352)
Others	516	187
	80,940	29,270

NOTES TO THE FINANCIAL STATEMENTS

25 Directors' remuneration

Number of directors in remuneration bands:

	2013 Number of Directors	2012 Number of Directors
$500,000 and above	3	3
$250,000 to $499,999	–	–
Below $250,000	5*	5*
Total	8	8

* Includes 5 (2012: 5) independent directors.

26 Finance costs

	Note	Group 2013 $'000	Group 2012 $'000
Interest expenses on loans and borrowings		10,986	10,770
Finance costs capitalised in properties under development	13	–	(398)
Finance costs capitalised in investment property under construction	5	(5,712)	(6,716)
		5,274	3,656

27 Income tax expense

	Group 2013 $'000	Group 2012 $'000
Current tax expense		
Current year	20,330	21,143
Overprovision of tax in prior years	(4,493)	(1,338)
	15,837	19,805
Deferred tax expense		
Movements in temporary differences	(10,912)	4,772
Income tax expense	4,925	24,577
Income tax expense from continuing operations	4,263	23,533
Income tax expense from discontinued operations	662	1,044
Total income tax expense	4,925	24,577

NOTES TO THE FINANCIAL STATEMENTS

27 Income tax expense (cont'd)

Reconciliation of effective tax rate

	Group	
	2013	2012
	$'000	$'000
Profit for the year	606,216	186,945
Total income tax expense	4,925	24,577
Profit excluding income tax	611,141	211,522
Tax calculated using Singapore tax rate of 17% (2012: 17%)	103,894	35,959
Expenses not deductible for tax purposes	4,227	2,921
Tax exempt revenue	(157)	(130)
Income not subject to tax	(98,457)	(12,617)
Effect of different tax rates in other countries	297	44
Tax incentives	(386)	(262)
Overprovision of tax in prior years	(4,493)	(1,338)
	4,925	24,577

28 Discontinued operations

In October 2012, the Group entered into option to purchase agreement with a third party customer to sell its freehold land and hotel building. Following the reclassification of the freehold land and hotel building to assets held for sale, the Group's hotel operations were discontinued.

In May 2013, the Group completed the sale of its freehold land and hotel building. A net gain of $25,927,000 was recognised in the income statement for the financial year ended 31 December 2013. Following the sale in May 2013, the Group then signed an agreement with the purchaser to continue with the hotel operation as part of the transitional arrangement. The arrangement will expire on 27 March 2014.

The income statement has been presented to show the discontinued operations separately from continuing operations.

	Group	
	2013	2012
	$'000	$'000
Results of discontinued operation		
Revenue	9,737	10,936
Expenses	(5,841)	(6,169)
Results from operating activities	3,896	4,767
Tax	(662)	(1,044)
Profit for the year	3,234	3,723
Basic earnings per share (cents)	0.48	0.53
Diluted earnings per share (cents)	0.48	0.53

NOTES TO THE FINANCIAL STATEMENTS

28 Discontinued operations (cont'd)

The profit from discontinued operation of $3,234,000 (2012: $3,723,000) is attributable entirely to the owners of the Company.

Of the profit from continuing operations of $602,982,000 (2012: $183,222,000), an amount of $588,541,000 is attributable to the owners of the Company (2012: $183,342,000).

Cash flows from discontinued operations

	Group	
	2013	**2012**
	$'000	**$'000**
Net cash from operating activities	3,432	6,138
Net cash flows for the year	3,432	6,138

29 Profit for the year

The following items have been included in arriving at profit for the year:

		Group	
	Note	**2013**	**2012**
		$'000	**$'000**
Direct operating expenses from investment properties		6,995	3,303
Audit fees paid to auditors of the Company		274	284
Non-audit fees paid to auditors of the Company		138	189
Depreciation of property, plant and equipment	4	866	1,761
Amortisation of deferred gain on sale of leasehold property under a sale and leaseback arrangement	21	(961)	(982)
Staff costs		8,878	8,572
Contributions to defined contribution plans included in staff costs		398	429
Allowance for impairment loss reversed on trade receivables		(12)	(8)
Loss on disposal of property, plant and equipment		–	2

NOTES TO THE FINANCIAL STATEMENTS

30 Earnings per share

	Group 2013 $'000	Group 2012 $'000
Basic earnings per share is based on:		
Net profit attributable to ordinary shareholders	591,775	187,065

	Group 2013 Number of shares '000	Group 2012 Number of shares '000
Ordinary shares in issue at beginning of the year	737,338	737,338
Less : Cancelled	(34,000)	–
Effect of own shares held	(26,388)	(36,492)
Weighted average number of ordinary shares in issue during the year	676,950	700,846

The Company does not have any dilutive potential ordinary shares in existence for the current and previous financial years.

31 Dividends

After the balance sheet date, the Directors proposed the following dividends, which have not been provided for.

	Group and Company 2013 $'000	Group and Company 2012 $'000
Proposed final tax-exempt dividend of 8 cents (2012: 5 cents) per share	53,635	34,639

32 Significant related party transactions

Key management personnel

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling activities of the Group. The Directors of the Group are considered as key management personnel.

Key management personnel compensation comprises:

	Group 2013 $'000	Group 2012 $'000
Directors' fees	317	300
Directors' remuneration:		
- short-term employee benefits	8,622	7,834
	8,939	8,134

NOTES TO THE FINANCIAL STATEMENTS

32 Significant related party transactions (cont'd)

Other related party transactions

Other than as disclosed elsewhere in the financial statements, the transactions with related parties entered into on terms agreed between the parties are as follows:

		Group 2013 $'000	Group 2012 $'000
Related corporations			
Rental income		25	21
Other operating expenses:			
- insurance		58	61
- printing		32	70
- others		41	30
Other related parties			
Donations made	(i)	1,500	1,500

(i) The donation of $1,500,000 was made to Ho Bee Foundation, the philanthropic arm of the Group. By virtue of Mr Chua Thian Poh's shareholdings in Ho Bee Holdings (Pte) Ltd, the immediate and ultimate holding company, he is deemed to have control over the financial and operating policies of the Company. Mr Chua is also a director and a key management personnel of Ho Bee Foundation.

33 Commitments

As at 31 December 2013, commitments for expenditure which have not been provided for in the financial statements were as follows:

	Group 2013 $'000	Group 2012 $'000
Authorised and contracted for:		
- development expenditure	320	164,677
- subscription for additional interest in private equity funds	366	490

NOTES TO THE FINANCIAL STATEMENTS

33 Commitments (cont'd)

The Group leases out its investment properties, property, plant and equipment and certain properties held for sale. Non-cancellable operating lease rentals are receivable as follows:

	Group	
	2013	**2012**
	$'000	**$'000**
Within 1 year	40,766	13,619
After 1 year but within 5 years	93,413	25,131
After 5 years	1,577	4,331
	135,756	43,081

34 Financial risk management

Overview

The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. Management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

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 and financial assets. The Group has procedures in place to manage credit risk and exposure to such risk is monitored on an ongoing basis.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. This allowance is a specific loss component that relates to individually significant exposures. The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

Cash and fixed deposits are placed with banks and financial institutions which are regulated. Investments and transactions involving derivative financial instruments are restricted with counterparties who meet the appropriate credit criteria and/or are of high credit standing. As such, management does not expect any counterparty to fail to meet its obligations.

Financial guarantee

The principal risk to which the Company is exposed to is credit risk in connection with guarantee contracts it has issued. The credit risk represents the loss that would be recognised upon a default by the parties to which the guarantees were given on behalf of. To mitigate these risks, management continually monitors the risks and has established processes including performing credit evaluations of the parties it is providing the guarantee on behalf of. Guarantees are only given to its subsidiaries, associate and jointly-controlled entities.

NOTES TO THE FINANCIAL STATEMENTS

34 Financial risk management (cont'd)

Credit risk (cont'd)

Financial guarantee (cont'd)

There are no terms and conditions attached to the guarantee contracts that would have a material effect on the amount, timing and uncertainty of the Company's future cash flows.

The intra-group financial guarantees with subsidiaries are eliminated in preparing the consolidated financial statements. Estimates of the Company's obligations arising from financial guarantee contracts may be affected by future events, which cannot be predicted with any certainty. The assumptions may well vary from actual experience so that the actual liability may vary considerably from the best estimates.

Liquidity risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding to ensure that all refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient level of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level compared to its overall debt position. When necessary, the Group will raise committed funding from either the capital markets and/or financial institutions and prudently balance its portfolio with some short term funding so as to achieve overall cost effectiveness.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange 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 on risk.

Interest rate risk

The Group manages its interest rate exposure by actively reviewing its debt portfolio and switching to cheaper sources of funding in a low interest rate environment to achieve a certain level of protection against interest rate hikes.

Foreign currency risk

The Group incurs foreign currency risk on transactions that are denominated in currencies other than the Singapore dollar. The Group tries to maintain a natural hedge whenever possible, by borrowing in the currency of the country in which the property or investment is located or by borrowing in currencies that match the future revenue streams to be generated from its investments. The currencies giving rise to this risk are primarily the United States dollar (USD), British pounds (GBP) and Australian dollar (AUD). Exposure to foreign currency risk is monitored on an ongoing basis by the Group to ensure that the net exposure is kept at an acceptable level.

The Group is also exposed to currency translation risk on its net investments in foreign operations. Such exposures are reviewed and monitored on a regular basis.

NOTES TO THE FINANCIAL STATEMENTS

34 Financial risk management (cont'd)

Foreign currency risk (cont'd)

The Group's non-current amount owing from a jointly-controlled entity, amounting to $69,718,000 (2012: $67,128,000), which is denominated in USD is hedged by a USD-denominated bank loan, which mitigates the currency translation risk arising from the jointly-controlled entity. The loan is designated as a net investment hedge.

35 Financial instruments

Credit risk

Exposure to credit risk

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

The Group's credit risk is primarily attributable to trade and other receivables and financial assets. The Group's historical experience in the collection of accounts receivable falls within the recorded allowances. Due to these factors, management believes that no additional credit risk is inherent in the Group's trade receivables.

At the balance sheet date, the Group has receivables due from jointly-controlled entities amounting to $400,804,000 (2012: $601,850,000) representing 89% (2012: 91%) of total gross trade and other receivables. Except for these receivables, there was no concentration of credit risk.

Impairment losses

The ageing of trade receivables at the reporting date was:

Group	Gross 2013 $'000	Impairment losses 2013 $'000	Gross 2012 $'000	Impairment losses 2012 $'000
Past due 0 – 30 days	20,541	–	148	–
Past due 31 – 120 days	75	–	98	–
More than 120 days past due	113	16	65	28
	20,729	16	311	28

NOTES TO THE FINANCIAL STATEMENTS

35 Financial instruments (cont'd)

Credit risk (cont'd)

Impairment losses (cont'd)

The movements in impairment loss in respect of trade receivables during the year are as follows:

	Group	
	2013	**2012**
	$'000	**$'000**
At 1 January	28	36
Impairment loss reversed	(12)	(8)
At 31 December	16	28

Based on historical default rates and the Group's assessment on the recoverability of amounts due from specific customers, the Group believes that no impairment allowance is necessary in respect of trade receivables not past due or past due more than 30 days.

Receivables that were past due but not impaired relate to a wide range of customers for whom there has not been a significant change in the credit quality. Based on past experience, management believes that no impairment allowance is necessary and the balances are still considered fully recoverable.

NOTES TO THE FINANCIAL STATEMENTS

35 Financial instruments (cont'd)

Liquidity risk

The following are the expected contractual undiscounted cash inflows/(outflows) of financial liabilities, including interest payments and excluding the impact of netting agreements:

	Carrying amount	Cash flows			
		Contractual cash flows	Within 1 year	Within 2 to 5 years	More than 5 years
	$'000	$'000	$'000	$'000	$'000
Group					
2013					
Non-derivative financial liabilities					
Secured bank loans	469,534	(487,438)	(380,950)	(106,488)	–
Retention sums payable	11,780	(11,780)	(11,780)	–	–
Amount due to jointly-controlled entities	6,700	(6,700)	(6,700)	–	–
Trade and other payables	94,746	(94,746)	(94,746)	–	–
	582,760	(600,664)	(494,176)	(106,488)	–
2012					
Non-derivative financial liabilities					
Secured bank loans	461,906	(475,987)	(194,587)	(281,400)	–
Retention sums payable	14,074	(14,074)	–	(14,074)	–
Trade and other payables	82,292	(82,292)	(82,292)	–	–
	558,272	(572,353)	(276,879)	(295,474)	–
Company					
2013					
Non-derivative financial liabilities					
Secured bank loans	94,903	(95,118)	(95,118)	–	–
Amounts due to subsidiaries	29,075	(29,075)	(29,075)	–	–
Amount due to jointly-controlled entities	6,700	(6,700)	(6,700)	–	–
Trade and other payables	10,180	(10,180)	(10,180)	–	–
	140,858	(141,073)	(141,073)	–	–
2012					
Non-derivative financial liabilities					
Secured bank loans	139,937	(141,632)	(141,632)	–	–
Amounts due to subsidiaries	249,811	(249,811)	(249,811)	–	–
Trade and other payables	9,474	(9,474)	(9,474)	–	–
	399,222	(400,917)	(400,917)	–	–

The Group is not exposed to liquidity risk on the non-current amount due to a non-controlling shareholder as the settlement of such amount is neither planned nor likely to occur in the foreseeable future.

NOTES TO THE FINANCIAL STATEMENTS

35 Financial instruments (cont'd)

Currency risk

Exposure to currency risk

The Group's significant exposures to foreign currencies other than the Company's functional currency are as follows:

	2013			2012		
	USD	**GBP**	**AUD**	**USD**	**GBP**	**AUD**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Group						
Financial assets	4,518	–	–	4,763	–	–
Trade and other receivables	18,760	–	50,232	48,691	–	53,637
Cash and cash equivalents	294	2,549	731	104	–	47
Loans and borrowings	–	(146,776)	(46,958)	(139,937)	–	(46,169)
	23,572	(144,227)	4,005	(86,379)	–	7,515
Company						
Trade and other receivables	18,760	–	50,232	18,063	–	53,638
Cash and cash equivalents	1	–	–	–	–	–
Loans and borrowings	–	(47,945)	(46,958)	(139,937)	–	–
	18,761	(47,945)	3,274	(121,874)	–	53,638

NOTES TO THE FINANCIAL STATEMENTS

35 Financial instruments (cont'd)

Currency risk (cont'd)

Sensitivity analysis

The foreign currencies which the Group is significantly exposed to are USD, GBP and AUD. A strengthening of the Singapore dollar against these foreign currencies at the reporting date would increase/(decrease) profit before income tax by amounts shown below. This analysis assumes that all other variables, in particular, interest rates, remain constant.

	Group Profit before income tax $'000
31 December 2013	
USD (10% strengthening of Singapore dollar)	(2,357)
GBP (10% strengthening of Singapore dollar)	14,423
AUD (10% strengthening of Singapore dollar)	(401)
31 December 2012	
USD (10% strengthening of Singapore dollar)	8,638
GBP (10% strengthening of Singapore dollar)	–
AUD (10% strengthening of Singapore dollar)	(752)

	Company Profit before income tax $'000
31 December 2013	
USD (10% strengthening of Singapore dollar)	(1,876)
GBP (10% strengthening of Singapore dollar)	4,795
AUD (10% strengthening of Singapore dollar)	(328)
31 December 2012	
USD (10% strengthening of Singapore dollar)	12,187
GBP (10% strengthening of Singapore dollar)	–
AUD (10% strengthening of Singapore dollar)	(5,364)

A weakening of the Singapore dollar against the above currencies would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS

35 Financial instruments (cont'd)

Interest rate risk

Profile

At the reporting date, the interest rate profile of the interest-bearing financial instruments was:

	Group Carrying Amount		Company Carrying Amount	
	2013	**2012**	**2013**	**2012**
	$'000	**$'000**	**$'000**	**$'000**
Fixed rate instruments				
Financial assets	97,656	51,008	85,336	35,000
Variable rate instruments				
Financial assets	331,070	534,706	331,070	534,706
Financial liabilities	(469,534)	(461,906)	(94,903)	(139,937)
	(138,464)	72,800	236,167	394,769

Sensitivity analysis

Fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

35 Financial instruments (cont'd)

Interest rate risk (cont'd)

Variable rate instruments

For the interest rate swap and the other variable rate financial assets and liabilities, a change of 100 bp in interest rate at the reporting date would increase/(decrease) amounts capitalised or credited to equity and amounts charged or credited to the income statement as shown below. This analysis assumes that all other variables, in particular, foreign currency rates, remain constant.

	Profit before income tax		Equity	
	100 bp increase $'000	100 bp decrease $'000	100 bp increase $'000	100 bp decrease $'000
Group				
31 December 2013				
Variable rate instruments	(1,055)	1,055	–	–
31 December 2012				
Variable rate instruments	2,285	(2,285)	1,557	(1,557)
Company				
31 December 2013				
Variable rate instruments	2,362	(2,362)	–	–
31 December 2012				
Variable rate instruments	3,948	(3,948)	–	–

Amounts that would be capitalised or credited to equity on variable rate instruments relate to interest payable on loans funding a development property capitalised, on a specific identification basis, as part of the cost of development property. Under the percentage of completion method, such cost is brought into the income statement only in respect of sales procured and to the extent that such cost relates to the progress of construction work.

Estimation of fair values for financial assets and liabilities

A number of the Group's accounting policies and disclosures require the determination of fair value for financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

NOTES TO THE FINANCIAL STATEMENTS

35 Financial instruments (cont'd)

Estimation of fair values for financial assets and liabilities (cont'd)

Valuation processes applied by the Group

The Group has an established control framework with respect to the measurement of fair values. This framework includes a finance team that reports directly to the Chief Financial Officer, and has overall responsibility for all significant fair value measurements, including level 3 fair values.

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of the Group and the Company.

Financial assets

The fair value of the Group's and the Company's financial assets designated at fair value through profit or loss, and available-for-sale financial assets is determined by reference to their quoted bid price at the balance sheet date. If a quoted market price is not available, the fair value of the financial assets is estimated using valuation techniques. Valuation techniques include recent arm's length prices, comparisons to similar instruments for which market observable prices exist, valuation models or discounted cash flow techniques.

The fair value of the Group's unquoted investments in private equity funds are determined based on quotations from the fund managers.

It is not practicable to reliably estimate the fair value of unquoted available-for-sale financial assets due to the lack of quoted market prices in an active market, significant range of reasonable fair value estimates, and the inability to reasonably assess the probabilities of the various estimates.

Amounts due from/to subsidiaries, associate, jointly-controlled entities and non-controlling shareholders

The carrying values of amounts due from/to subsidiaries, associate, jointly-controlled entities and non-controlling shareholders that reprice within six months of the balance sheet date approximate their fair values. Fair value is calculated based on discounted expected future principal and interest cash flows. For non-interest bearing amounts, the prevailing market interest rates of similar loans are used to discount the loans to subsidiaries and associate to arrive at their fair values.

Interest-bearing bank loans (secured)

The carrying values of interest-bearing bank loans that reprice within six months of the balance sheet date approximate their fair values. Fair value is calculated based on discounted expected future principal and interest cash flows.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

NOTES TO THE FINANCIAL STATEMENTS

35 Financial instruments (cont'd)

Interest rates used in determining fair values

The interest rates used to discount estimated cash flows, where applicable, are as follows:

	2013 %	2012 %
Financial liabilities	1.6 – 4.3	1.1 – 4.7
Receivables	1.2 – 1.5	1.2 – 2.1
Payables	1.6 – 4.3	1.1 – 4.7

Fair values versus carrying amounts

The carrying amounts of the Group's and the Company's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2013 and 2012.

Fair value hierarchy

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as 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).

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets carried at fair value				
Group				
31 December 2013				
Financial assets designated at fair value through profit or loss	–	–	4,518	4,518
31 December 2012				
Financial assets designated at fair value through profit or loss	–	–	3,438	3,438
Financial assets held for trading	107	–	–	107
	107	–	3,438	3,545

NOTES TO THE FINANCIAL STATEMENTS

35 Financial instruments (cont'd)

Fair value hierarchy (cont'd)

Level 3 fair values

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy:

	Financial assets at fair value through profit or loss $'000
Group	
1 January 2013	3,438
Fair value changes	1,137
Distribution income	247
Exchange gain recognised in profit or loss	208
Purchases	97
Settlements	(609)
31 December 2013	4,518
Total gain for the year included in profit or loss for assets held as at 31 December 2013	1,592
1 January 2012	4,403
Fair value changes	(363)
Distribution income	570
Exchange loss recognised in profit or loss	(225)
Purchases	347
Settlements	(1,294)
31 December 2012	3,438
Total loss for the year included in profit or loss for assets held as at 31 December 2012	(18)

Gain/(loss) included in profit or loss for the year (above) is presented in other income/other expenses as follows:

	2013 $'000	**2012 $'000**
Other income		
Fair value gain/(loss)	1,137	(363)
Distribution income	247	570
Dividend income	23	–
	1,407	207
Other expense		
Exchange gain/(loss) recognised	185	(225)
Total gain/(loss) included in profit or loss for the year	1,592	(18)

NOTES TO THE FINANCIAL STATEMENTS

35 Financial instruments (cont'd)

Fair value hierarchy (cont'd)

Level 3 fair values (cont'd)

The fair value of financial assets designated at fair value through profit or loss has been measured at fair value as determined by the investment manager or fund manager. Because of the inherent uncertainty of valuations of financial assets, the estimated values may differ significantly from the values that would have been used had a ready market for the securities existed, and the differences could be material. As such, these investments are valued at cost until occurrence of a valuation event as defined below:

(a) Buy-out/later stage investments for which subsequent rounds of financing are not anticipated: once the investment has been held in the portfolio for one year, an analysis of the fair market value of the investment will be performed. The analysis will typically be based on a discounted multiple of earnings, revenues, earnings before interest and taxes (EBIT) or EBIT adjusted for certain non-cash changes (EBITDA) (depending on what is appropriate for that particular company/industry). Valuations may also be based on pending sale or initial public offering prices.

(b) Private equity investments are initially valued based upon transaction price, with subsequent adjustments to values which reflect the consideration of available market data, including primarily observations of the trading multiples of public companies considered comparable to the privately held companies being valued. Valuations are also adjusted to give consideration to the financial condition and operating results specific to the issuer. Any investment in a privately-held company, suffering an impairment in its value is written down to anywhere from 75% to 100% of the carrying value of the investment depending on the severity of the situation.

(c) Public stocks, not restricted to sale or transfer, are valued at the bid price on their principal exchange as of the valuation date. If any listed security was not traded on such date, then the mean of the high bid and low ask prices as of the close of such date is used. Public stocks restricted as to sale or transfer are discounted by analyzing the nature and length of the restriction and the relative volatility of the market prices of such security.

Accordingly, the use of different factors or estimation methodologies may not be indicative of the amounts the private equity funds could realise in a current market. However, these differences on the estimated fair values will not lead to a significant effect on the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS

35 Financial instruments (cont'd)

Financial instruments by category

	Loans and receivables $'000	Financial assets at fair value through profit or loss $'000	Available-for-sale financial assets $'000	Financial liabilities at amortised cost $'000	Total $'000
Group					
31 December 2013					
Trade and other receivables*	380,154	–	–	–	380,154
Financial assets at fair value through profit or loss	–	4,518	–	–	4,518
Cash and cash equivalents	117,557	–	–	–	117,557
Loans and borrowings	–	–	–	(469,534)	(469,534)
Trade and other payables^	–	–	–	(113,226)	(113,226)
	497,711	4,518	–	(582,760)	(80,531)
31 December 2012					
Available-for-sale financial assets	–	–	1,326	–	1,326
Financial assets held for trading	–	107	–	–	107
Trade and other receivables*	591,242	–	–	–	591,242
Financial assets at fair value through profit or loss	–	3,438	–	–	3,438
Cash and cash equivalents	162,508	–	–	–	162,508
Loans and borrowings	–	–	–	(461,906)	(461,906)
Trade and other payables^	–	–	–	(96,366)	(96,366)
	753,750	3,545	1,326	(558,272)	200,349

NOTES TO THE FINANCIAL STATEMENTS

35 Financial instruments (cont'd)

Financial instruments by category (cont'd)

	Loans and receivables $'000	Financial assets at fair value through profit or loss $'000	Financial liabilities at amortised cost $'000	Total $'000
Company				
31 December 2013				
Trade and other receivables*	313,205	–	–	313,205
Cash and cash equivalents	85,683	–	–	85,683
Trade and other payables^	–	–	(45,955)	(45,955)
Loans and borrowings	–	–	(94,903)	(94,903)
	398,888	–	(140,858)	258,030
31 December 2012				
Financial assets held for trading	–	58	–	58
Trade and other receivables*	510,481	–	–	510,481
Cash and cash equivalents	125,462	–	–	125,462
Trade and other payables^	–	–	(259,285)	(259,285)
Loans and borrowings	–	–	(139,937)	(139,937)
	635,943	58	(399,222)	236,779

* Excludes prepayments and amounts whereby, in substance, are part of the Group's and the Company's net investment in subsidiaries and jointly-controlled entities.

^ Excludes amount due to non-controlling shareholder (non-current) which, in substance, is part of the non-controlling shareholder's net investment in the Group.

NOTES TO THE FINANCIAL STATEMENTS

36 Operating segments

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different marketing strategies. For each of the strategic business units, the Group's CEO reviews internal management reports on at least a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

- Property investment : The investment in properties.
- Property development : The development and trading in properties.

Other segments include investing in quoted and unquoted securities and private equity funds and the discontinued operations of the hotel.These segments do not meet any of the quantitative thresholds for determining reportable segments in 2013 or 2012.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment gross profit, as included in the internal management reports that are reviewed by the Group's CEO. Segment gross profit is used to measure performance as management believe that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

NOTES TO THE FINANCIAL STATEMENTS

36 Operating segments (cont'd)

(a) Operating segments

	Property investment $'000	Property development $'000	Others $'000	Total $'000
2013				
Revenue from external customers	25,737	113,607	–	139,344
Reportable segment gross profit	18,742	27,397	–	46,139
Other operating income				569,350
Other operating expenses				(19,760)
Profit from operations				595,729
Interest income				4,674
Finance costs				(5,274)
Share of profits of associates				(1,239)
Share of profits of jointly-controlled entities				13,355
Income tax expense				(4,263)
Profit from continuing operations, net of tax				602,982
Profit from discontinued operations, net of tax				3,234
Profit for the year				606,216
Other material non-cash items:				
- Fair value changes on investment properties	493,084	–	–	493,084
Reportable segment assets	1,562,232	216,588	4,518	1,783,338
Investments in associate and jointly-controlled entities	–	647,396	–	647,396
Reportable segment liabilities	422,579	62,171	–	484,750

NOTES TO THE FINANCIAL STATEMENTS

36 Operating segments (cont'd)

(a) Operating segments (cont'd)

	Property investment $'000	Property development $'000	Others $'000	Total $'000
2012				
Revenue from external customers	10,975	450,674	–	461,649
Reportable segment gross profit	7,624	144,054	–	151,678
Other operating income				42,028
Other operating expenses				(17,144)
Profit from operations				176,562
Interest income				4,841
Finance costs				(3,656)
Share of profits of associates				(484)
Share of profits of jointly-controlled entities				29,492
Income tax expense				(23,533)
Profit from continuing operations, net of tax				183,222
Profit from discontinued operations, net of tax				3,723
Profit for the year				186,945
Other material non-cash items:				
- Fair value changes on investment properties	17,600	–	–	17,600
Reportable segment assets	767,466	300,167	35,499	1,103,132
Investments in associate and jointly-controlled entities	–	418,535	–	418,535
Reportable segment liabilities	321,969	155,151	12,563	489,683

NOTES TO THE FINANCIAL STATEMENTS

36 Operating segments (cont'd)

(a) Operating segments (cont'd)

Reconciliations of reportable segment assets and liabilities and other material items

	2013 $'000	2012 $'000
Assets		
Total assets for reportable segments	1,778,820	1,067,633
Other assets	4,518	35,499
Investments in equity accounted investees	647,396	418,535
Total assets for discontinued operations	1,148	137,310
Other unallocated amounts	560,602	782,050
Consolidated total assets	2,992,484	2,441,027
Liabilities		
Total liabilities for reportable segments	484,750	477,120
Other liabilities	–	12,563
Other unallocated amounts	159,983	145,142
Consolidated total liabilities	644,733	634,825

	Reportable segment totals $'000	Unallocated amounts $'000	Consolidated totals $'000
Other material items			
2013			
Capital expenditure	–	5,737	5,737
Depreciation of property, plant and equipment	–	866	866
2012			
Capital expenditure	–	5,583	5,583
Depreciation of property, plant and equipment	1,377	385	1,762

NOTES TO THE FINANCIAL STATEMENTS

36 Operating segments (cont'd)

(b) Geographical segments

The Group operates principally in Singapore.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of business. Segment assets are based on the geographical location of the assets.

	Singapore $'000	China $'000	United Kingdom $'000	Australia $'000	Consolidated total $'000
2013					
Revenue	142,194	21	6,779	87	149,081
Non-current assets*	1,618,471	441,293	147,646	1,899	2,209,309
2012					
Revenue	470,395	–	2,130	60	472,585
Non-current assets*	783,285	411,034	–	2,204	1,196,523

* Excludes financial assets, other receivables and deferred tax assets.

The Group has a large and diversified customer base which consists of individuals and corporations. There was no single customer that contributed 10% or more to the Group's revenue.

37 Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Financial assets and liabilities

The valuation techniques and the inputs used in the fair value measurements of the financial assets and financial liabilities for measurement and/or disclosure purposes are set out in note 35.

Investment property

Investment properties are stated at fair value. An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property portfolio at each year end.

NOTES TO THE FINANCIAL STATEMENTS

37 Determination of fair values (cont'd)

Investment property (cont'd)

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing, wherein the parties had each acted knowledgeably. Such valuation is based on price per square metre for the buildings derived from observable market data from an active and transparent market.

In the absence of a price per square metre for similar buildings with comparable lease terms in an active market, the valuations are prepared by considering the estimated rental value of the property (i.e. the income approach). A market yield is applied to the estimated rental value to arrive at the gross property valuation. When actual rents differ materially from the estimated rental value, adjustments are made to reflect actual rents.

Valuations reflect, when appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, the allocation of maintenance and insurance responsibilities between the Group and the lessee, and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices, and when appropriate counter-notices, have been served validly and within the appropriate time.

Investment property under construction is valued using the residual method by estimating the fair value of the completed investment property and then deducting from that amount the estimated costs to complete construction, financing costs and a reasonable profit margin on construction and development.

In 2013, The Metropolis was reclassified from leasehold properties under development to leasehold properties following its completion in 2013. The valuation techniques considered by the external independent valuer in arriving at the open market value reflects the selection of a valuation technique based on the maximum available observable inputs given the stage of development of The Metropolis. As a result of the development project's completion and the commencement of rental tenure in 2013, a change in valuation technique was used by the valuer and the Group recognised a fair value gain of $489,583,000 for The Metropolis during the year as compared to $nil in 2012.

The fair value gain on the Metropolis building makes up 99% (2012: 0%) of the Group's total fair value gain of $493,084,000 (2012: $17,600,000) on its investment properties (see note 5). The remaining 1% relates to the revaluation of existing completed investment properties, where the fair values as at 31 December 2013 and 2012 were estimated by an external, independent valuation company through the same valuation techniques.

NOTES TO THE FINANCIAL STATEMENTS

37 Determination of fair values (cont'd)

Fair value hierarchy

Fair value and fair value hierarchy information on financial instruments are disclosed in note 35.

The table below analyses recurring non-financial assets carried at fair value. The different levels are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as 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).

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Non-financial assets carried at fair value				
Group				
31 December 2013				
Investment property	–	–	1,540,709	1,540,709
31 December 2012				
Investment property	–	–	761,182	761,182

Level 3 fair values

The following table shows a reconciliation from the beginning balances to the ending balances for Level 3 fair value measurements.

	Investment Property $'000
Group	
1 January 2013	761,182
Additions	286,443
Gains and losses for the year	
Changes in fair value	493,084
At 31 December 2013	1,540,709

NOTES TO THE FINANCIAL STATEMENTS

37 Determination of fair values (cont'd)

Fair value hierarchy (cont'd)

Level 3 fair values (cont'd)

The following table shows the key unobservable inputs used in the valuation models for deriving Level 3 fair values as at 31 December 2013:

Type	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Investment Property		
Commercial properties for leasing when comparable prices per square foot for comparable buildings and leases are not available	Prices per square feet are S$5.00 to S$7.60 for commercial and S$6.50 to S$16.00 for retail. Investment property yields for commercial and retail from 4.5% to 5.5%	The estimated fair value increases the lower the yields.

38 Accounting estimates and judgements

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group believes the following critical accounting policies involved the most significant judgements and estimates used in the preparation of the financial statements.

Impairment loss on trade receivables

The Group evaluates whether there is any objective evidence that trade receivables are impaired, and determines the amount of impairment loss as a result of the inability of the debtors to make required payments. The Group bases the estimates on the ageing of the trade receivables balance, credit-worthiness of the debtors and historical write-off experience. If the financial conditions of the debtors were to deteriorate, actual write-offs would be higher than the amount estimated.

Assessment of stage of completion and estimated total construction costs of development properties and allowance for foreseeable loss on development properties

The Group recognises profits on development projects using the percentage of completion method for development properties sold under normal payment scheme. The progress of construction is determined based on the certification by an architect or a quantity surveyor of the stage of completion of the development project.

The estimation of total project costs is based on historical experience and contractual arrangements with contractors/suppliers. The estimated total costs for each project is reviewed on a regular basis by the Group to determine whether any allowance for foreseeable loss is required to be set up. Actual costs could differ from the estimates.

NOTES TO THE FINANCIAL STATEMENTS

38 Accounting estimates and judgements (cont'd)

Assessment of stage of completion and estimated total construction costs of development properties and allowance for foreseeable loss on development properties (cont'd)

Where necessary, allowance for foreseeable loss would be set up for estimated losses which may result from deterioration in the estimated market values for unsold development properties. The Group estimates the level of allowance based on the prevailing selling prices of the development properties or similar development properties within the vicinity at the reporting date. In the absence of current prices in an active market, valuations are obtained from an external and independent property valuer.

Valuation of investment properties

The fair values of investment properties are estimated based on valuations carried out by an external and independent property valuer, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The valuations reflect when appropriate, comparable sales of similar properties or estimated market values based on projection of income and expense streams over period of leases, using market rates of return.

Income taxes

Significant judgement is required in determining the capital allowances, taxability of certain income and deductibility of certain expenses during the estimation of the provision for income taxes and deferred tax liabilities.

The Group exercises significant judgement to determine that the deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

39 Subsequent events

In March 2014, the Group entered into a sale and purchase agreement with Nomura Properties Plc to acquire a freehold property known as 1 St Martin's Le Grand in London for a total purchase consideration of £171million. The completion date has been scheduled for 28 March 2014.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF HO BEE LAND LIMITED AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2014

The information in this Appendix III has been extracted and reproduced from the Annual Report of Ho Bee Land Limited and its subsidiaries for the financial year ended 31 December 2014 and has not been specifically prepared for inclusion in this Information Memorandum

Independent Auditors' Report

Members of the Company
Ho Bee Land Limited

Report on the financial statements

We have audited the accompanying financial statements of Ho Bee Land Limited (the Company) and its subsidiaries (the Group), which comprise the statements of financial position of the Group and the Company as at 31 December 2014, the income statement and statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 62 to 138.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Independent Auditors' Report

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and the results, changes in equity and cash flows of the Group for the year ended on that date.

Report on other legal and regulatory requirements

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

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
16 March 2015

Statements of Financial Position

As at 31 December 2014

	Note	Group		Company	
		2014 $'000	2013 $'000	2014 $'000	2013 $'000
Non-current assets					
Property, plant and equipment	4	21,667	21,054	2,195	2,430
Investment properties	5	2,283,127	1,540,709	–	–
Subsidiaries	6	–	–	114,712	70,639
Associates	7	456,330	444,842	437,055	437,055
Jointly-controlled entities	8	346,095	202,554	311,889	225,500
Other assets	9	150	150	–	–
Financial assets	10	4,051	4,518	–	–
Other receivables	11	270,374	400,788	505,269	412,832
Deferred tax assets	12	473	473	–	–
		3,382,267	2,615,088	1,371,120	1,148,456
Current assets					
Inventories		–	21	–	–
Development properties	13	229,546	207,940	–	–
Trade and other receivables	14	62,662	51,878	26,488	37,500
Financial assets	10	–	–	–	–
Cash and cash equivalents	15	9,953	117,557	337	85,683
Assets held for sale	16	–	–	–	–
		302,161	377,396	26,825	123,183
Total assets		3,684,428	2,992,484	1,397,945	1,271,639
Equity attributable to equity holders of the Company					
Share capital	17	156,048	156,048	156,048	156,048
Reserves	18	2,445,069	2,174,727	997,721	974,619
		2,601,117	2,330,775	1,153,769	1,130,667
Non-controlling interests		14,691	16,976	–	–
Total equity		2,615,808	2,347,751	1,153,769	1,130,667
Non-current liabilities					
Loans and borrowings	19	751,516	98,831	–	–
Other liabilities	20	15,213	15,213	–	–
Deferred tax liabilities	12	287	1,515	–	–
Deferred income	21	8,175	819	–	–
		775,191	116,378	–	–
Current liabilities					
Trade and other payables	22	81,990	110,353	90,447	45,955
Loans and borrowings	19	163,644	370,703	153,729	94,903
Deferred income	21	13,250	3,876	–	–
Current tax payable		34,545	43,423	–	114
		293,429	528,355	244,176	140,972
Total liabilities		1,068,620	644,733	244,176	140,972
Total equity and liabilities		3,684,428	2,992,484	1,397,945	1,271,639

Consolidated Income Statement

Year ended 31 December 2014

	Note	2014 $'000	2013 $'000 Restated
Revenue	23	99,601	139,344
Other income	24	1,876	76,635
Total income		101,477	215,979
Fair value gain on investment properties	5	281,693	493,084
Write back of accrual upon finalisation of construction cost for development projects		11,511	–
Cost of sale of development properties including marketing expenses		(4,105)	(84,907)
Direct rental expenses		(20,471)	(8,298)
Loss on foreign exchange		(1,967)	(369)
Staff cost & directors' remuneration		(5,896)	(7,464)
Other operating expenses		(16,217)	(11,719)
Profit from operating activities		346,025	596,306
Net finance costs	26	(18,014)	(1,177)
Share of (losses)/profits, net of tax, of:			
- associates		(1,614)	(1,239)
- jointly-controlled entities		(4,323)	13,355
Profit before income tax		322,074	607,245
Income tax expense	27	(7,371)	(4,263)
Profit from continuing operations		314,703	602,982
Discontinued operation			
(Loss)/Profit from discontinued operation (net of tax)	28	(187)	3,234
Profit for the year	29	314,516	606,216
Profit attributable to:			
Owners of the Company		314,991	591,775
Non-controlling interests		(475)	14,441
Profit for the year		314,516	606,216
Earnings per share			
Basic earnings per share (cents)	30	47.16	87.42
Diluted earnings per share (cents)	30	47.16	87.42

Consolidated Statement of Comprehensive Income

Year ended 31 December 2014

	2014 $'000	2013 $'000
Profit for the year	314,516	606,216
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss:		
Effective portion of changes in fair value of cash flow hedges	351	–
Foreign currency translation differences relating to foreign operations	1,962	3,453
Share of foreign currency translation differences of equity-accounted investee	13,102	27,468
Net loss on hedge of net investment in foreign operations	–	(1,700)
	15,415	29,221
Other comprehensive income for the year, net of income tax	15,415	29,221
Total comprehensive income for the year	329,931	635,437
Attributable to:		
Owners of the Company	329,766	620,773
Non-controlling interests	165	14,664
Total comprehensive income for the year	329,931	635,437

Consolidated Statement of Changes in Equity

Year ended 31 December 2014

	Attributable to owners of the Company									
	Share capital $'000	Reserve for own shares $'000	Capital reserve $'000	Hedging reserve $'000	Revaluation reserve $'000	Foreign currency translation reserve $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Group										
At 1 January 2013	205,133	(60,500)	2,230	–	94,676	(21,063)	1,566,214	1,786,690	19,512	1,806,202
Total comprehensive income for the year										
Profit for the year	–	–	–	–	–	–	591,775	591,775	14,441	606,216
Other comprehensive income										
Foreign currency translation differences relating to foreign operations	–	–	–	–	–	3,230	–	3,230	223	3,453
Share of foreign currency translation differences of equity-accounted investee	–	–	–	–	–	27,468	–	27,468	–	27,468
Net loss on hedge of net investment in foreign operations	–	–	–	–	–	(1,700)	–	(1,700)	–	(1,700)
Reversal of revaluation of property, plant and equipment	–	–	–	–	(94,676)	–	94,676	–	–	–
Total other comprehensive income	–	–	–	–	(94,676)	28,998	94,676	28,998	223	29,221
Total comprehensive income for the year	–	–	–	–	(94,676)	28,998	686,451	620,773	14,664	635,437
Transactions with owners of the Company, recognised directly in equity										
Contributions by and distributions to owners of the Company										
Dividend paid to non-controlling shareholders	–	–	–	–	–	–	–	–	(17,200)	(17,200)
Final tax exempt dividend paid of 5 cents per share in respect of 2012	–	–	–	–	–	–	(33,838)	(33,838)	–	(33,838)
Cancellation of treasury shares	(49,085)	49,085	–	–	–	–	–	–	–	–
Purchase of treasury shares	–	(42,850)	–	–	–	–	–	(42,850)	–	(42,850)
Total contributions by and distributions to owners of the Company	(49,085)	6,235	–	–	–	–	(33,838)	(76,688)	(17,200)	(93,888)
At 31 December 2013	156,048	(54,265)	2,230	–	–	7,935	2,218,827	2,330,775	16,976	2,347,751

Consolidated Statement of Changes in Equity (cont'd)

Year ended 31 December 2014

	Share capital $'000	Reserve for own shares $'000	Capital reserve $'000	Hedging reserve $'000	Revaluation reserve $'000	Foreign currency translation reserve $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
	← Attributable to owners of the Company →									
Group										
At 1 January 2014	156,048	(54,265)	2,230	–	–	7,935	2,218,827	2,330,775	16,976	2,347,751
Total comprehensive income for the year										
Profit for the year	–	–	–	–	–	–	314,991	314,991	(475)	314,516
Other comprehensive income										
Foreign currency translation differences relating to foreign operations	–	–	–	–	–	1,322	–	1,322	640	1,962
Share of foreign currency translation differences of equity-accounted investee	–	–	–	–	–	13,102	–	13,102	–	13,102
Effective portion of changes in fair value of cash flow hedges	–	–	–	351	–	–	–	351	–	351
Total other comprehensive income	–	–	–	351	–	14,424	–	14,775	640	15,415
Total comprehensive income for the year	–	–	–	351	–	14,424	314,991	329,766	165	329,931
Transactions with owners of the Company, recognised directly in equity										
Contributions by and distributions to owners of the Company										
Transfer capital reserve to retained earnings	–	–	(187)	–	–	–	187	–	–	–
Dividend paid to non-controlling shareholders	–	–	–	–	–	–	–	–	(2,450)	(2,450)
Final tax exempt dividend paid of 8 cents per share in respect of 2013	–	–	–	–	–	–	(53,405)	(53,405)	–	(53,405)
Purchase of treasury shares	–	(6,019)	–	–	–	–	–	(6,019)	–	(6,019)
Total contributions by and distributions to owners of the Company	–	(6,019)	(187)	–	–	–	(53,218)	(59,424)	(2,450)	(61,874)
At 31 December 2014	156,048	(60,284)	2,043	351	–	22,359	2,480,600	2,601,117	14,691	2,615,808

Consolidated Statement of Cash Flows

Year ended 31 December 2014

	2014 $'000	2013 $'000
Cash flows from operating activities		
Profit for the year	314,516	606,216
Adjustments for:		
Depreciation of property, plant and equipment	964	866
Loss on disposal of property, plant and equipment	2	–
Unrealised exchange loss/ (gain)	3,038	(5,014)
Interest income	(1,423)	(4,674)
Dividend income	(43)	(38)
Distribution income from financial assets designated at fair value through profit or loss	(118)	(247)
Finance costs	14,591	5,274
Fair value gain of investment properties	(281,693)	(493,084)
Net changes in fair value of financial assets at fair value through profit or loss	272	(1,137)
Gain on disposal of freehold land and hotel building	–	(25,927)
Gain on sale of investee company	–	(47,194)
Gain on sale of quoted equity	–	(7)
Share of losses/(profits) of:		
- associates	1,614	1,239
- jointly-controlled entities	4,323	(13,355)
Income tax expense	7,371	4,925
	63,414	27,843
Changes in working capital:		
Development properties	(30,591)	69,036
Inventories	21	23
Trade and other receivables	(9,511)	(25,025)
Trade and other payables	(8,622)	15,223
Cash generated from operations	14,711	87,100
Income taxes paid	(17,426)	(18,480)
Net cash (used in)/ generated from operating activities carried forward	(2,715)	68,620

Consolidated Statement of Cash Flows (cont'd)

Year ended 31 December 2014

	Note	2014 $'000	2013 $'000
Net cash (used in)/ generated from operating activities brought forward		(2,715)	68,620
Cash flows from investing activities			
Net repayments from jointly-controlled entities		(4,083)	(13,785)
Purchase of property, plant and equipment		(1,654)	(5,737)
Proceeds from disposal of freehold land and hotel building (net of transaction costs)		–	161,836
Proceeds from sale of investee company		–	79,147
Proceeds from sale of quoted equity		–	114
Proceeds from sale of property, plant and equipment		–	271
Additional costs incurred on investment properties		–	(133,086)
Investment in associate		–	(5,321)
Interest received		125	741
Dividend received		43	37,400
Purchase of financial assets designated at fair value through profit or loss		(45)	(97)
Purchase of investment properties (net of transaction costs)		(468,908)	(138,707)
Advances to jointly controlled operations		(12,091)	–
Distributions from financial assets designated at fair value through profit or loss		552	609
Net cash used in investing activities		(486,061)	(16,615)
Cash flows from financing activities			
Amount due to a non-controlling shareholder (non-trade)		–	(5,384)
Amount due to jointly-controlled entities (non-trade)		–	6,700
Proceeds from bank loans		773,613	198,638
Repayment of bank loans		(315,991)	(191,288)
Interest paid		(14,591)	(11,626)
Purchase of treasury shares		(6,019)	(42,850)
Dividends paid		(53,405)	(33,838)
Dividend paid to non-controlling shareholders		(2,450)	(17,200)
Net cash from/(used in) financing activities		381,157	(96,848)
Net decrease in cash and cash equivalents		(107,619)	(44,843)
Cash and cash equivalents at 1 January		117,557	162,508
Effect of exchange rate fluctuations on cash held		15	(108)
Cash and cash equivalents at 31 December	15	9,953	117,557

Notes to the Financial Statements

Year ended 31 December 2014

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 16 March 2015.

1 Domicile and activities

Ho Bee Land Limited (the Company) is incorporated in the Republic of Singapore. The address of the Company's registered office is 9 North Buona Vista Drive, #11-01 The Metropolis Tower 1, Singapore 138588.

The financial statements of the Company as at and for the year ended 31 December 2014 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interests in associates and jointly-controlled entities.

The Group is primarily involved in property development, property investment and investment holding. The immediate and ultimate holding company during the financial year is Ho Bee Holdings (Pte) Ltd, incorporated in the Republic of Singapore.

2 Basis of preparation

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (FRS).

Change in presentation format of Consolidated Income Statement

The Group has reviewed the presentation format of its consolidated Income Statement, which was presented by function in the audited financial statements for the year ended 31 December 2013. The Group took the decision to present its consolidated Income Statement by nature for the year ended 31 December 2014 as this presentation provides more relevant information to the users of the financial statements. The comparatives have been re-presented under this new format.

The following table summarises the impact to the Group's consolidated Income Statement for the year ended 31 December 2013, as a result of the change in presentation format:

	2013 As restated $		2013 As previously stated $
Cost of sales of development properties	84,907		
Direct rental expenses	8,298		
	93,205	Cost of sales	93,205
Staff cost and directors' remuneration	7,464		
Loss on foreign exchange	369		
Other operating expenses	11,719	Other expenses	3,163
Finance costs	208	Administrative expenses	16,597
	19,760		19,760

Notes to the Financial Statements

Year ended 31 December 2014

2 Basis of preparation (cont'd)

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described below.

2.3 Functional and presentation currency

The financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with FRS 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.

Information about critical judgements in applying accounting policies and assumptions and estimation uncertainties that have the most significant effect on the amounts recognised in the financial statements or have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 35 – valuation of financial instruments
- Note 38 – accounting estimates and judgements

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. This framework includes a finance team that reports directly to the Chief Financial Officer, and has overall responsibility for all significant fair value measurements, including level 3 fair values.

The finance team regularly reviews significant unobservable inputs and valuation adjustments. Significant valuation issues are reported to the Group Audit Committee.

When measuring the fair value of an asset or liability, the Group uses market observable 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 within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Notes to the Financial Statements

Year ended 31 December 2014

2 Basis of preparation (cont'd)

2.4 Use of estimates and judgements (cont'd)

Measurement of fair values (cont'd)

If the inputs used to measure the fair value of an asset or liability might be categorised in 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 are included in the following notes:

- Note 35 – valuation of financial instruments
- Note 37 – determination of fair values

2.5 Changes in accounting policy

(i) Subsidiaries

As a result of FRS 110 Consolidated Financial Statements, the Group has changed its accounting policy for determining whether it has control over and consequently whether it consolidates its investees. FRS 110 introduces a new control model that focuses on whether the Group has power over an investee, exposure or rights to variable returns from its involvement with the investee and ability to use its power to affect those returns.

In accordance with the transitional provisions of FRS 110, the Group reassessed the control conclusion for its investees at 1 January 2014. The adoption of FRS110 has no impact on the recognised assets, liabilities and comprehensive income of the Group.

(ii) Joint Arrangements

From 1 January 2014, as a result of FRS 111 Joint Arrangements, the Group has changed its accounting policy for its interests in joint arrangements. Under FRS 111, the Group has classified its interests in joint arrangements as either joint operations (if the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement) or joint ventures (if the Group has rights only to the net assets of an arrangement). When making this assessment, the Group considered the structure of the arrangements, the legal form of any separate vehicles, the contractual terms of the arrangements and other facts and circumstances. Previously, the structure of the arrangement was the sole focus of classification.

The Group has re-evaluated its involvement in its joint arrangement. The adoption of FRS 111 has no impact on the recognised assets, liabilities and comprehensive income of the Group.

Notes to the Financial Statements

Year ended 31 December 2014

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, except as explained in note 2.5, which addresses change in accounting policy.

3.1 Basis of consolidation

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

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 acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

When share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to past and/or future service.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on a transaction-by-transaction basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date. All other non-controlling interests are measured at acquisition-date fair value or, when applicable, on the basis specified in another standard.

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.

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 the non-controlling interest (NCI) in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

Notes to the Financial Statements

Year ended 31 December 2014

3 Significant accounting policies (cont'd)

3.1 Basis of consolidation (cont'd)

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Investments in associates and joint ventures (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. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Investments in associates and joint ventures 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 OCI of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest 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.

Joint operations

A joint operation is an arrangement in which the Group has joint control whereby the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement. The Group accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and jointly-controlled entities 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.

Accounting for subsidiaries, associates, jointly-controlled entities by the Company

Investments in subsidiaries, associates and joint ventures are stated in the Company's statement of financial position at cost less accumulated impairment losses.

Notes to the Financial Statements
Year ended 31 December 2014

3 Significant accounting policies (cont'd)

3.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the end of 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 retranslation are recognised in profit or loss, except for the following differences which are recognised in other comprehensive income arising on the retranslation of:

- available-for-sale equity instruments (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent the hedge is effective.

Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and are translated at the exchange rates at the end of the reporting period. For acquisitions prior to 1 January 2005, the exchange rates at the date of acquisition were used.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, 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 interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or jointly-controlled entity that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation. These are recognised in other comprehensive income, and are presented in the translation reserve in equity.

Notes to the Financial Statements

Year ended 31 December 2014

3 Significant accounting policies (cont'd)

3.2 Foreign currency (cont'd)

Hedge of a net investment in foreign operation

The Group applies hedge accounting to foreign currency differences arising between the functional currency of the foreign operation and the Company's functional currency (Singapore dollars), regardless of whether the net investment is held directly or through an intermediate parent.

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in other comprehensive income to the extent that the hedge is effective, and are presented within equity in the foreign currency translation reserve. To the extent that the hedge is ineffective, such differences are recognised in profit or loss. When the hedged net investment is disposed of, the relevant amount in the foreign currency translation reserve is transferred to profit or loss as part of the gain or loss on disposal.

3.3 Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has an unconditional and legally enforeceable right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets.

Financial assets at fair value through profit or loss

An instrument is classified at fair value through profit or loss if it is acquired principally for the purpose of selling in the short term or is designated as such upon initial recognition. Financial instruments are designated as fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management and investment strategies. Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Notes to the Financial Statements

Year ended 31 December 2014

3 Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

Available-for-sale financial assets

The Group's investments in certain equity securities and debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than for impairment losses, and foreign exchange gains and losses on available-for-sale monetary items (see note 3.2), are recognised in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognised, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

Equity instruments that do not have a quoted market price in an active market and in respect of which the range of fair value estimates is significant, are measured at cost less accumulated impairment losses if the probabilities of the various estimates cannot be reasonably assessed.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

Non-derivative financial liabilities

The Group initially recognises financial liabilities (including liabilities designated at fair value through profit or loss) initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or when they expire.

Non-derivative financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, trade and other payables and other liabilities.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has an unconditional and legally enforeceable right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Impairment of financial assets

A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Notes to the Financial Statements

Year ended 31 December 2014

3 Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

Impairment of financial assets (cont'd)

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss.

Impairment losses in respect of financial assets measured at amortised cost are reversed if the subsequent increase in fair value can be related objectively to an event occurring after the impairment loss was recognised.

Impairment losses once recognised in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in fair value of such assets is recognised directly in equity.

Intra-group financial guarantees

Financial guarantees are financial instruments issued by the Group that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are accounted for as insurance contracts. A provision is recognised based on the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the balance sheet date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

Share capital

Ordinary shares are classified as equity.

Costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Notes to the Financial Statements
Year ended 31 December 2014

3 Significant accounting policies (cont'd)

3.3 Financial instruments (cont'd)

Share capital (cont'd)

Where share capital recognised as equity is repurchased (treasury shares), the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own share account. Where such shares are subsequently reissued, sold or cancelled, the consideration received is recognised as a change in equity and the resulting surplus or deficit on the transaction is presented in non-distributable capital reserve.

Derivative financial instruments, including hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

On initial designation of the derivative as the hedging instrument, the Group formally documents the relationship between the hedging instrument and the hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be 'highly effective' in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80 - 125%. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss.

Derivatives are recognised initially at fair value; any attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in OCI and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

When the hedged item is a non-financial asset, the amount accumulated in equity is retained in OCI and reclassified to profit or loss in the same period or periods during which the non-financial item affects profit or loss. In other cases as well, the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to profit or loss.

Notes to the Financial Statements
Year ended 31 December 2014

3 Significant accounting policies (cont'd)

3.4 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses except for hotel land and buildings, which are stated at their revalued amounts. The revalued amount is the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are carried out by independent professional valuers regularly such that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the balance sheet date.

Any increase in the revaluation amount is credited to the revaluation reserve unless it offsets a previous decrease in value of the same asset that was recognised in profit or loss. A decrease in value is recognised in profit or loss where it exceeds the increase previously recognised in the revaluation reserve. Upon disposal, any related revaluation reserve is transferred from the revaluation reserve to accumulated profits and is not taken into account in arriving at the gain or loss on disposal.

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, and any other costs directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs. 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 determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net within other income/ other expense in profit or loss.

The cost of replacing part 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 part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Paintings and sculptures, and property under construction are not depreciated. Depreciation on other property, plant and equipment is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

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 property	50 years
Leasehold improvements	5 to 10 years
Furniture, fittings and office equipment	5 years
Motor vehicles	5 years

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

Property, plant and equipment which are fully depreciated, are retained in the financial statements until they are no longer in use.

Notes to the Financial Statements

Year ended 31 December 2014

3 Significant accounting policies (cont'd)

3.5 Goodwill

Goodwill and negative goodwill arise on the acquisition of subsidiaries, associates and jointly-controlled entities.

Goodwill represents the excess of:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, 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 equity-accounted investee.

3.6 Investment properties

Investment property is property held either to earn rental income or for capital appreciation or for 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 property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss. At each year end, the Group's investment property portfolio is valued by an external, independent valuation company, having appropriate recognised professional qualifications. Rental income from investment properties is accounted for in the manner described in note 3.14.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

When the use of a property changes such that it is reclassified as property, plant and equipment, or development properties, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Property that is being constructed for future use as investment property is accounted for at fair value.

Where a property is expected to be sold within the foreseeable future, it is reclassified to current assets in the statement of financial position. The property is measured at fair value with any change recognised in profit or loss.

Notes to the Financial Statements

Year ended 31 December 2014

3 Significant accounting policies (cont'd)

3.7 Leases

When the entities within the Group are lessors of an operating lease

Assets subject to operating leases are included in investment properties and are stated at fair value and not depreciated. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

When the entities within the Group are lessees of an operating lease

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease.

3.8 Impairment – non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill, the recoverable amount is estimated at each reporting date, and as and when indicators of impairment are identified.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss unless it reverses a previous revaluation, credited to equity, in which case it is charged to equity. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit 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 cash-generating unit.

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. 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 2014

3 Significant accounting policies (cont'd)

3.9 Development properties

Development properties are those properties which are held with the intention of development and sale in the ordinary course of business. They are stated at the lower of cost plus, where appropriate, a portion of attributable profit, and estimated net realisable value, net of progress billings. Net realisable value is the estimated selling price less costs to be incurred in selling the properties.

The cost of properties under development comprise specifically identified costs, including acquisition costs, development expenditure, borrowing costs and other related expenditure. Borrowing costs payable on loans funding a development property are also capitalised, on a specific identification basis, as part of the cost of the development property until the completion of development.

Development properties which have been awarded Temporary Occupation Permit (TOP) and are not sold are transferred to properties held for sale.

Properties held for sale are those properties which are acquired as completed properties and are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price less costs to be incurred in selling the properties. The cost of properties held for sale comprises the cost of purchase of properties and associated costs.

3.10 Inventories

Inventories are stated at the lower of cost and net realisable value on the first-in, first-out basis.

3.11 Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, the assets, or disposal group, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property and biological assets, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated. In addition, equity accounting of associates and jointly controlled entities ceases once classified as held for sale or distribution.

Notes to the Financial Statements

Year ended 31 December 2014

3 Significant accounting policies (cont'd)

3.12 Employee benefits

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 services are rendered by employees.

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.

3.13 Interest-free related party loans – non-quasi equity

Loans to subsidiaries and associate

Interest-free loans to subsidiaries and associate are stated at fair value at inception. The difference between the fair value and the loan amount at inception is recognised as additional investments in subsidiaries and associate in the financial statements. Subsequently, these loans are measured at amortised cost using the effective interest method. The unwinding of the difference is recognised as interest income in profit or loss over the expected repayment period.

Intra-group balances between the Company and its subsidiaries are eliminated in full in the Group's consolidated financial statements.

3.14 Revenue recognition

Sale of development properties in Singapore

Where property is under development and agreement has been reached to sell such property when construction is complete, the Group considers whether the contract comprise a contract to construct a property or a contract for the sale of a completed property.

Where a contract is judged to be for the construction of a property, revenue is recognised using percentage of completion method as construction progresses. Under the percentage of completion method, the percentage of completion is measured by reference to the work performed, based on the stage of completion certified by an architect or a quantity surveyor. Profits are recognised only in respect of finalised sale agreements to the extent that such profits relate to the progress of the construction work.

Notes to the Financial Statements

Year ended 31 December 2014

3 Significant accounting policies (cont'd)

3.14 Revenue recognition (cont'd)

Sale of development properties in Singapore (cont'd)

Where a contract is judged to be for the sale of a completed property, revenue is recognised when the significant risks and rewards of ownership of the real estate have been transferred to the buyer.

Sale of development properties overseas

For overseas property development projects, where no progress payments are received from purchasers during construction, there is a risk that purchasers may not complete their obligations under the sale contracts. Accordingly, income from such sales is recognised in the period in which the purchaser takes possession of the property and when full payment is received.

Rental income

Rental income receivable under operating leases is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income to be received. Contingent rentals are recognised as income in the accounting period in which they are earned.

Dividend income

Dividend income is recognised on the date that the shareholder's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Interest income

Interest income from bank deposits is recognised as it accrues, using the effective interest method.

Distribution income

Distribution received from investment in private equity fund which constitute a return of capital is treated as a return of investment and is set off against the carrying value of the investment. Any other distributions are taken to profit or loss.

Management fee income

Fees from the provision of management services are recognised when the services have been rendered.

3.15 Finance income and finance costs

Finance income comprise interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance cost comprise borrowing costs which are recognised in profit or loss using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

Capitalisation of interest for a development of property is discontinued upon the receipt of TOP issued by the relevant authority.

Notes to the Financial Statements

Year ended 31 December 2014

3 Significant accounting policies (cont'd)

3.16 Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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.

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 the following temporary differences: 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 relating to investments in subsidiaries and jointly-controlled entities to the extent that 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 end of the reporting period, 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.

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 income 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.

A deferred tax asset is recognised for unused tax losses, 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 utilised. 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.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.17 Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative income statement is re-presented as if the operation had been discontinued from the start of the comparative year.

Notes to the Financial Statements

Year ended 31 December 2014

3 Significant accounting policies (cont'd)

3.18 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.19 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's CEO to make decisions about resources to be allocated to the segment and assess its performance.

3.20 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these financial statements. None of these are expected to have a significant effect on the financial statements of the Group and the Company.

Notes to the Financial Statements

Year ended 31 December 2014

4 Property, plant and equipment

	Freehold property $'000	Leasehold improvements $'000	Paintings and sculptures $'000	Furniture, fittings and office equipment $'000	Motor vehicles $'000	Total $'000
Group						
Cost/Valuation						
At 1 January 2013	2,248	625	13,046	1,564	2,003	19,486
Additions	–	–	2,975	2,762	–	5,737
Disposals	–	–	–	(410)	–	(410)
Effect of movement in exchange rate	(270)	–	–	–	–	(270)
At 31 December 2013	1,978	625	16,021	3,916	2,003	24,543
Additions	–	–	1,088	496	70	1,654
Disposals	–	–	–	(44)	(5)	(49)
Effect of movement in exchange rate	(78)	–	–	(1)	(3)	(82)
At 31 December 2014	1,900	625	17,109	4,367	2,065	26,066

Notes to the Financial Statements

Year ended 31 December 2014

4 Property, plant and equipment (cont'd)

	Freehold property $'000	Leasehold improvements $'000	Paintings and sculptures $'000	Furniture, fittings and office equipment $'000	Motor vehicles $'000	Total $'000
Group						
Accumulated depreciation and impairment losses						
At 1 January 2013	44	625	–	1,274	887	2,830
Depreciation charge for the year	42	–	–	595	229	866
Disposals	–	–	–	(200)	–	(200)
Effect of movement in exchange rate	(7)	–	–	–	–	(7)
At 31 December 2013	79	625	–	1,669	1,116	3,489
Depreciation charge for the year	40	–	–	670	254	964
Disposals	–	–	–	(44)	(3)	(47)
Effect of movement in exchange rate	(5)	–	–	–	(2)	(7)
At 31 December 2014	114	625	–	2,295	1,365	4,399
Carrying amount						
At 1 January 2013	2,204	–	13,046	290	1,116	16,656
At 31 December 2013	1,899	–	16,021	2,247	887	21,054
At 31 December 2014	1,786	–	17,109	2,072	700	21,667

Notes to the Financial Statements

Year ended 31 December 2014

4 Property, plant and equipment (cont'd)

	Furniture, fittings and office equipment $'000	Motor vehicles $'000	Paintings $'000	Total $'000
Company				
Cost				
At 1 January 2013	259	523	–	782
Additions	2,745	–	3	2,748
Disposals	(5)	–	–	(5)
At 31 December 2013	2,999	523	3	3,525
Additions	453	–	–	453
Disposals	–	(5)	–	(5)
At 31 December 2014	3,452	518	3	3,973
Accumulated depreciation and impairment losses				
At 1 January 2013	216	244	–	460
Depreciation charge for the year	564	76	–	640
Disposals	(5)	–	–	(5)
At 31 December 2013	775	320	–	1,095
Depreciation charge for the year	654	32	–	686
Disposals	–	(3)	–	(3)
At 31 December 2014	1,429	349	–	1,778
Carrying amount				
At 1 January 2013	43	279	–	322
At 31 December 2013	2,224	203	3	2,430
At 31 December 2014	2,023	169	3	2,195

Notes to the Financial Statements

Year ended 31 December 2014

5 Investment properties

	Note	Group 2014 $'000	Group 2013 $'000
Freehold properties			
At 1 January		274,245	125,300
Additions		468,908	138,707
Changes in fair value		11,693	1,300
Movement in exchange rate		(8,183)	8,938
At 31 December		746,663	274,245
Leasehold properties			
At 1 January		1,266,464	31,600
Transfer from leasehold property under development		–	743,080
Changes in fair value		270,000	491,784
At 31 December		1,536,464	1,266,464
Leasehold property under development			
At 1 January		–	604,282
Additions		–	138,798
Transfer to leasehold properties		–	(743,080)
At 31 December		–	–
Total investment properties		2,283,127	1,540,709
Interest capitalised during the year	26	–	5,712

Investment properties comprise a number of commercial properties that are leased to third party customers. Each of the leases contains an initial non-cancellable period of 1 to 15 years. Subsequent renewals are negotiated with the lessee. During the year, contingent rent of $161,905 (2013: $122,125) was charged and recognised as income.

Certain investment properties with carrying value amounting to $2,175,896,000 (2013: $1,537,245,569) have been pledged to secure banking facilities granted to the Group (see note 19).

Investment properties are stated at fair value based on valuations carried out by independent external valuers, namely Colliers International Consultancy & Valuation (Singapore) Pte Ltd ("Colliers") and DTZ Debenham Tie Leung Limited ("DTZ"). Both the valuers have appropriate recognised professional qualifications and recent experience in the location and category of property being valued.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion.

Notes to the Financial Statements
Year ended 31 December 2014

5 Investment properties (cont'd)

In 2014, the Group recognised a fair value gain of $281,693,000 (2013: $493,084,000) on its investment properties, out of which, $270,000,000 (2013: $489,583,000) relate to the revaluation of The Metropolis. The Metropolis was reclassified from leasehold properties under development to leasehold properties following its completion in 2013. See note 37 – Determination of fair values for disclosure on the valuation techniques used by Colliers and DTZ.

6 Subsidiaries

	Company	
	2014	**2013**
	$'000	**$'000**
Equity investments, at cost	113,507	69,366
Discount implicit in interest-free loans to subsidiaries	2,205	2,273
Impairment loss	(1,000)	(1,000)
	114,712	70,639

Details of the significant subsidiaries are as follows:

Name of subsidiary	Principal place of business	Effective equity held by the Group	
		2014	**2013**
		%	**%**
Ho Bee Developments Pte Ltd	Singapore	100	100
Ho Bee Realty Pte Ltd	Singapore	100	100
Ho Bee (One North) Pte. Ltd.	Singapore	100	100
Pacific Rover Pte Ltd	Singapore	100	100
Ho Bee Cove Pte Ltd	Singapore	90	90
HB Investments (China) Pte. Ltd.	Singapore	80	80
Grandiose Investments Pte Ltd	Singapore	100	100
HB Le Grand Pte Ltd	Singapore	100[1]	–
HB St Martins Pte Ltd	Singapore	100[2]	–

[1] *HB Le Grand Pte Ltd was incorporated on 11 February 2014.*
[2] *HB St Martins Pte Ltd was incorporated on 3 October 2014.*

KPMG LLP are the auditors of all significant Singapore-incorporated subsidiaries.

Notes to the Financial Statements
Year ended 31 December 2014

6 Subsidiaries (cont'd)

The Group has no non-controlling interest where the results of the non-controlling interest is material and significant to the Group.

7 Associates

The Group has two associates (2013: two) that are material to the Group. All are equity accounted. The following are for the material associates:

	Shanghai Yanlord Hongqiao Property Co., Ltd (Shanghai Yanlord Hongqiao) [1]	Zhuhai Yanlord Heyou Land Co., Ltd (Zhuhai Yanlord Heyou) [2]
Nature of relationship with the Group	Strategic property developer providing access to residential development projects in China	Strategic property developer providing access to residential development projects in China
Principal place of business/Country of incorporation	China	China
Ownership interest/Voting rights held	40% (2013: 40%)	20% (2013: 20%)

1 Audited by 上海中惠会计师事务所, a CPA firm, China
2 Audited by 珠海德鸿会计师事务所有限公司, a CPA firm, China

The following summarises the financial information of each of the Group's material associates based on their respective financial statements prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

Notes to the Financial Statements

Year ended 31 December 2014

7 Associates (cont'd)

	Shanghai Yanlord Hongqiao $'000	Zhuhai Yanlord Heyou $'000	Total $'000
2014			
Revenue	–	–	
Loss from continuing operations	(3,696)	(680)	
Total comprehensive income	(3,696)	(680)	
Attributable to investee's shareholders	(3,696)	(680)	
Non-current assets	261	535	
Current assets	1,157,584	733,348	
Non-current liabilities	(274,689)	(54,762)	
Current liabilities	(72,743)	(18,301)	
Net assets	810,413	660,820	
Attributable to investee's shareholders	810,413	660,820	
Group's interest in net assets of investee at beginning of the year	318,652	126,190	444,842
Group's share of:			
- Loss from continuing operations	(1,478)	(136)	(1,614)
Other comprehensive income:			
- Foreign currency translation differences	6,992	6,110	13,102
Carrying amount of interest in investee at end of the year	324,166	132,164	456,330
2013			
Revenue	–	–	
Loss from continuing operations	(1,738)	(2,720)	
Total comprehensive income	(1,738)	(2,720)	
Attributable to investee's shareholders	(1,738)	(2,720)	
Non-current assets	263	205	
Current assets	946,814	631,413	
Non-current liabilities	(118,997)	–	
Current liabilities	(31,450)	(668)	
Net assets	796,630	630,950	
Attributable to investee's shareholders	796,630	630,950	
Group's interest in net assets of investee at beginning of the year	298,526	114,765	413,291
Group's share of:			
- Loss from continuing operations	(695)	(544)	(1,239)
Other comprehensive income:			
- Foreign currency translation differences	20,821	6,647	27,468
Group's contribution during the year	–	5,322	5,322
Carrying amount of interest in investee at end of the year	318,652	126,190	444,842

Notes to the Financial Statements
Year ended 31 December 2014

8 Jointly-controlled entities

The Group has two (2013: two) jointly-controlled entities that are material and three (2013: three) joint-controlled entities that are individually immaterial to the Group.

These jointly-controlled controlled entities are structured as separate vehicles and the Group has a residual interest in their net assets. Accordingly, the Group has classified its interest in these entities as joint ventures, which are equity-accounted for.

The following are the material joint ventures:

	Seaview (Sentosa) Pte Ltd (Seaview)[1]	**Pinnacle (Sentosa) Pte Ltd (Pinnacle)[1]**
Nature of relationship with the Group	Strategic partner providing high end residential properties in Sentosa	Strategic partner providing high end residential properties in Sentosa
Principal place of business/Country of incorporation	Singapore	Singapore
Ownership interest/Voting rights held	50% (2013: 50%)	35% (2013: 35%)

[1] Audited by KPMG LLP, Singapore

The following summarises the financial information of each of the Group's material joint ventures based on their respective financial statements prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

Notes to the Financial Statements

Year ended 31 December 2014

8 Jointly-controlled entities (cont'd)

2014	Seaview $'000	Pinnacle $'000	Immaterial joint ventures $'000	Total $'000
Revenue	11,043	6,033		
Profit / (Loss) from continuing operations*	3,864	(9,900)		
Other comprehensive income	–	–		
Total comprehensive income	3,864	(9,900)		
Attributable to investee's shareholders	3,864	(9,900)		
Non-current assets	–	1,549		
Current assets	472,537	1,465,172		
Non-current liabilities	(370,410)	(559,350)		
Current liabilities	(4,634)	(20,545)		
Net assets	97,493	886,826		
Attributable to investee's shareholders	97,493	886,826		
Group's interest in net assets of investee at beginning of the year	46,753	158,237	(2,436)	202,554
Group's share of total comprehensive income:	1,932	(3,465)	(2,790)	(4,323)
Intra group eliminations	(1,115)	(99)	–	(1,214)
Foreign currency translation differences	–	–	(372)	(372)
Conversion of loan to investment	–	149,450	–	149,450
Carrying amount of interest in investee at end of the year	47,570[1]	304,123[1]	(5,598)	346,095

1 Includes elimination of prior year's shareholder loan interest capitalised as part of development properties of $1,177,000 for Seaview and $6,266,000 for Pinnacle.

* Includes elimination of intercompany loan interests for the year.

Notes to the Financial Statements

Year ended 31 December 2014

8 Jointly-controlled entities (cont'd)

2013	Seaview $'000	Pinnacle $'000	Immaterial joint ventures $'000	Total $'000
Revenue	14,947	74		
Profit / (Loss) from continuing operations*	5,118	(5,288)		
Total comprehensive income	5,118	(5,288)		
Attributable to investee's shareholders	5,118	(5,288)		
Non-current assets	–	–		
Current assets	471,957	1,465,570		
Non-current liabilities	(372,551)	(559,350)		
Current liabilities	(3,547)	(436,212)		
Net assets	95,859	470,008		
Attributable to investee's shareholders	95,859	470,008		
Group's interest in net assets of investee at beginning of the year	45,337	(62,410)	22,317	5,244
Group's share of total comprehensive income:	2,559	(1,851)	12,647	13,355
Intra group eliminations	(1,143)	(1,502)	–	(2,645)
Dividends received during the year	–	–	(37,400)	(37,400)
Conversion of loan to investment	–	224,000	–	224,000
Carrying amount of interest in investee at end of the year	46,753[1]	158,237[1]	(2,436)	202,554

[1] Includes elimination of prior year's shareholder loan interest capitalised as part of development properties of $1,177,000 for Seaview and $6,266,000 for Pinnacle.

* Includes elimination of intercompany loan interests for the year.

Notes to the Financial Statements
Year ended 31 December 2014

9 Other assets

	Group	
	2014	2013
	$'000	$'000
At cost		
Club membership	150	150

10 Financial assets

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Non-current assets				
Investments designated at fair value through profit or loss				
Investments in private equity funds	4,051	4,518	–	–

Investments designated at fair value through profit or loss are those that the Group intends to hold for the medium term and represent investments in companies that are strategic and are involved in emerging technologies.

Notes to the Financial Statements

Year ended 31 December 2014

11 Other receivables

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Non-current assets				
Amounts due from subsidiaries (non-trade)				
- interest bearing	–	–	585	1,296
- non-interest bearing	–	–	319,479	137,099
	–	–	320,064	138,395
Amounts due from jointly-controlled entities (non-trade)				
- interest-bearing	185,205	331,070	185,205	331,070
- non-interest bearing	85,169	69,718	–	–
Impairment losses	–	–	–	(56,633)
	270,374	400,788	185,205	274,437
	270,374	400,788	505,269	412,832

The above amounts are unsecured and are not expected to be repaid within the next 12 months.

Group

The settlement for the non-interest bearing amounts due from jointly-controlled entities of $85,169,000 (2013: $69,718,000) is neither planned nor likely to occur in the foreseeable future. As this amount is, in substance, a part of the Group's net investment in the jointly-controlled entities, it is stated at cost less accumulated impairment losses.

Interest bearing amounts due from jointly-controlled entities of $185,205,000 (2013: $331,070,000) have no fixed terms of repayment and are charged at rates of 1.20% to 1.45% per annum.

Company

The settlement for the non-interest bearing amounts due from subsidiaries of $319,479,000 (2013: $137,099,000) is neither planned nor likely to occur in the foreseeable future. As this amount is, in substance, a part of the Company's net investment in the subsidiary, it is stated at cost less accumulated impairment losses.

Interest bearing amounts due from subsidiaries of $585,000 (2013: $1,296,000) have no fixed terms of repayment and are charged at a rate of 2.40% per annum.

In 2014, amounts due from a jointly-controlled entity (non-trade) of $149,450,000 was converted to preference shares and included as part of the Company's investment in jointly-controlled entities. At the same time, the impairment loss of $56,633,000 was applied to the carrying amount. During the year, an impairment of $6,428,000 was made against the Company's investment in its jointly-controlled entities.

Notes to the Financial Statements

Year ended 31 December 2014

12 Deferred tax

Movements in deferred tax assets and liabilities of the Group (prior to offsetting of balances) during the year are as follows:

	At 1 January 2013 $'000	Recognised in income statement (note 27) $'000	At 31 December 2013 $'000	Others $'000	At 31 December 2014 $'000
Group					
Deferred tax liabilities					
Development properties	12,379	(12,249)	130	–	130
Property, plant and equipment	53	–	53	–	53
Income not remitted into Singapore	104	–	104	–	104
Accrued rent receivables	–	1,228	1,228	(1,228)	–
Total	12,536	(11,021)	1,515	(1,228)	287
Deferred tax assets					
Tax loss carried forward	(109)	109	–	–	–
Deferred income	(473)	–	(473)	–	(473)
Total	(582)	109	(473)	–	(473)

In 2013, the Group recorded a deferred tax liability of $1,228,000 arising from accrued rent receivables. In 2014, the Group had opted to elect for a concessionary tax treatment under FRS 17 – Leases which will align the tax treatment on rental income under an operating lease to the requirements of FRS 17 (i.e. rental income will be subject to tax in the same period in which income is recognised in the profit and loss statement). As a result, the Group has transferred its deferred tax liabilities of $1,228,000 as at 31 December 2013 to current tax liabilities as at 31 December 2014.

Notes to the Financial Statements

Year ended 31 December 2014

13 Development properties

	Note	Group 2014 $'000	Group 2013 $'000
Properties held for sale		149,714	149,753
Properties under development:			
- Costs incurred and attributable profits		79,832	58,187
- Progress billings		–	–
		79,832	58,187
Total development properties		229,546	207,940
Interest capitalised during the year	26	28	–

During the year, the finance costs was capitalised at rates ranging from 4.53% to 4.59% (2013: 1.18% to 1.32%) per annum for development properties.

Certain development properties with carrying value amounting to $63,942,789 (2013: $nil) were pledged to secure banking facilities granted to the Group (see note 19).

Notes to the Financial Statements

Year ended 31 December 2014

14 Trade and other receivables

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Trade receivables	499	12,904	–	–
Accrued rent receivables	24,945	7,825		
Impairment losses	(34)	(16)	–	–
Net receivables	25,410	20,713	–	–
Other deposits	561	810	29	49
Amounts due from:				
- subsidiaries (non-trade)				
- non-interest bearing	–	–	6,256	18,329
- jointly-controlled entities (non-trade)				
- non-interest bearing	17	16	–	–
- associate (non-trade)	19,665	18,760	19,665	18,760
Goods and services tax recoverable	133	4,247	–	106
Derivative financial asset	351	–	–	–
Other receivables	8,161	442	505	228
	54,298	44,988	26,455	37,472
Prepayments	348	2,794	33	28
Deposits paid to acquire residential properties	8,016	4,096	–	–
	62,662	51,878	26,488	37,500

Amounts due from subsidiaries, jointly-controlled entities and joint venture partner are unsecured and repayable within the next twelve months.

Included within other receivables are amounts held by lawyers in trust of $7,093,000 (2013: $nil) in relation to deposits received from sale of properties.

15 Cash and cash equivalents

	Group		Company	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Cash at banks and in hand	4,618	19,901	337	347
Fixed deposits	5,335	97,656	–	85,336
	9,953	117,557	337	85,683

Notes to the Financial Statements
Year ended 31 December 2014

15 Cash and cash equivalents (cont'd)

Included in cash and cash equivalents of the Group are amounts held under the Housing Developers (Project Account) (Amendment) Rules 1997, totalling $nil (2013: $8,544,000), the use of which is subject to restrictions imposed by the aforementioned rules.

The weighted average effective interest rates relating to fixed deposits at the balance sheet date for the Group is 0.50% (2013: 0.73%) per annum. Interest rates reprice at intervals of one, three or six months.

16 Assets held for sale

In 2013, the sale of the freehold land and hotel building was completed and a net gain of $25,927,000 was recognised in the profit for the year.

17 Share capital

	Group and Company	
	2014	2013
	Number of shares ('000)	Number of shares ('000)
Fully paid ordinary shares, with no par value:		
At 1 January and 31 December	703,338	703,338

As at 31 December 2014, included in the total number of ordinary shares was 35,777,000 (2013: 32,895,000) shares purchased by the Company (the "Treasury Shares") by way of market acquisition at an average price of $1.68 (2013: $1.65) per share. The Treasury Shares were deducted from total equity (see note 18).

The holders of ordinary shares (excluding treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares (excluding treasury shares) rank equally with regard to the Company's residual assets.

Capital management

The Board's policy is to maintain an adequate capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity, excluding non-controlling interests. The Board of Directors also monitors the level of dividends to ordinary shareholders. The Group funds its operations and growth through a mix of equity and debts. This includes the maintenance of adequate lines of credit and assessing the need to raise additional equity where required.

Notes to the Financial Statements

Year ended 31 December 2014

17 Share capital (cont'd)

Capital management (cont'd)

From time to time, the Group may undertake share purchases or acquisitions under its approved Share Purchase Mandate if and when circumstances permit, as part of the Group's management mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements, in an expedient and cost-efficient manner. The purchases or acquisitions of its shares seek to increase shareholder' values and provide greater flexibility over the Group's share capital structure.

There were no changes in the Group's approach to capital management during the year.

The Company and its subsidiaries are not subject to externally imposed capital requirements.

The gearing ratio is calculated as net debt divided by total equity (excluding non-controlling interests). Net debt is calculated as borrowings less cash and cash equivalents.

	Group		**Company**	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Net debt	905,207	351,977	153,392	9,220
Total equity (excluding non-controlling interests)	2,601,117	2,330,775	1,153,769	1,130,667
Gearing ratio	0.35	0.15	0.13	0.01

The Group and the Company are in compliance with all borrowing covenants for the financial years ended 31 December 2013 and 31 December 2014.

18 Capital and reserves

	Group		**Company**	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Reserve for own shares	(60,284)	(54,265)	(60,284)	(54,265)
Capital reserve	2,043	2,230	–	187
Hedging reserve	351	–	–	–
Foreign currency translation reserve	22,359	7,935	–	–
Revaluation reserve	–	–	–	–
Retained earnings	2,480,600	2,218,827	1,058,005	1,028,697
	2,445,069	2,174,727	997,721	974,619

Notes to the Financial Statements

Year ended 31 December 2014

18 Capital and reserves (cont'd)

Reserve for own shares

Reserve for own shares comprises the cost of the Company's shares held by the Group.

Capital reserve

The capital reserve which arose prior to 1 January 2001, comprises negative goodwill arising on acquisition of interests in subsidiaries and discount arising on the acquisition of a loan extended by a former shareholder to a subsidiary.

Foreign currency translation reserve

The currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company.

Revaluation reserve

As at 31 December 2012, the revaluation reserve comprised of the surpluses arising from the revaluation of freehold land and hotel building. In 2013, the Group completed the sale of its freehold land and hotel building. The revaluation reserve amounting to $94,676,000 was transferred to retained earnings.

Retained earnings

Included in retained earnings is a net accumulated profit of $12,703,000 (2013: profit of $18,640,000) representing share of post acquisition results of associates and jointly-controlled entities.

19 Loans and borrowings

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Non-current liabilities				
Secured bank loans	751,516	98,831	–	–
Current liabilities				
Secured bank loans	163,644	370,703	153,729	94,903
	915,160	469,534	153,729	94,903

Notes to the Financial Statements
Year ended 31 December 2014

19 Loans and borrowings (cont'd)

The bank loans are secured on the following assets:

	Note	Group 2014 $'000	Group 2013 $'000
Investment properties	5	2,175,896	1,537,246
Development properties	13	63,943	–
Carrying amounts		2,239,839	1,537,246

In addition, the Group's bank loans are secured by legal assignment of sales and rental proceeds.

Terms and debt repayment schedule

Terms and conditions of outstanding loans and borrowings are as follows:

	Effective interest rate %	Expected year of maturity	2014 Face value $'000	2014 Carrying amount $'000	2013 Face value $'000	2013 Carrying amount $'000
Group						
Secured bank loans						
- floating rate	1.49 – 3.93	2015 – 2019	915,160	915,160	469,534	469,534
Company						
Secured bank loans						
- floating rate	1.57 – 3.93	2015	153,729	153,729	94,903	94,903

Notes to the Financial Statements

Year ended 31 December 2014

19 Loans and borrowings (cont'd)

Intra-group financial guarantees

Intra-group financial guarantees comprise guarantees given by the Company to banks in respect of banking facilities amounting to $957,203,000 (2013: $570,404,000) extended to its subsidiaries, associates and jointly-controlled entities. The periods in which the financial guarantees expire are as follows:

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Less than 1 year	–	195,773	9,915	471,573
Between 1 and 5 years	195,773	–	947,288	98,831
	195,773	195,773	957,203	570,404

20 Other liabilities

	Group	
	2014	**2013**
	$'000	**$'000**
Amount due to a non-controlling shareholder (non-trade)	15,213	15,213

Amount due to a non-controlling shareholder (non-trade) is unsecured and interest-free, and does not have fixed terms of repayment. As the amount represents, in substance, the non-controlling shareholder's net investment in the Group, it is stated at cost.

21 Deferred income

	Group	
	2014	**2013**
	$'000	**$'000**
Gain on sale and leaseback arrangement	819	1,801
Rental advances from tenants	20,606	2,894
	21,425	4,695
Non-current	8,175	819
Current	13,250	3,876
	21,425	4,695

Notes to the Financial Statements

Year ended 31 December 2014

21 Deferred income (cont'd)

Gain on sale and leaseback arrangement

In 2010, the Group entered into a sale and leaseback arrangement, in which a deferred gain is recognised on the excess of sale proceeds over the fair value of the disposed leasehold property. Deferred gain is released to profit or loss on a straight-line basis over the leaseback period of 5 years.

22 Trade and other payables

	Group		Company	
	2014	**2013**	**2014**	**2013**
	$'000	**$'000**	**$'000**	**$'000**
Trade payables	–	53	–	–
Rental deposits	15,683	14,842	–	–
Accrued operating expenses and development expenditure	53,807	75,700	7,111	10,180
Amounts due to subsidiaries (non-trade)	–	–	79,623	29,075
Amount due to jointly-controlled entity (non-trade)	3,690	6,700	3,690	6,700
Other payables	7,055	684	23	–
Goods and services tax payable	1,755	594	–	–
Retention sums payable	–	11,780	–	–
	81,990	110,353	90,447	45,955

Amounts due to subsidiaries are unsecured, interest-free and repayable on demand.

Amount due to jointly-controlled entity is unsecured, interest-free and repayable within the next twelve months.

23 Revenue

Revenue represents property development income, and rental income and service charges, after eliminating inter-company transactions. Property development income consists of sales proceeds from properties held for resale, and in respect of property development projects, an appropriate portion of the contracted sales value on which profit has been recognised under the percentage of completion method.

Notes to the Financial Statements

Year ended 31 December 2014

23 Revenue (cont'd)

The amount of each significant category of revenue is as follows:

	Group 2014 $'000	Group 2013 $'000
Gross proceeds from properties sold	–	108,646
Rental income and service charges	99,601	30,698
	99,601	139,344

Included in rental income and service charges is lease income generated from investment properties of $94,990,000 (2013: $25,727,000).

24 Other income

	Group 2014 $'000	Group 2013 $'000
Gross dividend income from:		
- quoted equity investments	–	1
- unquoted equity investments	43	38
Gain on disposal of freehold land and hotel building	–	25,927
Gain on sale of quoted equity	–	7
Gain on sale of investee company	–	47,194
Distribution income from financial assets designated at fair value through profit or loss	118	247
Forfeiture income	167	–
Management fee income	420	1,569
Fair value (loss)/gain on financial assets at fair value through profit or loss	(272)	1,137
Others	1,400	515
	1,876	76,635

Notes to the Financial Statements

Year ended 31 December 2014

25 Directors' remuneration

Number of directors in remuneration bands:

	2014 Number of Directors	2013 Number of Directors
$500,000 and above	3	3
$250,000 to $499,999	–	–
Below $250,000	5*	5*
Total	8	8

* Includes 5 (2013: 5) independent directors.

26 Finance income and finance costs

	Note	Group 2014 $'000	Group 2013 $'000
Interest income on loans and receivables		1,423	4,674
Finance income		1,423	4,674
Interest expense on financial liabilities measured at amortised cost		(19,465)	(11,563)
Interest expense capitalised in properties under development	13	28	–
Interest expense capitalised in investment property under construction	5	–	5,712
Finance costs		(19,437)	(5,851)
Net finance costs recognised in profit or loss		(18,014)	(1,177)

Notes to the Financial Statements

Year ended 31 December 2014

27 Income tax expense

	Group	
	2014	2013
	$'000	$'000
Current tax expense		
Current year	7,737	20,330
Overprovision of tax in prior years	(366)	(4,493)
	7,371	15,837
Deferred tax expense		
Movements in temporary differences	–	(10,912)
Income tax expense	7,371	4,925
Income tax expense from continuing operations	7,371	4,263
Income tax expense from discontinued operations	–	662
Total income tax expense	7,371	4,925

Reconciliation of effective tax rate

	Group	
	2014	2013
	$'000	$'000
Profit for the year	314,516	606,216
Total income tax expense	7,371	4,925
Profit excluding income tax	321,887	611,141
Tax calculated using Singapore tax rate of 17% (2013: 17%)	54,721	103,894
Expenses not deductible for tax purposes	2,877	4,227
Tax exempt revenue	(156)	(157)
Income not subject to tax	(48,796)	(98,457)
Effect of different tax rates in other countries	721	297
Tax incentives	(1,630)	(386)
Overprovision of tax in prior years	(366)	(4,493)
	7,371	4,925

Notes to the Financial Statements

Year ended 31 December 2014

28 Discontinued operations

In October 2012, the Group entered into option to purchase agreement with a third party customer to sell its freehold land and hotel building. Following the reclassification of the freehold land and hotel building to assets held for sale, the Group's hotel operations were discontinued.

In May 2013, the Group completed the sale of its freehold land and hotel building. A net gain of $25,927,000 was recognised in the income statement for the financial year ended 31 December 2013. Following the sale in May 2013, the Group then signed an agreement with the purchaser to continue with the hotel operation as part of the transitional arrangement. The arrangement expired on 27 March 2014.

The income statement has been presented to show the discontinued operations separately from continuing operations.

	Group	
	2014	**2013**
	$'000	**$'000**
Results of discontinued operation		
Revenue	1,447	9,737
Expenses	(1,634)	(5,841)
Results from operating activities	(187)	3,896
Tax	–	(662)
Profit for the year	(187)	3,234
Basic earnings per share (cents)	(0.03)	0.48
Diluted earnings per share (cents)	(0.03)	0.48

The loss from discontinued operation of $187,000 (2013: profit of $3,234,000) is attributable entirely to the owners of the Company.

Of the profit from continuing operations of $314,703,000 (2013: $602,982,000), an amount of $315,178,000 is attributable to the owners of the Company (2013: $588,541,000).

Cash flows from discontinued operations

	Group	
	2014	**2013**
	$'000	**$'000**
Net cash from operating activities	(747)	3,432
Net cash flows for the year	(747)	3,432

Notes to the Financial Statements

Year ended 31 December 2014

29 Profit for the year

The following items have been included in arriving at profit for the year:

		Group	
	Note	2014 $'000	2013 $'000
Direct operating expenses from investment properties		19,105	6,995
Audit fees payable/paid to auditors of the Company		362	343
Non-audit fees paid to auditors of the Company		111	138
Depreciation of property, plant and equipment	4	964	866
Amortisation of deferred gain on sale of leasehold property under a sale and leaseback arrangement	21	(982)	(961)
Staff costs		6,171	8,878
Contributions to defined contribution plans included in staff costs		253	398
Allowance for impairment loss reversed on trade receivables		(18)	(12)
Loss on disposal of property, plant and equipment		(2)	–

30 Earnings per share

	Group	
	2014 $'000	2013 $'000
Basic earnings per share is based on:		
Net profit attributable to ordinary shareholders	314,991	591,775

The Company does not have any dilutive potential ordinary shares in existence for the current and previous financial years.

	Group	
	2014 Number of shares '000	2013 Number of shares '000
Ordinary shares in issue at beginning of the year	703,338	737,338
Less : Cancelled shares	–	(34,000)
Effect of own shares held	(35,457)	(26,388)
Weighted average number of ordinary shares in issue during the year	667,881	676,950

Notes to the Financial Statements

Year ended 31 December 2014

31 Dividends

After the balance sheet date, the Directors proposed the following dividends, which have not been provided for.

	Group and Company	
	2014	2013
	$'000	$'000
Proposed final tax-exempt dividend of 5 cents (2013: 8 cents) per share	33,378	53,635

32 Significant related party transactions

Key management personnel

Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling activities of the Group. The Directors of the Group are considered as key management personnel.

Key management personnel compensation comprised:

	Group	
	2014	2013
	$'000	$'000
Directors' fees	317	317
Directors' remuneration:		
- short-term employee benefits	7,028	8,622
	7,345	8,939

Notes to the Financial Statements

Year ended 31 December 2014

32 Significant related party transactions (cont'd)

Other related party transactions

Other than as disclosed elsewhere in the financial statements, the transactions with related parties entered into on terms agreed between the parties are as follows:

		Group	
		2014	2013
		$'000	$'000
Related corporations			
Rental income		43	25
Other operating expenses:			
- insurance		57	58
- printing		45	32
- others		54	41
Other related parties			
Donations made	(i)	6,000	1,500

(i) The donation of $6,000,000 (2013: $1,500,000) was made to Ho Bee Foundation, the philanthropic arm of the Group. By virtue of Mr Chua Thian Poh's shareholdings in Ho Bee Holdings (Pte) Ltd, the immediate and ultimate holding company, he is deemed to have control over the financial and operating policies of the Company. Mr Chua is also a director and a key management personnel of Ho Bee Foundation.

33 Commitments

As at 31 December 2014, commitments for expenditure which have not been provided for in the financial statements were as follows:

	Group	
	2014	2013
	$'000	$'000
Authorised and contracted for:		
- development expenditure	106,104	320
- subscription for additional interest in private equity funds	335	366

Notes to the Financial Statements
Year ended 31 December 2014

33 Commitments (cont'd)

The Group leases out its investment properties, property, plant and equipment and certain properties held for sale. Non-cancellable operating lease rentals are receivable as follows:

	Group	
	2014	2013
	$'000	$'000
Within 1 year	101,897	40,766
After 1 year but within 5 years	283,716	93,413
After 5 years	179,501	1,577
	565,114	135,756

34 Financial risk management

Overview

The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. Management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

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 and financial assets. The Group has procedures in place to manage credit risk and exposure to such risk is monitored on an ongoing basis.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. This allowance is a specific loss component that relates to individually significant exposures. The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

Cash and fixed deposits are placed with banks and financial institutions which are regulated. Investments and transactions involving derivative financial instruments are restricted with counterparties who meet the appropriate credit criteria and/or are of high credit standing. As such, management does not expect any counterparty to fail to meet its obligations.

Notes to the Financial Statements
Year ended 31 December 2014

34 Financial risk management (cont'd)

Credit risk (cont'd)

Financial guarantee

The principal risk to which the Company is exposed to is credit risk in connection with guarantee contracts it has issued. The credit risk represents the loss that would be recognised upon a default by the parties to which the guarantees were given on behalf of. To mitigate these risks, management continually monitors the risks and has established processes including performing credit evaluations of the parties it is providing the guarantee on behalf of. Guarantees are only given to its subsidiaries, associate and jointly-controlled entities.

There are no terms and conditions attached to the guarantee contracts that would have a material effect on the amount, timing and uncertainty of the Company's future cash flows.

The intra-group financial guarantees with subsidiaries are eliminated in preparing the consolidated financial statements. Estimates of the Company's obligations arising from financial guarantee contracts may be affected by future events, which cannot be predicted with any certainty. The assumptions may well vary from actual experience so that the actual liability may vary considerably from the best estimates.

Liquidity risk

The Group actively manages its debt maturity profile, operating cash flows and the availability of funding to ensure that all refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient level of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level compared to its overall debt position. When necessary, the Group will raise committed funding from either the capital markets and/or financial institutions and prudently balance its portfolio with some short term funding so as to achieve overall cost effectiveness.

Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange 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 on risk.

Interest rate risk

The Group manages its interest rate exposure by actively reviewing its debt portfolio and switching to cheaper sources of funding in a low interest rate environment to achieve a certain level of protection against interest rate hikes. Where appropriate, the Group uses interest rate derivatives to hedge its interest rate exposure for specific underlying debt obligations.

Interest rate derivatives are used to manage interest rate risk, to the extent that the perceived cost is considered to outweigh the benefit from the flexibility of variable rate borrowings, and the Group actively monitors the need and timing for such derivatives.

Where used, interest rate derivatives are classified as cash flow hedges and stated at fair value within the Group's statement of financial position.

Notes to the Financial Statements

Year ended 31 December 2014

34 Financial risk management (cont'd)

Interest rate risk (cont'd)

Cash flow hedges

A subsidiary of the Group has entered into an interest rate swap in 2014 to fix the interest relating to the payment of quarterly interest charges arising on the drawdown of term loan facility totaling $141,970,040, and designated this as cash flow hedge. The risk being hedged was the variability of cash flows arising from movements in interest rates. The hedge will be in place until the term loan matures in February 2019.

The cash flows will occur on a quarterly basis until the loan balance mature in February 2019 and this hedge which is designated as a cash flow hedge, is considered to be highly effective. The carrying value of the hedging instrument was restated to its fair value at each reporting date, with the effective portion of changes in fair value since inception being taken to the hedging reserve. The gain recognized in the other comprehensive income in 2014 in respect of the change in fair value of this hedging instrument was $351,000. There was no ineffectiveness recognized in the income statement that arose from this cash flow hedge.

Foreign currency risk

The Group incurs foreign currency risk on transactions that are denominated in currencies other than the Singapore dollar. The Group tries to maintain a natural hedge whenever possible, by borrowing in the currency of the country in which the property or investment is located or by borrowing in currencies that match the future revenue streams to be generated from its investments. The currencies giving rise to this risk are primarily the United States dollar (USD), British pound (GBP) and Australian dollar (AUD). Exposure to foreign currency risk is monitored on an ongoing basis by the Group to ensure that the net exposure is kept at an acceptable level.

The Group is also exposed to currency translation risk on its net investments in foreign operations. Such exposures are reviewed and monitored on a regular basis.

In 2013, the Group's non-current amount owing from a jointly-controlled entity, amounting to $69,718,000, which was denominated in USD was hedged by a USD-denominated bank loan, which mitigated the currency translation risk arising from the jointly-controlled entity. The loan was designated as a net investment hedge. As the hedging instrument has expired in 2014, hedge accounting was discontinued during the year.

35 Financial instruments

Credit risk

Exposure to credit risk

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

The Group's credit risk is primarily attributable to trade and other receivables and financial assets. The Group's historical experience in the collection of accounts receivable falls within the recorded allowances. Due to these factors, management believes that no additional credit risk is inherent in the Group's trade receivables.

Notes to the Financial Statements

Year ended 31 December 2014

35 Financial instruments (cont'd)

Credit risk (cont'd)

Exposure to credit risk (cont'd)

At the balance sheet date, the Group has receivables due from jointly-controlled entities amounting to $270,391,000 (2013: $400,804,000) representing 81% (2013: 89%) of total gross trade and other receivables. Except for these receivables, there was no concentration of credit risk.

Impairment losses

The ageing of trade receivables at the reporting date was:

Group	Gross 2014 $'000	Impairment losses 2014 $'000	Gross 2013 $'000	Impairment losses 2013 $'000
Not past due	24,945	–	7,825	–
Past due 0 – 30 days	419	–	12,716	–
Past due 31 – 120 days	16	–	75	–
More than 120 days past due	64	34	113	16
	25,444	34	20,729	16

The movements in impairment loss in respect of trade receivables during the year are as follows:

	Group 2014 $'000	Group 2013 $'000
At 1 January	16	28
Impairment loss made/ (reversed)	18	(12)
At 31 December	34	16

Based on historical default rates and the Group's assessment of the recoverability of amounts due from specific customers, the Group believes that no impairment allowance is necessary in respect of trade receivables not past due or past due not more than 120 days.

Receivables that were past due but not impaired relate to a wide range of customers for whom there has not been a significant change in the credit quality. Based on past experience, management believes that no impairment allowance is necessary and the balances are still considered fully recoverable.

Notes to the Financial Statements

Year ended 31 December 2014

35 Financial instruments (cont'd)

Liquidity risk

The following are the expected contractual undiscounted cash inflows/(outflows) of financial liabilities, including interest payments and excluding the impact of netting agreements:

	Carrying amount	Cash flows			
		Contractual cash flows	Within 1 year	Within 2 to 5 years	More than 5 years
	$'000	$'000	$'000	$'000	$'000
Group					
2014					
Non-derivative financial liabilities					
Secured bank loans*	915,160	(983,989)	(180,588)	(803,401)	–
Amount due to jointly-controlled entity	3,690	(3,690)	(3,690)	–	–
Trade and other payables	78,300	(78,300)	(78,300)	–	–
	997,150	(1,065,979)	(262,578)	(803,401)	–
2013					
Non-derivative financial liabilities					
Secured bank loans	469,534	(487,438)	(380,950)	(106,488)	–
Retention sums payable	11,780	(11,780)	(11,780)	–	–
Amount due to jointly-controlled entities	6,700	(6,700)	(6,700)	–	–
Trade and other payables	91,873	(91,873)	(91,873)	–	–
	579,887	(597,791)	(491,303)	(106,488)	–
Company					
2014					
Non-derivative financial liabilities					
Secured bank loans	153,729	(153,978)	(153,978)	–	–
Amounts due to subsidiaries	79,623	(79,623)	(79,623)	–	–
Amount due to jointly-controlled entity	3,690	(3,690)	(3,690)	–	–
Trade and other payables	7,134	(7,134)	(7,134)	–	–
	244,176	(244,425)	(244,425)	–	–
2013					
Non-derivative financial liabilities					
Secured bank loans	94,903	(95,118)	(95,118)	–	–
Amounts due to subsidiaries	29,075	(29,075)	(29,075)	–	–
Amount due to jointly-controlled entities	6,700	(6,700)	(6,700)	–	–
Trade and other payables	10,180	(10,180)	(10,180)	–	–
	140,858	(141,073)	(141,073)	–	–

* *The contractual cashflow is net of the impact of interest rate swap.*

For secured bank loans with no interest rate swap arrangements, the contractual cashflows includes the estimated interest payments based on interest rates transacted in the 4th quarter of 2014.

Notes to the Financial Statements

Year ended 31 December 2014

35 Financial instruments (cont'd)

Currency risk

Exposure to currency risk

The Group's significant exposures to foreign currencies other than the Company's functional currency are as follows:

	2014			2013		
	USD	GBP	AUD	USD	GBP	AUD
	$'000	$'000	$'000	$'000	$'000	$'000
Group						
Financial assets	4,051	–	–	4,518	–	–
Trade and other receivables	92,761	190,911	83,793	18,760	–	50,232
Cash and cash equivalents	331	4,183	189	294	2,549	731
Loans and borrowings	–	(441,150)	(54,009)	–	(146,776)	(46,958)
	97,143	(246,056)	29,973	23,572	(144,227)	4,005
Company						
Trade and other receivables	19,665	182,654	75,973	18,760	–	50,232
Cash and cash equivalents	–	–	–	1	–	–
Loans and borrowings	–	(108,609)	(45,119)	–	(47,945)	(46,958)
	19,665	74,045	30,854	18,761	(47,945)	3,274

Notes to the Financial Statements

Year ended 31 December 2014

35 Financial instruments (cont'd)

Currency risk (cont'd)

Sensitivity analysis

The foreign currencies which the Group is significantly exposed to are USD, GBP and AUD. A strengthening of the Singapore dollar against these foreign currencies at the reporting date would increase/(decrease) profit before income tax by amounts shown below. This analysis assumes that all other variables, in particular, interest rates, remain constant.

	Group Profit before income tax $'000
31 December 2014	
USD (10% strengthening of Singapore dollar)	(9,714)
GBP (10% strengthening of Singapore dollar)	24,606
AUD (10% strengthening of Singapore dollar)	(2,997)
31 December 2013	
USD (10% strengthening of Singapore dollar)	(2,357)
GBP (10% strengthening of Singapore dollar)	14,423
AUD (10% strengthening of Singapore dollar)	(401)

	Company Profit before income tax $'000
31 December 2014	
USD (10% strengthening of Singapore dollar)	(1,967)
GBP (10% strengthening of Singapore dollar)	(7,405)
AUD (10% strengthening of Singapore dollar)	(3,085)
31 December 2013	
USD (10% strengthening of Singapore dollar)	(1,876)
GBP (10% strengthening of Singapore dollar)	4,795
AUD (10% strengthening of Singapore dollar)	(328)

A weakening of the Singapore dollar against the above currencies would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

Notes to the Financial Statements
Year ended 31 December 2014

35 Financial instruments (cont'd)

Interest rate risk

Profile

At the reporting date, the interest rate profile of the interest-bearing financial instruments was:

	Group Carrying Amount		Company Carrying Amount	
	2014	2013	2014	2013
	$'000	$'000	$'000	$'000
Fixed rate instruments				
Financial assets	5,335	97,656	–	85,336
Effect of interest rate swap	(141,970)	–	–	–
	(136,635)	97,656	–	85,336
Variable rate instruments				
Financial assets	185,205	331,070	185,205	331,070
Financial liabilities	(915,160)	(469,534)	(153,729)	(94,903)
Effect of interest rate swap	141,970	–	–	–
	(587,985)	(138,464)	31,476	236,167

Sensitivity analysis

Fixed rate instruments

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Notes to the Financial Statements

Year ended 31 December 2014

35 Financial instruments (cont'd)

Interest rate risk (cont'd)

Variable rate instruments

For the interest rate swap and the other variable rate financial assets and liabilities, a change of 100 bp in interest rate at the reporting date would increase/(decrease) amounts charged or credited to the income statement as shown below. This analysis assumes that all other variables, in particular, foreign currency rates, remain constant.

	Profit before income tax	
	100 bp increase	**100 bp decrease**
	$'000	**$'000**
Group		
31 December 2014		
Variable rate instruments	(58,798)	58,798
31 December 2013		
Variable rate instruments	(1,055)	1,055
Company		
31 December 2014		
Variable rate instruments	3,148	(3,148)
31 December 2013		
Variable rate instruments	2,362	(2,362)

Estimation of fair values for financial assets and liabilities

A number of the Group's accounting policies and disclosures require the determination of fair value for financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Valuation processes applied by the Group

The Group has an established control framework with respect to the measurement of fair values. This framework includes a finance team that reports directly to the Chief Financial Officer, and has overall responsibility for all significant fair value measurements, including level 3 fair values.

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of the Group and the Company.

Notes to the Financial Statements

Year ended 31 December 2014

35 Financial instruments (cont'd)

Estimation of fair values for financial assets and liabilities (cont'd)

Financial assets designated at fair value through profit or loss

The fair value of the Group's and the Company's financial assets designated at fair value through profit or loss, and available-for-sale financial assets is determined by reference to their quoted bid price at the balance sheet date. If a quoted market price is not available, the fair value of the financial assets is estimated using valuation techniques. Valuation techniques include recent arm's length prices, comparisons to similar instruments for which market observable prices exist, valuation models or discounted cash flow techniques.

The fair value of the Group's unquoted investments in private equity funds are determined based on quotations from the fund managers.

It is not practicable to reliably estimate the fair value of unquoted available-for-sale financial assets due to the lack of quoted market prices in an active market, significant range of reasonable fair value estimates, and the inability to reasonably assess the probabilities of the various estimates.

Amounts due from/to subsidiaries, associate, jointly-controlled entities and non-controlling shareholders

The carrying values of amounts due from/to subsidiaries, associate, jointly-controlled entities and non-controlling shareholders that reprice within six months of the balance sheet date approximate their fair values. Fair value is calculated based on discounted expected future principal and interest cash flows. For non-interest bearing amounts, the prevailing market interest rates of similar loans are used to discount the loans to subsidiaries and associate to arrive at their fair values.

Interest-bearing bank loans (secured)

The carrying values of interest-bearing bank loans that reprice within six months of the balance sheet date approximate their fair values. Fair value is calculated based on discounted expected future principal and interest cash flows.

Other financial assets and liabilities

The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

Notes to the Financial Statements

Year ended 31 December 2014

35 Financial instruments (cont'd)

Interest rates used in determining fair values

The interest rates used to discount estimated cash flows, where applicable, are as follows:

	2014 %	2013 %
Financial liabilities	1.3 – 4.6	1.6 – 4.3
Receivables	1.2 – 1.5	1.2 – 1.5
Payables	1.3 – 4.6	1.6 – 4.3

Fair values versus carrying amounts

The carrying amounts of the Group's and the Company's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2014 and 2013.

Fair value hierarchy

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as 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).

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets carried at fair value				
Group				
31 December 2014				
Financial assets designated at fair value through profit or loss	–	–	4,051	4,051
Interest rate swaps used for hedging	–	351	–	351
	–	351	4,051	4,402
31 December 2013				
Financial assets designated at fair value through profit or loss	–	–	4,518	4,518

Notes to the Financial Statements

Year ended 31 December 2014

35 Financial instruments (cont'd)

Fair value hierarchy (cont'd)

Level 2 fair values

In 2014, the Group entered into an interest rate swap to hedge its interest rate exposure on its variable rate borrowings. The interest rate swap is carried at fair value at each reporting date, based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments. There are no significant unobservable inputs in measuring the fair value.

	Group	
	Contract/ Notional Amount $'000	Fair value of Assets (note 14) $'000
2014		
Cash flow hedges – Interest rate swap	141,970	351

Notes to the Financial Statements

Year ended 31 December 2014

35 Financial instruments (cont'd)

Fair value hierarchy (cont'd)

Level 3 fair values

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy:

	Financial assets at fair value through profit or loss $'000
Group	
1 January 2014	4,518
Fair value changes	(272)
Distribution income	118
Dividend income	43
Exchange gain recognised in profit or loss	193
Purchases	45
Settlements	(594)
31 December 2014	4,051
Total gain for the year included in profit or loss for assets held as at 31 December 2014	82
1 January 2013	3,438
Fair value changes	1,137
Distribution income	247
Exchange gain recognised in profit or loss	185
Dividend income	23
Purchases	97
Settlements	(609)
31 December 2013	4,518
Total gain for the year included in profit or loss for assets held as at 31 December 2013	1,592

Notes to the Financial Statements

Year ended 31 December 2014

35 Financial instruments (cont'd)

Fair value hierarchy (cont'd)

Level 3 fair values (cont'd)

Gain/(loss) included in profit or loss for the year (above) is presented in other income/other expenses as follows:

	2014 $'000	2013 $'000
Other income		
Fair value (loss)/gain	(272)	1,137
Distribution income	118	247
Dividend income	43	23
	(111)	1,407
Other expense		
Exchange gain recognised	193	185
Total gain included in profit or loss for the year	82	1,592

The fair value of financial assets designated at fair value through profit or loss has been measured at fair value as determined by the investment manager or fund manager. Because of the inherent uncertainty of valuations of financial assets, the estimated values may differ significantly from the values that would have been used had a ready market for the securities existed, and the differences could be material. As such, these investments are valued at cost until occurrence of a valuation event as defined below:

(a) Buy-out/later stage investments for which subsequent rounds of financing are not anticipated: once the investment has been held in the portfolio for one year, an analysis of the fair market value of the investment will be performed. The analysis will typically be based on a discounted multiple of earnings, revenues, earnings before interest and taxes (EBIT) or EBIT adjusted for certain non-cash changes (EBITDA) (depending on what is appropriate for that particular company/industry). Valuations may also be based on pending sale or initial public offering prices.

(b) Private equity investments are initially valued based upon transaction price, with subsequent adjustments to values which reflect the consideration of available market data, including primarily observations of the trading multiples of public companies considered comparable to the privately held companies being valued. Valuations are also adjusted to give consideration to the financial condition and operating results specific to the issuer. Any investment in a privately-held company, suffering an impairment in its value is written down to anywhere from 75% to 100% of the carrying value of the investment depending on the severity of the situation.

(c) Public stocks, not restricted to sale or transfer, are valued at the bid price on their principal exchange as of the valuation date. If any listed security was not traded on such date, then the mean of the high bid and low ask prices as of the close of such date is used. Public stocks restricted as to sale or transfer are discounted by analyzing the nature and length of the restriction and the relative volatility of the market prices of such security.

Accordingly, the use of different factors or estimation methodologies may not be indicative of the amounts the private equity funds could realise in a current market. However, these differences on the estimated fair values will not lead to a significant effect on the Group's financial statements.

Notes to the Financial Statements

Year ended 31 December 2014

35 Financial instruments (cont'd)

Financial instruments by category

	Loans and receivables $'000	Financial assets at fair value through profit or loss $'000	Available-for-sale financial assets $'000	Fair value – hedging instruments $'000	Financial liabilities at amortised cost $'000	Total $'000
Group						
31 December 2014						
Trade and other receivables*	239,152	–	–	351	–	239,503
Financial assets at fair value through profit or loss	–	4,051	–	–	–	4,051
Cash and cash equivalents	9,953	–	–	–	–	9,953
Loans and borrowings	–	–	–	–	(915,160)	(915,160)
Trade and other payables	–	–	–	–	(81,990)	(81,990)
	249,105	4,051	–	351	(997,150)	(743,643)
31 December 2013						
Trade and other receivables*	376,058	–	–	–	–	376,058
Financial assets at fair value through profit or loss	–	4,518	–	–	–	4,518
Cash and cash equivalents	117,557	–	–	–	–	117,557
Loans and borrowings	–	–	–	–	(469,534)	(469,534)
Trade and other payables	–	–	–	–	(110,353)	(110,353)
	493,615	4,518	–	–	(579,887)	(81,754)

Notes to the Financial Statements

Year ended 31 December 2014

35 Financial instruments (cont'd)

Financial instruments by category (cont'd)

	Loans and receivables $'000	Financial assets at fair value through profit or loss $'000	Financial liabilities at amortised cost $'000	Total $'000
Company				
31 December 2014				
Trade and other receivables*	212,245	–	–	212,245
Cash and cash equivalents	337	–	–	337
Trade and other payables	–	–	(90,447)	(90,447)
Loans and borrowings	–	–	(153,729)	(153,729)
	212,582	–	(244,176)	(31,594)
31 December 2013				
Trade and other receivables*	313,205	–	–	313,205
Cash and cash equivalents	85,683	–	–	85,683
Trade and other payables	–	–	(45,955)	(45,955)
Loans and borrowings	–	–	(94,903)	(94,903)
	398,888	–	(140,858)	258,030

* Excludes prepayments, deposits paid to acquire residential properties and amounts whereby, in substance, are part of the Group's and the Company's net investment in subsidiaries and jointly-controlled entities.

36 Operating segments

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different marketing strategies. For each of the strategic business units, the Group's CEO reviews internal management reports on at least a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

- Property investment : The investment in properties.
- Property development : The development and trading in properties.

Other segments include investing in quoted and unquoted securities and private equity funds and the discontinued operations of the hotel. These segments do not meet any of the quantitative thresholds for determining reportable segments in 2014 or 2013.

Notes to the Financial Statements

Year ended 31 December 2014

36 Operating segments (cont'd)

Information regarding the results of each reportable segment is included below. Performance is measured based on segment gross profit, as included in the internal management reports that are reviewed by the Group's CEO. Segment gross profit is used to measure performance as management believe that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

(a) Operating segments

	Sale of development properties $'000	Rental income $'000	Others $'000	Total $'000
2014				
Turnover	–	99,601	–	99,601
Operating results	7,406	79,130	–	86,536
Other operating income				283,569
Other operating expenses				(24,080)
Profit from operations				346,025
Net finance costs				(18,014)
Share of loss of associates				(1,614)
Share of loss of jointly-controlled entities				(4,323)
Income tax expense				(7,371)
Profit from continuing operations, net of tax				314,703
Profit from discontinued operations, net of tax				(187)
Profit for the year				314,516
Other material non-cash items:				
- Fair value changes on investment properties	–	281,693	–	281,693
Reportable segment assets	229,546	2,308,295	4,051	2,541,892
Investments in associates and jointly-controlled entities	887,594	–	–	887,594
Reportable segment liabilities	69,222	861,150	–	930,372

Notes to the Financial Statements

Year ended 31 December 2014

36 Operating segments (cont'd)

(a) Operating segments (cont'd)

	Sale of development properties $'000	Rental income $'000	Others $'000	Total $'000
2013				
Turnover	108,646	30,698	–	139,344
Operating results	23,739	22,400	–	46,139
Other operating income				569,720
Other operating expenses				(19,553)
Profit from operations				596,306
Net finance costs				(1,177)
Share of loss of associates				(1,239)
Share of profits of jointly-controlled entities				13,355
Income tax expense				(4,263)
Profit from continuing operations, net of tax				602,982
Profit from discontinued operations, net of tax				3,234
Profit for the year				606,216
Other material non-cash items:				
- Fair value changes on investment properties	–	493,084	–	493,084
Reportable segment assets	216,588	1,562,232	4,518	1,783,338
Investments in associates and jointly-controlled entities	717,114	–	–	717,114
Reportable segment liabilities	62,171	422,579	–	484,750

Notes to the Financial Statements

Year ended 31 December 2014

36 Operating segments (cont'd)

(a) Operating segments (cont'd)

Reconciliations of reportable segment assets and liabilities and other material items

	2014 $'000	2013 $'000
Assets		
Total assets for reportable segments	2,537,841	1,778,820
Other assets	4,051	4,518
Investments in equity accounted investees	887,594	717,114
Total assets for discontinued operations	–	1,148
Other unallocated amounts	254,942	490,884
Consolidated total assets	3,684,428	2,992,484
Liabilities		
Total liabilities for reportable segments	930,372	484,750
Other liabilities	–	–
Other unallocated amounts	138,248	159,983
Consolidated total liabilities	1,068,620	644,733

	Reportable segment totals $'000	Unallocated amounts $'000	Consolidated totals $'000
Other material items			
2014			
Capital expenditure	–	17,813	17,813
Depreciation of property, plant and equipment	–	964	964
2013			
Capital expenditure	–	5,737	5,737
Depreciation of property, plant and equipment	–	866	866

Notes to the Financial Statements

Year ended 31 December 2014

36 Operating segments (cont'd)

(b) Geographical segments

The Group operates principally in Singapore.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of business. Segment assets are based on the geographical location of the assets.

	Singapore $'000	China $'000	United Kingdom $'000	Australia $'000	Consolidated total $'000
2014					
Revenue	74,262	50	25,232	57	99,601
Non-current assets*	2,055,460	430,001	620,113	1,795	3,107,369
2013					
Revenue	132,456	21	6,779	88	139,344
Non-current assets*	1,618,471	441,293	147,646	1,899	2,209,309

* Excludes financial assets, other receivables and deferred tax assets.

The Group has a large and diversified customer base which consists of individuals and corporations. There was no single customer that contributed 10% or more to the Group's revenue.

37 Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Financial assets and liabilities

The valuation techniques and the inputs used in the fair value measurements of the financial assets and financial liabilities for measurement and/or disclosure purposes are set out in note 35.

Notes to the Financial Statements

Year ended 31 December 2014

37 Determination of fair values (cont'd)

Investment properties

Investment properties are stated at fair value. External, independent valuation companies, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, value the Group's investment property portfolio at each year end.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing, wherein the parties had each acted knowledgeably. Such valuation is based on price per square metre for the buildings derived from observable market data from an active and transparent market.

In the absence of a price per square metre for similar buildings with comparable lease terms in an active market, the valuations are prepared by considering the estimated rental value of the property (i.e. the income approach). A market yield is applied to the estimated rental value to arrive at the gross property valuation. When actual rents differ materially from the estimated rental value, adjustments are made to reflect actual rents.

Valuations reflect, when appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, the allocation of maintenance and insurance responsibilities between the Group and the lessee, and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices, and when appropriate counter-notices, have been served validly and within the appropriate time.

Fair value hierarchy

Fair value and fair value hierarchy information on financial instruments are disclosed in note 35.

The table below analyses recurring non-financial assets carried at fair value. The different levels are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as 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).

Notes to the Financial Statements
Year ended 31 December 2014

37 Determination of fair values (cont'd)

Fair value hierarchy (cont'd)

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Non-financial assets carried at fair value				
Group				
31 December 2014				
Investment properties	–	–	2,283,127	2,283,127
31 December 2013				
Investment properties	–	–	1,540,709	1,540,709

Level 3 fair values

The following table shows a reconciliation from the beginning balances to the ending balances for Level 3 fair value measurements.

	Investment Properties $'000
Group	
1 January 2014	1,540,709
Additions	468,908
Gains and losses for the year	
Changes in fair value	281,693
Movement in exchange rate	(8,183)
At 31 December 2014	2,283,127

Notes to the Financial Statements

Year ended 31 December 2014

37 Determination of fair values (cont'd)

Valuation techqniue and significant unobservable inputs

The following table shows the Group's valuation techniques used in measuring the fair values of the investment properties, as well as the significant unobservable inputs used:

Country	Valuation technique	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Singapore	Investment method which involves the estimated annual net rental income of the building at current rate after deducting all necessary outgoings and expenses capitalized at an appropriate rate of return to arrive at the market value	• Occupancy rates *(96% 2013: 91%)* • Capitalisation rates *(4.25% - 5%, 2013:4.5% - 5.5%)*	The estimated fair value would increase (decrease) if: • The occupancy rates was higher (lower); • The capitalisation rate was lower (higher).
United Kingdom	Direct comparison method involves the analysis of comparable sales of similar properties and adjusting the sale prices to that reflective of the investment properties.	Not applicable	Not applicable

38 Accounting estimates and judgements

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group believes the following critical accounting policies involved the most significant judgements and estimates used in the preparation of the financial statements.

Impairment loss on trade receivables

The Group evaluates whether there is any objective evidence that trade receivables are impaired, and determines the amount of impairment loss as a result of the inability of the debtors to make required payments. The Group bases the estimates on the ageing of the trade receivables balance, credit-worthiness of the debtors and historical write-off experience. If the financial conditions of the debtors were to deteriorate, actual write-offs would be higher than the amount estimated.

Notes to the Financial Statements

Year ended 31 December 2014

38 Accounting estimates and judgements (cont'd)

Assessment of stage of completion and estimated total construction costs of development properties and allowance for foreseeable loss on development properties

The Group recognises profits on development projects using the percentage of completion method for development properties sold under normal payment scheme. The progress of construction is determined based on the certification by an architect or a quantity surveyor of the stage of completion of the development project

The estimation of total project costs is based on historical experience and contractual arrangements with contractors/ suppliers. The estimated total costs for each project is reviewed on a regular basis by the Group to determine whether any allowance for foreseeable loss is required to be set up. Actual costs could differ from the estimates.

Impairment loss on completed unsold development properties

Where necessary, allowance for impairment loss would be set up for estimated losses which may result from deterioration in the estimated market values for unsold development properties. The Group estimates the level of allowance based on the prevailing selling prices of the development properties or similar development properties within the vicinity at the reporting date. In the absence of current prices in an active market, valuations are obtained from an external and independent property valuer.

Valuation of investment properties

The fair values of investment properties are estimated based on valuations carried out by external and independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The valuations reflect when appropriate, comparable sales of similar properties or estimated market values based on projection of income and expense streams over period of leases, using market rates of return.

Income taxes

Significant judgement is required in determining the capital allowances, taxability of certain income and deductibility of certain expenses during the estimation of the provision for income taxes and deferred tax liabilities.

The Group exercises significant judgement to determine that the deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

AUDITED CONSOLIDATED FINANCIAL STATEMENTS OF HO BEE LAND LIMITED AND ITS SUBSIDIARIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2015

The information in this Appendix IV has been extracted and reproduced from the Annual Report of Ho Bee Land Limited and its subsidiaries for the financial year ended 31 December 2015 and has not been specifically prepared for inclusion in this Information Memorandum.

Members of the Company
Ho Bee Land Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Ho Bee Land Limited (the Company) and its subsidiaries (the Group), which comprise the statements of financial position of the Group and the Company as at 31 December 2015, the income statement and statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 59 to 122.

Management's responsibility for the financial statements

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

Auditors' responsibility

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

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

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

Opinion
In our opinion, the consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2015 and the financial performance, changes in equity and cash flows of the Group for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

KPMG LLP
Public Accountants and
Chartered Accountants

Singapore
18 March 2016

STATEMENTS OF FINANCIAL POSITION

As at 31 December 2015

	Note	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Non-current assets					
Property, plant and equipment	4	22,406	21,667	1,843	2,195
Investment properties	5	3,049,518	2,283,127	–	–
Subsidiaries	6	–	–	203,468	114,712
Associates	7	482,711	456,330	437,055	437,055
Jointly-controlled entities	8	306,568	346,095	278,135	311,889
Other assets	9	150	150	–	–
Financial assets	10	3,337	4,051	–	–
Other receivables	11	285,425	270,374	521,691	505,269
Deferred tax assets	12	–	473	–	–
		4,150,115	3,382,267	1,442,192	1,371,120
Current assets					
Development properties	13	320,909	229,546	–	–
Trade and other receivables	14	72,803	62,662	110,726	26,488
Cash and cash equivalents	15	14,569	9,953	381	337
		408,281	302,161	111,107	26,825
Total assets		4,558,396	3,684,428	1,553,299	1,397,945
Equity attributable to equity holders of the Company					
Share capital	16	156,048	156,048	156,048	156,048
Reserves	17	2,664,393	2,445,069	1,178,436	997,721
		2,820,441	2,601,117	1,334,484	1,153,769
Non-controlling interests		13,459	14,691	–	–
Total equity		2,833,900	2,615,808	1,334,484	1,153,769
Non-current liabilities					
Loans and borrowings	18	1,195,023	751,516	114,554	–
Other liabilities	19	28,103	27,365	–	–
Deferred tax liabilities	12	157	287	–	–
Deferred income	20	348	8,175	–	–
		1,223,631	787,343	114,554	–
Current liabilities					
Trade and other payables	21	50,339	69,838	15,373	90,447
Loans and borrowings	18	383,956	163,644	88,888	153,729
Deferred income	20	18,962	13,250	–	–
Current tax payable		47,608	34,545	–	–
		500,865	281,277	104,261	244,176
Total liabilities		1,724,496	1,068,620	218,815	244,176
Total equity and liabilities		4,558,396	3,684,428	1,553,299	1,397,945

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED INCOME STATEMENT

Year ended 31 December 2015

	Note	2015 $'000	2014 $'000
Revenue	22	129,933	99,601
Other income	23	9,065	1,876
Total income		138,998	101,477
Fair value gain on investment properties	5	186,362	281,693
Write back of accrual upon finalisation of construction costs for development projects		21,391	11,511
Marketing expenses		(3,350)	(4,105)
Direct rental expenses		(18,755)	(20,471)
Gain/(loss) on foreign exchange		3,706	(1,967)
Staff costs & directors' remuneration		(16,332)	(10,277)
Other operating expenses		(8,361)	(11,836)
Profit from operating activities		303,659	346,025
Net finance costs	25	(22,805)	(18,014)
Share of profits/(losses), net of tax, of:			
- associates		17,039	(1,614)
- jointly-controlled entities		(39,843)	(4,323)
Profit before income tax		258,050	322,074
Income tax expense	26	(16,878)	(7,371)
Profit from continuing operations		241,172	314,703
Discontinued operation			
Loss from discontinued operation (net of tax)	27	–	(187)
Profit for the year	28	241,172	314,516
Profit attributable to:			
Owners of the Company		242,244	314,991
Non-controlling interests		(1,072)	(475)
Profit for the year		241,172	314,516
Earnings per share			
Basic earnings per share (cents)	29	36.33	47.16
Diluted earnings per share (cents)	29	36.33	47.16

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2015

	2015 $'000	2014 $'000
Profit for the year	241,172	314,516
Other comprehensive income		
Items that are or may be reclassified subsequently to profit or loss:		
Effective portion of changes in fair value of cash flow hedges	2,064	351
Foreign currency translation differences relating to foreign operations	2,546	1,962
Share of foreign currency translation differences of equity-accounted investee	9,342	13,102
Total other comprehensive income for the year, net of income tax	13,952	15,415
Total comprehensive income for the year	255,124	329,931
Attributable to:		
Owners of the Company	255,256	329,766
Non-controlling interests	(132)	165
Total comprehensive income for the year	255,124	329,931

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2015

	Attributable to owners of the Company									
	Share capital $'000	Reserve for own shares $'000	Capital reserve $'000	Hedging reserve $'000	Revaluation reserve $'000	Foreign currency translation reserve $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Group										
At 1 January 2014	156,048	(54,265)	2,230	–	–	7,935	2,218,827	2,330,775	16,976	2,347,751
Total comprehensive income for the year										
Profit for the year	–	–	–	–	–	–	314,991	314,991	(475)	314,516
Other comprehensive income										
Foreign currency translation differences relating to foreign operations	–	–	–	–	–	1,322	–	1,322	640	1,962
Share of foreign currency translation differences of equity-accounted investee	–	–	–	–	–	13,102	–	13,102	–	13,102
Effective portion of changes in fair value of cash flow hedges	–	–	–	351	–	–	–	351	–	351
Total other comprehensive income	–	–	–	351	–	14,424	–	14,775	640	15,415
Total comprehensive income for the year	–	–	–	351	–	14,424	314,991	329,766	165	329,931
Transactions with owners of the Company, recognised directly in equity										
Contributions by and distributions to owners of the Company										
Transfer from capital reserve to retained earnings	–	–	(187)	–	–	–	187	–	–	–
Dividend paid to non-controlling shareholders	–	–	–	–	–	–	–	–	(2,450)	(2,450)
Final tax exempt dividend paid of 8 cents per share in respect of 2013	–	–	–	–	–	–	(53,405)	(53,405)	–	(53,405)
Purchase of treasury shares	–	(6,019)	–	–	–	–	–	(6,019)	–	(6,019)
Total contributions by and distributions to owners of the Company	–	(6,019)	(187)	–	–	–	(53,218)	(59,424)	(2,450)	(61,874)
At 31 December 2014	156,048	(60,284)	2,043	351	–	22,359	2,480,600	2,601,117	14,691	2,615,808

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2015

	Share capital $'000	Reserve for own shares $'000	Capital reserve $'000	Hedging reserve $'000	Revaluation reserve $'000	Foreign currency translation reserve $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
	← Attributable to owners of the Company →									
Group										
At 1 January 2015	156,048	(60,284)	2,043	351	–	22,359	2,480,600	2,601,117	14,691	2,615,808
Total comprehensive income for the year										
Profit for the year	–	–	–	–	–	–	242,244	242,244	(1,072)	241,172
Other comprehensive income										
Foreign currency translation differences relating to foreign operations	–	–	–	–	–	1,606	–	1,606	940	2,546
Share of foreign currency translation differences of equity-accounted investee	–	–	–	–	–	9,342	–	9,342	–	9,342
Effective portion of changes in fair value of cash flow hedges	–	–	–	2,064	–	–	–	2,064	–	2,064
Total other comprehensive income	–	–	–	2,064	–	10,948	–	13,012	940	13,952
Total comprehensive income for the year	–	–	–	2,064	–	10,948	242,244	255,256	(132)	255,124
Transactions with owners of the Company, recognised directly in equity										
Contributions by and distributions to owners of the Company										
Dividend paid to non-controlling shareholders	–	–	–	–	–	–	–	–	(1,100)	(1,100)
Final tax exempt dividend paid of 5 cents per share in respect of 2014	–	–	–	–	–	–	(33,357)	(33,357)	–	(33,357)
Purchase of treasury shares	–	(2,575)	–	–	–	–	–	(2,575)	–	(2,575)
Total contributions by and distributions to owners of the Company	–	(2,575)	–	–	–	–	(33,357)	(35,932)	(1,100)	(37,032)
At 31 December 2015	156,048	(62,859)	2,043	2,415	–	33,307	2,689,487	2,820,441	13,459	2,833,900

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2015

	Note	2015 $'000	2014 $'000
Cash flows from operating activities			
Profit for the year		241,172	314,516
Adjustments for:			
Depreciation of property, plant and equipment	4	1,000	964
(Gain)/loss on disposal of property, plant and equipment	23	(139)	2
Unrealised exchange loss/(gain)		(9,112)	3,038
Interest income	25	(1,266)	(1,423)
Dividend income	23	(8)	(43)
Distribution income from financial assets designated at fair value through profit or loss	23	(164)	(118)
Finance costs	25	24,071	14,591
Fair value gain of investment properties	5	(186,362)	(281,693)
Net changes in fair value of financial assets at fair value through profit or loss	23	48	272
Gain on sale of investment properties	23	(6,907)	–
Share of losses/(profits) of:			
- associates		(17,039)	1,614
- jointly-controlled entities		39,843	4,323
Income tax expense		16,878	7,371
		102,015	63,414
Changes in working capital:			
Development properties		(94,911)	(30,591)
Inventories		–	21
Trade and other receivables		(6,818)	(9,511)
Trade and other payables		(17,786)	(8,622)
Cash (used in)/generated from operations		(17,500)	14,711
Income taxes paid		(3,231)	(17,426)
Net cash used in operating activities carried forward		(20,731)	(2,715)

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2015

	Note	2015 $'000	2014 $'000
Net cash used in operating activities brought forward		(20,731)	(2,715)
Cash flows from investing activities			
Net repayments from jointly-controlled entities		(2,015)	(4,083)
Purchase of property, plant and equipment	4	(1,927)	(1,654)
Proceeds from disposal of property, plant and equipment		242	–
Proceeds from disposal of investment properties		65,807	–
Proceeds from disposal of jointly-controlled entity		12	–
Interest received		296	125
Dividend received		8	43
Purchase of financial assets designated at fair value through profit or loss		(2)	(45)
Purchase of investment properties (net of transaction costs)	5	(629,955)	(468,908)
Advances to jointly-controlled operations		(10,919)	(12,091)
Distributions from financial assets designated at fair value through profit or loss		1,061	552
Net cash used in investing activities		(577,392)	(486,061)
Cash flows from financing activities			
Proceeds from bank loans		872,041	773,613
Repayment of bank loans		(208,191)	(315,991)
Interest paid	25	(24,071)	(14,591)
Purchase of treasury shares		(2,575)	(6,019)
Dividends paid		(33,357)	(53,405)
Dividend paid to non-controlling shareholders		(1,100)	(2,450)
Net cash from financing activities		602,747	381,157
Net increase/(decrease) in cash and cash equivalents		4,624	(107,619)
Cash and cash equivalents at 1 January		9,953	117,557
Effect of exchange rate fluctuations on cash held		(8)	15
Cash and cash equivalents at 31 December	15	14,569	9,953

The accompanying notes form an integral part of these financial statements.

These notes form an integral part of the financial statements.

The financial statements were authorised for issue by the Board of Directors on 18 March 2016.

1 DOMICILE AND ACTIVITIES

Ho Bee Land Limited (the Company) is incorporated in the Republic of Singapore. The address of the Company's registered office is 9 North Buona Vista Drive, #11-01 The Metropolis Tower 1, Singapore 138588.

The financial statements of the Company as at and for the year ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as the "Group" and individually as "Group entities") and the Group's interests in associates and jointly-controlled entities.

The Group is primarily involved in property development, property investment and investment holding. The immediate and ultimate holding company during the financial year is Ho Bee Holdings (Pte) Ltd, incorporated in the Republic of Singapore.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (FRS).

2.2 Basis of measurement

The financial statements have been prepared on the historical cost basis except as otherwise described below.

The consolidated financial statements have been prepared on a going concern basis notwithstanding that as at 31 December 2015, total current liabilities exceeded total current assets by $92,584,000. Post year end, the Group has refinanced $67,000,000 of its short-term borrowings to long-term borrowings, with a further $145,000,000 of short-term borrowings expected to be refinanced by June 2016. Management believe that the refinancing of the facilities will occur as required and anticipate that any additional repayments required will be met out of operating cash flows.

2.3 Functional and presentation currency

The financial statements are presented in Singapore dollars, which is the Company's functional currency. All financial information presented in Singapore dollars has been rounded to the nearest thousand, unless otherwise stated.

2.4 Use of estimates and judgements

The preparation of financial statements in conformity with FRS 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.

2 BASIS OF PREPARATION (CONT'D)

2.4 Use of estimates and judgements (cont'd)

Information about critical judgements in applying accounting policies and assumptions and estimation uncertainties that have the most significant effect on the amounts recognised in the financial statements or have a significant risk of resulting in a material adjustment within the next financial year are included in the following notes:

- Note 34 – valuation of financial instruments
- Note 37 – accounting estimates and judgements

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. This framework includes a finance team that reports directly to the Finance Director, and has overall responsibility for all significant fair value measurements, including level 3 fair values.

The finance team regularly reviews significant unobservable inputs and valuation adjustments. Significant valuation issues are reported to the Group Audit Committee.

When measuring the fair value of an asset or liability, the Group uses market observable 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 within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);
- Level 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 liability might be categorised in 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 are included in the following notes:

- Note 34 – valuation of financial instruments
- Note 36 – determination of fair values

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

Business combinations

Business combinations are accounted for using the acquisition method in accordance with FRS 103 Business Combination as at the date of acquisition, which is the date on which control is transferred to the Group.

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 acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

For non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the acquiree's net assets in the event of liquidation, the Group elects on a transaction-by-transaction basis whether to measure them at fair value, or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets, at the acquisition date. All other non-controlling interests are measured at acquisition-date fair value or, when applicable, on the basis specified in another standard.

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.

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 the non-controlling interest (NCI) in a subsidiary are allocated to the NCI even if doing so causes the NCI to have a deficit balance.

Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Investments in associates and joint ventures (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. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.1 Basis of consolidation (cont'd)

Investments in associates and joint ventures (equity-accounted investees) (cont'd)

Investments in associates and joint ventures 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 OCI of equity-accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest 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.

Joint operations

A joint operation is an arrangement in which the Group has joint control whereby the Group has rights to the assets, and obligations for the liabilities, relating to an arrangement. The Group accounts for each of its assets, liabilities and transactions, including its share of those held or incurred jointly, in relation to the joint operation.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and jointly-controlled entities 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.

Accounting for subsidiaries, associates, jointly-controlled entities by the Company

Investments in subsidiaries, associates and joint ventures are stated in the Company's statement of financial position at cost less accumulated impairment losses.

3.2 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the end of 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.2 Foreign currency (cont'd)

Foreign currency transactions (cont'd)

Foreign currency differences arising on translation are recognised in profit or loss, except for the following differences which are recognised in other comprehensive income arising on the translation of:

- available-for-sale equity instruments (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss);
- a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- qualifying cash flow hedges to the extent the hedge is effective.

Foreign operations

The assets and liabilities of foreign operations, excluding goodwill and fair value adjustments arising on acquisition, are translated to Singapore dollars at exchange rates at the end of the reporting period. The income and expenses of foreign operations are translated to Singapore dollars at exchange rates at the dates of the transactions. Goodwill and fair value adjustments arising on the acquisition of a foreign operation on or after 1 January 2005 are treated as assets and liabilities of the foreign operation and are translated at the exchange rates at the end of the reporting period. For acquisitions prior to 1 January 2005, the exchange rates at the date of acquisition were used.

Foreign currency differences are recognised in other comprehensive income, and presented in the foreign currency translation reserve (translation reserve) in equity. However, if the foreign operation is a non-wholly-owned subsidiary, then the relevant proportionate share of the translation difference is allocated to the non-controlling interests. When a foreign operation is disposed of such that control, 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 interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or jointly-controlled entity that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation. These are recognised in other comprehensive income, and are presented in the foreign currency translation reserve in equity.

Hedge of a net investment in foreign operation

The Group applies hedge accounting to foreign currency differences arising between the functional currency of the foreign operation and the Company's functional currency (Singapore dollars), regardless of whether the net investment is held directly or through an intermediate parent.

Foreign currency differences arising on the translation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in other comprehensive income to the extent that the hedge is effective, and are presented within equity in the foreign currency translation reserve. To the extent that the hedge is ineffective, such differences are recognised in profit or loss. When the hedged net investment is disposed of, the relevant amount in the foreign currency translation reserve is transferred to profit or loss as part of the gain or loss on disposal.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments

Non-derivative financial assets

The Group initially recognises loans and receivables and deposits on the date that they are originated. All other financial assets (including assets designated at fair value through profit or loss) are recognised initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has an unconditional and legally enforeceable right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following categories: financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets.

Financial assets at fair value through profit or loss

An instrument is classified at fair value through profit or loss if it is acquired principally for the purpose of selling in the short term or is designated as such upon initial recognition. Financial instruments are designated as fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management and investment strategies. Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Available-for-sale financial assets

The Group's investments in certain equity securities and debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than for impairment losses, and foreign exchange gains and losses on available-for-sale monetary items (see note 3.2), are recognised in other comprehensive income and presented within equity in the fair value reserve. When an investment is derecognised, the cumulative gain or loss in other comprehensive income is transferred to profit or loss.

Equity instruments that do not have a quoted market price in an active market and in respect of which the range of fair value estimates is significant, are measured at cost less accumulated impairment losses if the probabilities of the various estimates cannot be reasonably assessed.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, and trade and other receivables.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (cont'd)

Non-derivative financial liabilities

The Group initially recognises financial liabilities (including liabilities designated at fair value through profit or loss) initially on the trade date, which is the date that the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or when they expire.

Non-derivative financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, trade and other payables and other liabilities.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has an unconditional and legally enforeceable right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Impairment of financial assets

A financial asset not carried at fair value through profit or loss, including an interest in an associate and joint venture, is assessed at the end of each reporting period to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event has an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers in the Group, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in the profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss.

Impairment losses in respect of financial assets measured at amortised cost are reversed if the subsequent increase in fair value can be related objectively to an event occurring after the impairment loss was recognised.

Impairment losses once recognised in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in fair value of such assets is recognised directly in equity.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (cont'd)

Intra-group financial guarantees in the separate financial statements

Financial guarantees are financial instruments issued by the Company that require the issuer to make specified payments to reimburse the holder for the loss it incurs because a specified debtor fails to meet payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantee contracts are accounted for as insurance contracts. A provision is recognised based on the Company's estimate of the ultimate cost of settling all claims incurred but unpaid at the balance sheet date. The provision is assessed by reviewing individual claims and tested for adequacy by comparing the amount recognised and the amount that would be required to settle the guarantee contract.

Share capital

Ordinary shares are classified as equity.

Costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Where share capital recognised as equity is repurchased (treasury shares), the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented in the reserve for own share account. Where such shares are subsequently reissued, sold or cancelled, the consideration received is recognised as a change in equity and the resulting surplus or deficit on the transaction is presented in non-distributable capital reserve.

Derivative financial instruments, including hedge accounting

The Group holds derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

On initial designation of the derivative as the hedging instrument, the Group formally documents the relationship between the hedging instrument and the hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as well as on an ongoing basis, of whether the hedging instruments are expected to be 'highly effective' in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80 - 125%. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss.

Derivatives are recognised initially at fair value; any attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.3 Financial instruments (cont'd)

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

When the hedged item is a non-financial asset, the amount accumulated in equity is retained in other comprehensive income and reclassified to profit or loss in the same period or periods during which the non-financial item affects profit or loss. In other cases as well, the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the balance in equity is reclassified to profit or loss.

3.4 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. 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 determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and is recognised net within other income/other expense in profit or loss.

The cost of replacing part 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 part will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Paintings and sculptures, and property under construction are not depreciated. Depreciation on other property, plant and equipment is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

Depreciation is recognised from the date that the property, plant and equipment are installed and are ready for use.

The estimated useful lives for the current and comparative years are as follows:

Freehold property	50 years
Leasehold improvements	5 to 10 years
Furniture, fittings and office equipment	5 years
Motor vehicles	5 years

Depreciation methods, useful lives and residual values are reviewed, and adjusted as appropriate, at each reporting date.

Property, plant and equipment which are fully depreciated, are retained in the financial statements until they are no longer in use.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.5 Goodwill

Goodwill and negative goodwill arise on the acquisition of subsidiaries, associates and jointly-controlled entities.

Goodwill represents the excess of:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree,

over the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investees, 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 equity-accounted investee.

3.6 Investment properties

Investment property is property held either to earn rental income or for capital appreciation or for 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 property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss. At each year end, the Group's investment property portfolio is valued by an external, independent valuation company, having appropriate recognised professional qualifications. Rental income from investment properties is accounted for in the manner described in note 3.12.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

When the use of a property changes such that it is reclassified as property, plant and equipment, or development properties, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Property that is being constructed for future use as investment property is accounted for at fair value.

Where a property is expected to be sold within the foreseeable future, it is reclassified to current assets in the statement of financial position. The property is measured at fair value with any change recognised in profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.7 Leases

When the entities within the Group are lessors of an operating lease

Assets subject to operating leases are included in investment properties and are stated at fair value and not depreciated. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.

When the entities within the Group are lessees of an operating lease

Where the Group has the use of assets under operating leases, payments made under the leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease.

3.8 Impairment – non-financial assets

The carrying amounts of the Group's non-financial assets, other than investment properties and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill, the recoverable amount is estimated at each reporting date, and as and when indicators of impairment are identified.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss unless it reverses a previous revaluation, credited to equity, in which case it is charged to equity. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit 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 cash-generating unit.

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. 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.

3.9 Development properties

Development properties are those properties which are held with the intention of development and sale in the ordinary course of business. They are stated at the lower of cost plus, where appropriate, a portion of attributable profit, and estimated net realisable value, net of progress billings. Net realisable value is the estimated selling price less costs to be incurred in selling the properties.

The cost of properties under development comprise specifically identified costs, including acquisition costs, development expenditure, borrowing costs and other related expenditure. Borrowing costs payable on loans funding a development property are also capitalised, on a specific identification basis, as part of the cost of the development property until the completion of development.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.9 Development properties (cont'd)

Development properties which have been awarded Temporary Occupation Permit (TOP) and are not sold are transferred to properties held for sale.

Properties held for sale are those properties which are acquired as completed properties and are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price less costs to be incurred in selling the properties. The cost of properties held for sale comprises the cost of purchase of properties and associated costs.

3.10 Employee benefits

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 services are rendered by employees.

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 Interest-free related party loans – non-quasi equity

Loans to subsidiaries and associate

Interest-free loans to subsidiaries and associate are stated at fair value at inception. The difference between the fair value and the loan amount at inception is recognised as additional investments in subsidiaries and associate in the financial statements. Subsequently, these loans are measured at amortised cost using the effective interest method. The unwinding of the difference is recognised as interest income in profit or loss over the expected repayment period.

Intra-group balances between the Company and its subsidiaries are eliminated in full in the Group's consolidated financial statements.

3.12 Revenue recognition

Sale of development properties in Singapore

Where property is under development and agreement has been reached to sell such property when construction is complete, the Group considers whether the contract comprise a contract to construct a property or a contract for the sale of a completed property.

Where a contract is judged to be for the construction of a property, revenue is recognised using percentage of completion method as construction progresses. Under the percentage of completion method, the percentage of completion is measured by reference to the work performed, based on the stage of completion certified by an architect or a quantity surveyor. Profits are recognised only in respect of finalised sale agreements to the extent that such profits relate to the progress of the construction work.

Where a contract is judged to be for the sale of a completed property, revenue is recognised when the significant risks and rewards of ownership of the real estate have been transferred to the buyer.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.12 Revenue recognition (cont'd)

Sale of development properties overseas

For overseas property development projects, where no progress payments are received from purchasers during construction, there is a risk that purchasers may not complete their obligations under the sale contracts. Accordingly, income from such sales is recognised in the period in which the purchaser takes possession of the property and when full payment is received.

Rental income

Rental income receivable under operating leases is recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income to be received. Contingent rentals are recognised as income in the accounting period in which they are earned.

Dividend income

Dividend income is recognised on the date that the shareholder's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Interest income

Interest income from bank deposits is recognised as it accrues, using the effective interest method.

Distribution income

Distribution received from investment in private equity fund which constitute a return of capital is treated as a return of investment and is set off against the carrying value of the investment. Any other distributions are taken to profit or loss.

Management fee income

Fees from the provision of management services are recognised when the services have been rendered.

3.13 Finance income and finance costs

Finance income comprise interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise borrowing costs which are recognised in profit or loss using the effective interest method, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale.

Capitalisation of interest for a development of property is discontinued upon the receipt of TOP issued by the relevant authority.

3.14 Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax expense are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in OCI.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.14 Tax (cont'd)

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 the following temporary differences: 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 relating to investments in subsidiaries and jointly-controlled entities to the extent that 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 end of the reporting period, 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.

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 income 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.

A deferred tax asset is recognised for unused tax losses, 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 utilised. 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.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

3.15 Earnings per share

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

3.16 Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Finance Director to make decisions about resources to be allocated to the segment and assess its performance.

3 SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

3.17 New standards and interpretations not adopted

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these financial statements.

- FRS 115 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It also introduces new cost guidance which requires certain costs of obtaining and fulfilling contracts to be recognised as separate assets when specified criteria are met. When effective, FRS 115 replaces existing revenue recognition guidance, including FRS 18 *Revenue*, FRS 11 *Construction Contracts*, INT FRS 113 *Customer Loyalty Programmes*, INT FRS 115 *Agreements for the Construction of Real Estate*, INT FRS 118 *Transfers of Assets from Customers* and INT FRS 31 *Revenue – Barter Transactions Involving Advertising Services*.

- FRS 109 replaces most of the existing guidance in FRS 39 *Financial Instruments: Recognition and Measurement*. It includes revised guidance on classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements.

As FRS 115 and FRS 109, when effective, will change the existing accounting standards and guidance applied by the Group and the Company in accounting for revenue and financial instruments, these standards are expected to be relevant to the Group and the Company. The Group does not plan to adopt these standards early.

4 PROPERTY, PLANT AND EQUIPMENT

	Freehold property $'000	Leasehold improvements $'000	Paintings and sculptures $'000	Furniture, fittings and office equipment $'000	Motor vehicles $'000	Total $'000
Group						
Cost/Valuation						
At 1 January 2014	1,978	625	16,021	3,916	2,003	24,543
Additions	–	–	1,088	496	70	1,654
Disposals	–	–	–	(44)	(5)	(49)
Effects of movements in exchange rate	(78)	–	–	(1)	(3)	(82)
At 31 December 2014	1,900	625	17,109	4,367	2,065	26,066
Additions	–	–	1,192	64	671	1,927
Disposals	–	–	–	(9)	(609)	(618)
Effects of movements in exchange rate	(87)	–	–	(1)	2	(86)
At 31 December 2015	1,813	625	18,301	4,421	2,129	27,289

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Freehold property $'000	Leasehold improvements $'000	Paintings and sculptures $'000	Furniture, fittings and office equipment $'000	Motor vehicles $'000	Total $'000
Group						
Accumulated depreciation and impairment losses						
At 1 January 2014	79	625	–	1,669	1,116	3,489
Depreciation charge for the year	40	–	–	670	254	964
Disposals	–	–	–	(44)	(3)	(47)
Effects of movements in exchange rate	(5)	–	–	–	(2)	(7)
At 31 December 2014	114	625	–	2,295	1,365	4,399
Depreciation charge for the year	37	–	–	677	286	1,000
Disposals	–	–	–	(8)	(507)	(515)
Effects of movements in exchange rate	(5)	–	–	–	4	(1)
At 31 December 2015	146	625	–	2,964	1,148	4,883
Carrying amounts						
At 1 January 2014	1,899	–	16,021	2,247	887	21,054
At 31 December 2014	1,786	–	17,109	2,072	700	21,667
At 31 December 2015	1,667	–	18,301	1,457	981	22,406

4 PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Furniture, fittings and office equipment $'000	Motor vehicles $'000	Paintings $'000	Total $'000
Company				
Cost				
At 1 January 2014	2,999	523	3	3,525
Additions	453	–	–	453
Disposals	–	(5)	–	(5)
At 31 December 2014	3,452	518	3	3,973
Additions	12	455	–	467
Disposals	–	(287)	–	(287)
At 31 December 2015	3,464	686	3	4,153
Accumulated depreciation and impairment losses				
At 1 January 2014	775	320	–	1,095
Depreciation charge for the year	654	32	–	686
Disposals	–	(3)	–	(3)
At 31 December 2014	1,429	349	–	1,778
Depreciation charge for the year	653	94	–	747
Disposals	–	(215)	–	(215)
At 31 December 2015	2,082	228	–	2,310
Carrying amounts				
At 1 January 2014	2,224	203	3	2,430
At 31 December 2014	2,023	169	3	2,195
At 31 December 2015	1,382	458	3	1,843

5 INVESTMENT PROPERTIES

	Group	
	2015	2014
	$'000	$'000
Freehold properties		
At 1 January	746,663	274,245
Additions	529,609	468,908
Disposals	(58,900)	–
Changes in fair value	78,362	11,693
Movement in exchange rate	8,974	(8,183)
At 31 December	1,304,708	746,663
Leasehold properties		
At 1 January	1,536,464	1,266,464
Additions	100,346	–
Changes in fair value	108,000	270,000
At 31 December	1,744,810	1,536,464
Total investment properties	3,049,518	2,283,127

Investment properties comprise a number of commercial properties that are leased to third party customers. Each of the leases contains an initial non-cancellable period of 1 to 15 years. Subsequent renewals are negotiated with the lessee. During the year, contingent rent of $127,567 (2014: $161,905) was charged and recognised as income.

Certain investment properties with carrying value amounting to $2,720,442,000 (2014: $2,175,896,000) have been pledged to secure banking facilities granted to the Group (see note 18).

Investment properties are stated at fair value based on valuations carried out by independent external valuers, namely Savills Valuation & Professional Services (S) Pte Ltd ("Savills") and DTZ Debenham Tie Leung Limited ("DTZ"). Both the valuers have appropriate recognised professional qualifications and relevant experience in the location and category of property being valued.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion.

In 2015, the Group recognised a fair value gain of $186,362,000 (2014: $281,693,000) on its investment properties, out of which, $108,000,000 (2014: $270,000,000) relate to the revaluation of The Metropolis. See note 36 – Determination of fair values for disclosure on the valuation techniques used by the independent valuers.

An investment property was sold and a net gain of $6,907,000 was recognised in the profit for the year.

6 SUBSIDIARIES

	Company 2015 $'000	Company 2014 $'000
Equity investments, at cost	202,307	113,507
Discount implicit in interest-free loans to subsidiaries	2,161	2,205
Impairment loss	(1,000)	(1,000)
	203,468	114,712

Details of the significant subsidiaries are as follows:

	Principal place of business	Effective equity held by the Group 2015 %	Effective equity held by the Group 2014 %
Name of subsidiary			
Ho Bee Developments Pte Ltd	Singapore	100	100
Ho Bee Realty Pte Ltd	Singapore	100	100
Ho Bee (One North) Pte. Ltd.	Singapore	100	100
Pacific Rover Pte Ltd	Singapore	100	100
Ho Bee Cove Pte. Ltd.	Singapore	90	90
HB Investments (China) Pte. Ltd.	Singapore	80	80
Grandiose Investments Pte Ltd	Singapore	100	100
HB Le Grand Pte Ltd	Singapore	100	100
HB St Martins Pte Ltd	Singapore	100	100
HB Victoria Pte Ltd	Singapore	100[1]	–
HB Mayfair Pte Ltd	Singapore	100[2]	–
HB Croydon Pte Ltd	Singapore	100[3]	–

[1] *HB Victoria Pte Ltd was incorporated on 24 July 2015.*
[2] *HB Mayfair Pte Ltd was incorporated on 18 March 2015*
[3] *HB Croydon Pte Ltd was incorporated on 11 November 2015.*

KPMG LLP are the auditors of all significant Singapore-incorporated subsidiaries.

The Group has no non-controlling interest where the results of the non-controlling interest is material and significant to the Group.

7 ASSOCIATES

The Group has two associates (2014: two) that are material to the Group. All are equity-accounted for. The following are the material associates:

	Shanghai Yanlord Hongqiao Property Co., Ltd (Shanghai Yanlord Hongqiao)[1]	Zhuhai Yanlord Heyou Land Co., Ltd (Zhuhai Yanlord Heyou)[2]
Nature of relationship with the Group	Strategic property developer providing access to residential development projects in China	Strategic property developer providing access to residential development projects in China
Principal place of business/ Country of incorporation	China	China
Ownership interest/Voting rights held	40% (2014: 40%)	20% (2014: 20%)

[1] *Audited by* 上海中惠会计师事务所*, a CPA firm, China*
[2] *Audited by* 珠海德鸿会计师事务所有限公司*, a CPA firm, China*

The following summarises the financial information of each of the Group's material associates based on their respective financial statements prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

	Shanghai Yanlord Hongqiao $'000	Zhuhai Yanlord Heyou $'000	Total $'000
2015			
Revenue	440,126	–	
Profit/(loss) from continuing operations	45,541	(5,888)	
Total comprehensive income	45,541	(5,888)	
Attributable to investee's shareholders	45,541	(5,888)	
Non-current assets	191	577	
Current assets	1,404,520	996,823	
Non-current liabilities	(275,260)	(56,602)	
Current liabilities	(261,163)	(263,821)	
Net assets	868,288	676,977	
Attributable to investee's shareholders	868,288	676,977	
Group's interest in net assets of investee at beginning of the year	324,166	132,164	456,330
Group's share of profit/(loss) from continuing operations	18,216	(1,177)	17,039
Other comprehensive income:			
- Foreign currency translation differences	4,847	4,495	9,342
Carrying amount of interest in investee at end of the year	347,229	135,482	482,711

7 ASSOCIATES (CONT'D)

	Shanghai Yanlord Hongqiao $'000	Zhuhai Yanlord Heyou $'000	Total $'000
2014			
Revenue	–	–	
Loss from continuing operations	(3,696)	(680)	
Total comprehensive income	(3,696)	(680)	
Attributable to investee's shareholders	(3,696)	(680)	
Non-current assets	261	535	
Current assets	1,157,584	733,348	
Non-current liabilities	(274,689)	(54,762)	
Current liabilities	(72,743)	(18,301)	
Net assets	810,413	660,820	
Attributable to investee's shareholders	810,413	660,820	
Group's interest in net assets of investee at beginning of the year	318,652	126,190	444,842
Group's share of loss from continuing operations	(1,478)	(136)	(1,614)
Other comprehensive income:			
- Foreign currency translation differences	6,992	6,110	13,102
Carrying amount of interest in investee at end of the year	324,166	132,164	456,330

8 JOINTLY-CONTROLLED ENTITIES

The Group has two (2014: two) jointly-controlled entities that are material and two (2014: three) joint-controlled entities that are individually immaterial to the Group.

These jointly-controlled controlled entities are structured as separate vehicles and the Group has a residual interest in their net assets. Accordingly, the Group has classified its interest in these entities as joint ventures, which are equity-accounted for.

The following are the material joint ventures:

	Seaview (Sentosa) Pte Ltd (Seaview)[1]	Pinnacle (Sentosa) Pte Ltd (Pinnacle)[1]
Nature of relationship with the Group	Strategic partner providing high end residential properties in Sentosa	Strategic partner providing high end residential properties in Sentosa
Principal place of business/ Country of incorporation	Singapore	Singapore
Ownership interest/Voting rights held	50% (2014: 50%)	35% (2014: 35%)

[1] *Audited by KPMG LLP, Singapore*

8 JOINTLY-CONTROLLED ENTITIES (CONT'D)

The following summarises the financial information of each of the Group's material joint ventures based on their respective financial statements prepared in accordance with FRS, modified for fair value adjustments on acquisition and differences in the Group's accounting policies.

	Seaview $'000	Pinnacle $'000	Immaterial joint ventures $'000	Total $'000
2015				
Revenue	10,822	16,054		
Profit/(loss) from continuing operations*	4,744	(102,851)		
Total comprehensive income	4,744	(102,851)		
Attributable to investee's shareholders	4,744	(102,851)		
Non-current assets	–	1,559		
Current assets	471,678	1,363,564		
Non-current liabilities	(368,832)	(559,350)		
Current liabilities	(3,040)	(13,959)		
Net assets	99,806	791,814		
Attributable to investee's shareholders	99,806	791,814		
Group's interest in net assets of investee at beginning of the year	47,570	304,123	(5,598)	346,095
Group's share of total comprehensive income:	2,372	(35,998)	(6,217)	(39,843)
Intra-group eliminations	(1,215)	(126)	–	(1,341)
Foreign currency translation differences	–	–	(111)	(111)
Capital distribution	–	–	(1,102)	(1,102)
Conversion of loan to investment	–	2,870	–	2,870
Carrying amount of interest in investee at end of the year	48,727	270,869	(13,028)	306,568

* *Includes elimination of intercompany loan interests for the year.*

8 JOINTLY-CONTROLLED ENTITIES (CONT'D)

	Seaview $'000	Pinnacle $'000	Immaterial joint ventures $'000	Total $'000
2014				
Revenue	11,043	6,033		
Profit/(loss) from continuing operations*	3,864	(9,900)		
Total comprehensive income	3,864	(9,900)		
Attributable to investee's shareholders	3,864	(9,900)		
Non-current assets	–	1,549		
Current assets	472,537	1,465,172		
Non-current liabilities	(370,410)	(559,350)		
Current liabilities	(4,634)	(20,545)		
Net assets	97,493	886,826		
Attributable to investee's shareholders	97,493	886,826		
Group's interest in net assets of investee at beginning of the year	46,753	158,237	(2,436)	202,554
Group's share of total comprehensive income:	1,932	(3,465)	(2,790)	(4,323)
Intra-group eliminations	(1,115)	(99)	–	(1,214)
Foreign currency translation differences	–	–	(372)	(372)
Conversion of loan to investment	–	149,450	–	149,450
Carrying amount of interest in investee at end of the year	47,570[1]	304,123[1]	(5,598)	346,095

[1] *Includes elimination of prior year's shareholder loan interest capitalised as part of development properties of $1,177,000 for Seaview and $6,266,000 for Pinnacle.*

* *Includes elimination of intercompany loan interests for the year.*

9 OTHER ASSETS

	Group 2015 $'000	Group 2014 $'000
At cost		
Club membership	150	150

10 FINANCIAL ASSETS

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Non-current assets				
Investments designated at fair value through profit or loss				
Investments in private equity funds	3,337	4,051	–	–

Investments designated at fair value through profit or loss are those that the Group intends to hold for the medium term and represent investments in companies that are strategic and are involved in emerging technologies.

11 OTHER RECEIVABLES

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Non-current assets				
Amounts due from subsidiaries (non-trade)				
- interest bearing	–	–	170,041	585
- non-interest bearing	–	–	166,989	319,479
	–	–	337,030	320,064
Amounts due from jointly-controlled entities (non-trade)				
- interest-bearing	184,416	185,205	184,416	185,205
- non-interest bearing	101,009	85,169	245	–
	285,425	270,374	184,661	185,205
	285,425	270,374	521,691	505,269

The above amounts are unsecured and are not expected to be repaid within the next 12 months.

Group

The settlement for the non-interest bearing amounts due from jointly-controlled entities of $101,009,000 (2014: $85,169,000) is neither planned nor likely to occur in the foreseeable future. As this amount is, in substance, a part of the Group's net investment in the jointly-controlled entities, it is stated at cost less accumulated impairment losses.

Interest bearing amounts due from jointly-controlled entities of $184,416,000 (2014: $185,205,000) have no fixed terms of repayment and are charged at rates of 1.20% to 1.40% (2014: 1.20% to 1.45%) per annum.

11 OTHER RECEIVABLES (CONT'D)

Company

The settlement for the non-interest-bearing amounts due from subsidiaries of $166,989,000 (2014: $319,479,000) is neither planned nor likely to occur in the foreseeable future. As this amount is, in substance, a part of the Company's net investment in the subsidiary, it is stated at cost less accumulated impairment losses.

Interest bearing amounts due from subsidiaries of $170,041,000 (2014: $585,000) have no fixed terms of repayment and are charged at a rate of 3.50% (2014: 2.40%) per annum.

In 2015, amounts due from a jointly-controlled entity (non-trade) of $2,870,000 (2014: $149,450,000) was converted to preference shares and included as part of the Company's investment in jointly-controlled entities. During the year, an impairment loss of $36,124,000 was made against the Company's investment in its jointly-controlled entities; the cumulative impairment loss as at 31 December 2015 is $99,535,000 (2014: $63,411,000).

12 DEFERRED TAX

Movements in deferred tax assets and liabilities of the Group (prior to offsetting of balances) during the year are as follows:

	At 1 January 2014 $'000	Others $'000	At 31 December 2014 $'000	Recognised in income statement (note 26) $'000	At 31 December 2015 $'000
Group					
Deferred tax liabilities					
Development properties	130	–	130	(130)	–
Property, plant and equipment	53	–	53	–	53
Income not remitted into Singapore	104	–	104	–	104
Accrued rent receivables	1,228	(1,228)	–	–	–
	1,515	(1,228)	287	(130)	157
Deferred tax assets					
Deferred income	(473)	–	(473)	473	–

13 DEVELOPMENT PROPERTIES

	Note	Group 2015 $'000	Group 2014 $'000
Properties held for sale		155,758	149,714
Properties under development:			
- Costs incurred and attributable profits		165,151	79,832
- Progress billings		–	–
		165,151	79,832
Total development properties		320,909	229,546
Interest capitalised during the year	25	1,276	28

During the year, the finance costs was capitalised at rates ranging from 3.90% to 4.58% (2014: 4.53% to 4.59%) per annum for development properties.

Certain development properties with carrying value amounting to $307,762,000 (2014: $63,943,000) were pledged to secure banking facilities granted to the Group (see note 18).

14 TRADE AND OTHER RECEIVABLES

	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Trade receivables	1,216	499	–	–
Accrued rent receivables	22,040	24,945	–	–
Impairment losses	(26)	(34)	–	–
Net receivables	23,230	25,410	–	–
Other deposits	475	561	–	29
Amounts due from:				
- subsidiaries (non-trade)				
- non-interest-bearing	–	–	89,010	6,256
- jointly-controlled entities (non-trade)				
- non-interest-bearing	18	17	–	–
- Corporate shareholder of associate (non-trade)				
- non-interest-bearing	20,923	19,665	20,923	19,665
Goods and services tax recoverable	1,991	133	–	–
Derivative financial asset	2,415	351	–	–
Other receivables	15,853	8,161	767	505
	64,905	54,298	110,700	26,455
Prepayments	290	348	26	33
Deposits paid to acquire residential properties	7,608	8,016	–	–
	72,803	62,662	110,726	26,488

14 TRADE AND OTHER RECEIVABLES (CONT'D)

Amounts due from subsidiaries, jointly-controlled entities and corporate shareholder of associate are unsecured and repayable within the next twelve months.

Included within other receivables are amounts of $15,179,000 (2014: $7,093,000) held by lawyers in trust of the Group in relation to deposits received from sale of properties.

15 CASH AND CASH EQUIVALENTS

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Cash at banks and in hand	14,569	4,618	381	337
Fixed deposits	–	5,335	–	–
	14,569	9,953	381	337

The weighted average effective interest rates relating to fixed deposits at the balance sheet date for the Group is nil% (2014: 0.50%) per annum.

16 SHARE CAPITAL

	Group and Company	
	2015 Number of shares ('000)	2014 Number of shares ('000)
Fully paid ordinary shares, with no par value:		
At 1 January and 31 December	703,338	703,338

As at 31 December 2015, included in the total number of ordinary shares was 37,103,200 (2014: 35,777,000) shares purchased by the Company (the "Treasury Shares") by way of market acquisition at an average price of $1.69 (2014: $1.68) per share. The Treasury Shares were deducted from total equity (see note 17).

The holders of ordinary shares (excluding treasury shares) are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares (excluding treasury shares) rank equally with regard to the Company's residual assets.

16 SHARE CAPITAL (CONT'D)

Capital management

The Board's policy is to maintain an adequate capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business.

The Board of Directors monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity, excluding non-controlling interests. The Board of Directors also monitors the level of dividends to ordinary shareholders. The Group funds its operations and growth through a mix of equity and debts. This includes the maintenance of adequate lines of credit and assessing the need to raise additional equity where required.

From time to time, the Group may undertake share purchases or acquisitions under its approved Share Purchase Mandate if and when circumstances permit, as part of the Group's management mechanism to facilitate the return of surplus cash over and above its ordinary capital requirements, in an expedient and cost-efficient manner. The purchases or acquisitions of its shares seek to increase shareholder' values and provide greater flexibility over the Group's share capital structure.

There were no changes in the Group's approach to capital management during the year.

The Company and its subsidiaries are not subject to externally imposed capital requirements.

The gearing ratio is calculated as net debt divided by total equity (excluding non-controlling interests). Net debt is calculated as borrowings less cash and cash equivalents.

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Net debt	1,564,410	905,207	203,061	153,392
Total equity (excluding non-controlling interests)	2,820,441	2,601,117	1,334,484	1,153,769
Gearing ratio	0.55	0.35	0.15	0.13

The Group and the Company are in compliance with all borrowing covenants for the financial years ended 31 December 2014 and 31 December 2015.

17 CAPITAL AND RESERVES

	Group		Company	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Reserve for own shares	(62,859)	(60,284)	(62,859)	(60,284)
Capital reserve	2,043	2,043	–	–
Hedging reserve	2,415	351	–	–
Foreign currency translation reserve	33,307	22,359	–	–
Retained earnings	2,689,487	2,480,600	1,241,295	1,058,005
	2,664,393	2,445,069	1,178,436	997,721

17 CAPITAL AND RESERVES (CONT'D)

Reserve for own shares
Reserve for own shares comprises the cost of the Company's shares held by the Group.

Capital reserve
The capital reserve which arose prior to 1 January 2001, comprises negative goodwill arising on acquisition of interests in subsidiaries and discount arising on the acquisition of a loan extended by a former shareholder to a subsidiary.

Foreign currency translation reserve
The currency translation reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from the functional currency of the Company.

Retained earnings
Included in retained earnings is a net accumulated loss of $10,101,000 (2014: profit of $12,703,000) representing share of post acquisition results of associates and jointly-controlled entities.

18 LOANS AND BORROWINGS

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Non-current liabilities				
Secured bank loans	1,195,023	751,516	114,554	–
Current liabilities				
Secured bank loans	383,956	163,644	88,888	153,729
	1,578,979	915,160	203,442	153,729

The bank loans are secured on the following assets:

		Group	
	Note	2015	2014
		$'000	$'000
Investment properties	5	2,720,442	2,175,896
Development properties	13	307,762	63,943
Carrying amounts		3,028,204	2,239,839

In addition, the Group's bank loans are secured by legal assignment of sales and rental proceeds.

18 LOANS AND BORROWINGS (CONT'D)

Terms and debt repayment schedule
Terms and conditions of outstanding loans and borrowings are as follows:

	Effective interest rate %	Expected year of maturity	2015 Face value $'000	2015 Carrying amount $'000	2014 Face value $'000	2014 Carrying amount $'000
Group						
Secured bank loans						
- floating rate	1.49 – 4.58	2016 – 2020	1,578,979	1,578,979	915,160	915,160
Company						
Secured bank loans						
- floating rate	1.54 – 3.93	2016–2017	203,442	203,442	153,729	153,729

Intra-group financial guarantees
Intra-group financial guarantees comprise guarantees given by the Company to banks in respect of banking facilities amounting to $1,426,056,000 (2014: $957,203,000) extended to its subsidiaries, associates and jointly-controlled entities. The periods in which the financial guarantees expire are as follows:

	Group 2015 $'000	Group 2014 $'000	Company 2015 $'000	Company 2014 $'000
Less than 1 year	–	–	82,617	9,915
Between 1 and 5 years	195,773	195,773	1,343,439	947,288
	195,773	195,773	1,426,056	957,203

19 OTHER LIABILITIES

	Group 2015 $'000	Group 2014 $'000
Rental deposits	12,890	12,152
Amount due to a non-controlling shareholder (non-trade)	15,213	15,213
	28,103	27,365

Amount due to a non-controlling shareholder (non-trade) is unsecured and interest-free, and does not have fixed terms of repayment. As the amount represents, in substance, the non-controlling shareholder's net investment in the Group, it is stated at cost.

20 DEFERRED INCOME

	Group	
	2015	2014
	$'000	$'000
Gain on sale and leaseback arrangement	–	819
Rental advances from tenants	19,310	20,606
	19,310	21,425
Non-current	348	8,175
Current	18,962	13,250
	19,310	21,425

Gain on sale and leaseback arrangement
In 2010, the Group entered into a sale and leaseback arrangement, in which a deferred gain is recognised on the excess of sale proceeds over the fair value of the disposed leasehold property. Deferred gain is released to profit or loss on a straight-line basis over the leaseback period of 5 years.

21 TRADE AND OTHER PAYABLES

	Group		Company	
	2015	2014	2015	2014
	$'000	$'000	$'000	$'000
Rental deposits	6,058	3,531	–	–
Accrued operating expenses and development expenditure	26,590	53,807	12,041	7,111
Amounts due to subsidiaries (non-trade)	–	–	2,678	79,623
Amount due to jointly-controlled entity (non-trade)	600	3,690	600	3,690
Other payables	14,943	7,055	54	23
Goods and services tax payable	2,148	1,755	–	–
	50,339	69,838	15,373	90,447

Amounts due to subsidiaries are unsecured and interest-free, and are repayable on demand.

Amount due to jointly-controlled entity is unsecured and interest-free, and repayable within the next twelve months.

22 REVENUE

Revenue represents rental income and service charges, after eliminating inter-company transactions.

	Group	
	2015	2014
	$'000	$'000
Rental income and service charges	129,933	99,601

Included in rental income and service charges is lease income generated from investment properties of $125,538,000 (2014: $94,990,000).

23 OTHER INCOME

	Group	
	2015	2014
	$'000	$'000
Gross dividend income from unquoted equity investments	8	43
Gain/(loss) on disposal of property, plant and equipment	139	(2)
Gain on disposal of investment properties	6,907	–
Distribution income from financial assets designated at fair value through profit or loss	164	118
Forfeiture income	–	167
Management fee income	294	420
Fair value loss on financial assets at fair value through profit or loss	(48)	(272)
Others	1,601	1,402
	9,065	1,876

24 DIRECTORS' REMUNERATION

Number of directors in remuneration bands:

	2015 Number of Directors	2014 Number of Directors
$500,000 and above	3	3
$250,000 to $499,999	–	–
Below $250,000	5*	5*
Total	8	8

* *Includes 5 (2014: 5) independent directors.*

25 FINANCE INCOME AND FINANCE COSTS

	Note	Group 2015 $'000	Group 2014 $'000
Interest income on loans and receivables		1,266	1,423
Finance income		1,266	1,423
Interest expense on financial liabilities measured at amortised cost		(25,347)	(19,465)
Interest expense capitalised in properties under development	13	1,276	28
Finance costs		(24,071)	(19,437)
Net finance costs recognised in profit or loss		(22,805)	(18,014)

26 INCOME TAX EXPENSE

	Group 2015 $'000	Group 2014 $'000
Current tax expense		
Current year	9,381	7,737
Under/(over) provision of tax in prior years	7,154	(366)
	16,535	7,371
Deferred tax expense		
Movements in temporary differences (note 12)	343	–
Total income tax expense	16,878	7,371
Reconciliation of effective tax rate		
Profit for the year	241,172	314,516
Total income tax expense	16,878	7,371
Profit excluding income tax	258,050	321,887
Tax calculated using Singapore tax rate of 17% (2014: 17%)	43,869	54,721
Expenses not deductible for tax purposes	5,430	2,877
Tax exempt revenue	(144)	(156)
Income not subject to tax	(36,529)	(48,796)
Effect of different tax rates in other countries	530	721
Tax incentives	(3,432)	(1,630)
Under/(over) provision of tax in prior years	7,154	(366)
	16,878	7,371

27 DISCONTINUED OPERATIONS

In October 2012, the Group entered into option to purchase agreement with a third party customer to sell its freehold land and hotel building. Following the reclassification of the freehold land and hotel building to assets held for sale, the Group's hotel operations were discontinued.

In May 2013, the Group completed the sale of its freehold land and hotel building. A net gain of $25,927,000 was recognised in profit or loss for the financial year ended 31 December 2013. Following the sale in May 2013, the Group then signed an agreement with the purchaser to continue with the hotel operation as part of the transitional arrangement. The arrangement expired on 27 March 2014.

The income statement has been presented to show the discontinued operations separately from continuing operations.

	Group	
	2015	2014
	$'000	$'000
Results of discontinued operation		
Revenue	–	1,447
Expenses	–	(1,634)
Results from operating activities	–	(187)
Tax	–	–
Profit for the year	–	(187)
Basic earnings per share (cents)	–	(0.03)
Diluted earnings per share (cents)	–	(0.03)

The loss from discontinued operation of $nil (2014: $187,000) is attributable entirely to the owners of the Company.

Of the profit from continuing operations of $241,172,000 (2014: $314,703,000), an amount of $242,244,000 (2014: $315,178,000) is attributable to the owners of the Company.

Cash flows from discontinued operations

	Group	
	2015	2014
	$'000	$'000
Net cash from operating activities	–	(747)
Net cash flows for the year	–	(747)

28 PROFIT FOR THE YEAR

The following items have been included in arriving at profit for the year:

	Note	Group 2015 $'000	Group 2014 $'000
Direct operating expenses from investment properties		17,306	19,105
Audit fees payable/paid to auditors of the Company		337	362
Non-audit fees paid to auditors of the Company		116	111
Depreciation of property, plant and equipment	4	1,000	964
Amortisation of deferred gain on sale of leasehold property under a sale and leaseback arrangement	20	(819)	(982)
Staff costs		8,389	6,171
Contributions to defined contribution plans included in staff costs		435	253
Allowance for impairment loss (reversed)/made on trade receivables		(8)	18

29 EARNINGS PER SHARE

	Group 2015 $'000	Group 2014 $'000
Basic earnings per share is based on:		
Net profit attributable to ordinary shareholders	242,244	314,991

The Company does not have any dilutive potential ordinary shares in existence for the current and previous financial year.

	Group 2015 Number of shares '000	Group 2014 Number of shares '000
Ordinary shares in issue at beginning of the year	703,338	703,338
Effect of own shares held	(36,534)	(35,457)
Weighted average number of ordinary shares in issue during the year	666,804	667,881

30 DIVIDENDS

After the balance sheet date, the Directors proposed the following dividends, which have not been provided for.

	Group and Company 2015 $'000	Group and Company 2014 $'000
Proposed final tax-exempt dividend of 7 cents (2014: 5 cents) per share	46,636	33,378

31 SIGNIFICANT RELATED PARTY TRANSACTIONS

Key management personnel
Key management personnel of the Group are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. The Directors of the Group are considered as key management personnel.

Key management personnel compensation comprises:

	Group	
	2015	2014
	$'000	$'000
Directors' fees	390	317
Directors' remuneration:		
- short-term employee benefits	11,628	7,028
	12,018	7,345

Other related party transactions
During the financial year, other than as disclosed elsewhere in the financial statements, the transactions with related parties entered into on terms agreed between the parties are as follows:

		Group	
		2015	2014
		$'000	$'000
Related corporations			
Rental income		44	43
Other operating expenses:			
- insurance on investment properties		50	33
- other insurances		54	24
- printing		66	45
- sales of motor vehicles		84	–
- others		35	54
Other related parties			
Donations made	(i)	2,000	6,000

(i) The donation of $2,000,000 (2014: $6,000,000) was made to Ho Bee Foundation ("Foundation"), the philanthropic arm of the Group. By virtue of Mr Chua Thian Poh's shareholdings in Ho Bee Holdings (Pte) Ltd, the immediate and ultimate holding company, he is deemed to have control over the financial and operating policies of the Foundation. Mr Chua is also a director and a key management personnel of the Foundation.

32 COMMITMENTS

As at 31 December 2015, commitments for expenditure which have not been provided for in the financial statements were as follows:

	Group 2015 $'000	Group 2014 $'000
Authorised and contracted for:		
- development expenditure	9,672	106,104
- subscription for additional interest in private equity funds	100	335

The Group leases out its investment properties, property, plant and equipment and certain properties held for sale. Non-cancellable operating lease rentals are receivable as follows:

	Group 2015 $'000	Group 2014 $'000
Within 1 year	151,089	101,897
After 1 year but within 5 years	436,057	283,716
After 5 years	254,734	179,501
	841,880	565,114

33 FINANCIAL RISK MANAGEMENT

Overview

The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. Management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

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 and financial assets. The Group has procedures in place to manage credit risk and exposure to such risk is monitored on an ongoing basis.

The Group establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. This allowance is a specific loss component that relates to individually significant exposures. The allowance account in respect of trade and other receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible. At that point, the financial asset is considered irrecoverable and the amount charged to the allowance account is written off against the carrying amount of the impaired financial asset.

Cash and fixed deposits are placed with banks and financial institutions which are regulated. Investments and transactions involving derivative financial instruments are restricted with counterparties who meet the appropriate credit criteria and/or are of high credit standing. As such, management does not expect any counterparty to fail to meet its obligations.

33 FINANCIAL RISK MANAGEMENT (CONT'D)

Financial guarantee
The principal risk to which the Company is exposed to is credit risk in connection with guarantee contracts it has issued. The credit risk represents the loss that would be recognised upon a default by the parties to which the guarantees were provided on behalf of. To mitigate these risks, management continually monitors the risks and has established processes including performing credit evaluations of the parties it is providing the guarantee on behalf of. Guarantees are only given to its subsidiaries, associate and jointly-controlled entities.

There are no terms and conditions attached to the guarantee contracts that would have a material effect on the amount, timing and uncertainty of the Company's future cash flows.

The intra-group financial guarantees with subsidiaries are eliminated in preparing the consolidated financial statements. Estimates of the Company's obligations arising from financial guarantee contracts may be affected by future events, which cannot be predicted with any certainty. The assumptions may well vary from actual experience so that the actual liability may vary considerably from the best estimates.

Liquidity risk
The Group actively manages its debt maturity profile, operating cash flows and the availability of funding to ensure that all refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient level of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level compared to its overall debt position. When necessary, the Group will raise committed funding from either the capital markets and/or financial institutions and prudently balance its portfolio with some short term funding so as to achieve overall cost effectiveness.

Market risk
Market risk is the risk that changes in market prices, such as interest rates, foreign exchange 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 on risk.

Interest rate risk
The Group manages its interest rate exposure by actively reviewing its debt portfolio and switching to cheaper sources of funding to achieve a certain level of protection against interest rate hikes. Where appropriate, the Group uses interest rate derivatives to hedge its interest rate exposure for specific underlying debt obligations.

Interest rate derivatives are used to manage interest rate risk, to the extent that the perceived cost is considered to outweigh the benefit from the flexibility of variable rate borrowings, and the Group actively monitors the need and timing for such derivatives.

Where used, interest rate derivatives are classified as cash flow hedges and stated at fair value within the Group's statement of financial position.

33 FINANCIAL RISK MANAGEMENT (CONT'D)

Cash flow hedges

Subsidiaries of the Group have entered into interest rate swaps to fix the interest relating to the payment of quarterly interest charges arising on the drawdown of term loan facilities totaling $325,066,480 (2014: $141,970,400), and designated these as cash flow hedges. The risk being hedged was the variability of cash flows arising from movements in interest rates. The hedges will be in place until the term loans mature in 2019 and 2020.

The cash flows will occur on a quarterly basis until the loan balances mature in 2019 and 2020 and these hedges which are designated as cash flow hedges, are considered to be highly effective. The carrying value of the hedging instruments were restated to their fair value at each reporting date, with the effective portion of changes in fair value since inception being taken to the hedging reserve. The gain recognised in the other comprehensive income in 2015 in respect of the change in fair value of the hedging instruments was $2,064,000 (2014: $351,000). There was no ineffectiveness recognised in profit or loss that arose from the cash flow hedges.

Foreign currency risk

The Group incurs foreign currency risk on transactions that are denominated in currencies other than the Singapore dollar. The Group tries to maintain a natural hedge whenever possible, by borrowing in the currency of the country in which the property or investment is located or by borrowing in currencies that match the future revenue streams to be generated from its investments. The currencies giving rise to this risk are primarily the United States dollar (USD), British pound (GBP), Australian dollar (AUD). Exposure to foreign currency risk is monitored on an ongoing basis by the Group to ensure that the net exposure is kept at an acceptable level.

The Group is also exposed to currency translation risk on its net investments in foreign operations. Such exposures are reviewed and monitored on a regular basis.

34 FINANCIAL INSTRUMENTS

Credit risk

Exposure to credit risk

The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

The Group's credit risk is primarily attributable to trade and other receivables and financial assets. The Group's historical experience in the collection of accounts receivable falls within the recorded allowances. Due to these factors, management believes that no additional credit risk is inherent in the Group's trade receivables.

At the balance sheet date, the Group has receivables due from jointly-controlled entities amounting to $285,443,000 (2014: $270,391,000) representing 80% (2014: 81%) of total gross trade and other receivables. Except for these receivables, there was no concentration of credit risk.

34 FINANCIAL INSTRUMENTS (CONT'D)

Impairment losses
The ageing of trade receivables at the reporting date was:

Group	Gross 2015 $'000	Impairment losses 2015 $'000	Gross 2014 $'000	Impairment losses 2014 $'000
Not past due	23,213	–	24,945	–
Past due 0 – 30 days	–	–	419	–
Past due 31 – 120 days	4	–	16	–
More than 120 days past due	39	26	64	34
	23,256	26	25,444	34

The movements in impairment loss in respect of trade receivables during the year are as follows:

	Group 2015 $'000	Group 2014 $'000
At 1 January	34	16
Impairment loss (reversed)/made	(8)	18
At 31 December	26	34

Based on historical default rates and the Group's assessment of the recoverability of amounts due from specific customers, the Group believes that no impairment allowance is necessary in respect of trade receivables not past due or past due not more than 120 days.

Receivables that were past due but not impaired relate to a wide range of customers for whom there has not been a significant change in the credit quality. Based on past experience, management believes that no impairment allowance is necessary and the balances are still considered fully recoverable.

34 FINANCIAL INSTRUMENTS (CONT'D)

Liquidity risk
The following are the expected contractual undiscounted cash inflows/(outflows) of financial liabilities, including interest payments and excluding the impact of netting agreements:

		Cash flows			
	Carrying amount $'000	Contractual cash flows $'000	Within 1 year $'000	Within 2 to 5 years $'000	More than 5 years $'000
Group					
2015					
Non-derivative financial liabilities					
Secured bank loans*	1,578,979	(1,663,452)	(412,918)	(1,250,534)	–
Amount due to jointly controlled entity	600	(600)	(600)	–	–
Trade and other payables	49,739	(49,739)	(49,739)	–	–
	1,629,318	(1,713,791)	(463,257)	(1,250,534)	–
2014					
Non-derivative financial liabilities					
Secured bank loans*	915,160	(983,989)	(180,588)	(803,401)	–
Amount due to jointly controlled entity	3,690	(3,690)	(3,690)	–	–
Trade and other payables	66,148	(66,148)	(66,148)	–	–
	984,998	(1,053,827)	(250,426)	(803,401)	–
Company					
2015					
Non-derivative financial liabilities					
Secured bank loans	203,442	(205,408)	(89,021)	(116,387)	–
Amounts due to subsidiaries	2,678	(2,685)	(2,685)	–	–
Amount due to jointly controlled entity	600	(600)	(600)	–	–
Trade and other payables	12,095	(12,095)	(12,095)	–	–
	218,815	(220,788)	(104,401)	(116,387)	–
2014					
Non-derivative financial liabilities					
Secured bank loans	153,729	(153,978)	(153,978)	–	–
Amounts due to subsidiaries	79,623	(79,623)	(79,623)	–	–
Amount due to jointly controlled entity	3,690	(3,690)	(3,690)	–	–
Trade and other payables	7,134	(7,134)	(7,134)	–	–
	244,176	(244,425)	(244,425)	–	–

* *The contractual cashflow is net of the impact of interest rate swap.*
For secured bank loans with no interest rate swap arrangements, the contractual cashflows includes the estimated interest payments based on interest rates transacted in the 4th quarter of 2015.

34 FINANCIAL INSTRUMENTS (CONT'D)

Currency risk

Exposure to currency risk

The Group's significant exposures to foreign currencies other than the Company's functional currency are as follows:

	2015			2014		
	USD $'000	GBP $'000	AUD $'000	USD $'000	GBP $'000	AUD $'000
Group						
Financial assets	3,337	–	–	4,051	–	–
Trade and other receivables	98,695	259,161	132,591	92,761	190,911	83,793
Cash and cash equivalents	330	12,215	389	331	4,183	189
Loans and borrowings	–	(1,004,317)	(80,662)	–	(441,150)	(54,009)
	102,362	(732,941)	52,318	97,143	(246,056)	29,973
Company						
Trade and other receivables	20,923	250,452	114,736	19,665	182,654	75,973
Loans and borrowings	–	(189,906)	(10,537)	–	(108,609)	(45,119)
	20,923	60,546	104,199	19,665	74,045	30,854

Sensitivity analysis

The foreign currencies which the Group is significantly exposed to are USD, GBP and AUD. A strengthening of the Singapore dollar against these foreign currencies at the reporting date would increase/(decrease) profit before income tax by amounts shown below. This analysis assumes that all other variables, in particular, interest rates, remain constant.

	Group Profit before income tax $'000
31 December 2015	
USD (10% strengthening of Singapore dollar)	(10,236)
GBP (10% strengthening of Singapore dollar)	73,294
AUD (10% strengthening of Singapore dollar)	(5,232)
31 December 2014	
USD (10% strengthening of Singapore dollar)	(9,714)
GBP (10% strengthening of Singapore dollar)	24,606
AUD (10% strengthening of Singapore dollar)	(2,997)

34 FINANCIAL INSTRUMENTS (CONT'D)

Currency risk (cont'd)
Sensitivity analysis (cont'd)

	Company Profit before income tax $'000
31 December 2015	
USD (10% strengthening of Singapore dollar)	(2,092)
GBP (10% strengthening of Singapore dollar)	(6,055)
AUD (10% strengthening of Singapore dollar)	(10,420)
31 December 2014	
USD (10% strengthening of Singapore dollar)	(1,967)
GBP (10% strengthening of Singapore dollar)	(7,405)
AUD (10% strengthening of Singapore dollar)	(3,085)

A weakening of the Singapore dollar against the above currencies would have had the equal but opposite effect to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk
Profile
At the reporting date, the interest rate profile of the interest-bearing financial instruments was:

	Group Carrying amount		Company Carrying amount	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Fixed rate instruments				
Financial assets	184,416	190,540	354,457	185,205
Financial liabilities	(870)	–	(870)	–
Effect of interest rate swaps	(325,066)	(141,970)	–	–
	(141,520)	48,570	353,587	185,205
Variable rate instruments				
Financial liabilities	(1,578,979)	(915,160)	(203,442)	(153,729)
Effect of interest rate swaps	325,066	141,970	–	–
	(1,253,913)	(773,190)	(203,442)	(153,729)

34 FINANCIAL INSTRUMENTS (CONT'D)

Interest rate risk (cont'd)
Sensitivity analysis
Fixed rate instruments
The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Variable rate instruments
For the interest rate swap and the other variable rate financial assets and liabilities, a change of 100 bp in interest rate at the reporting date would (decrease)/increase amounts recognised in profit or loss as shown below. This analysis assumes that all other variables, in particular, foreign currency rates, remain constant.

	Profit before income tax	
	100 bp increase $'000	100 bp decrease $'000
Group		
31 December 2015		
Variable rate instruments	(125,391)	125,391
31 December 2014		
Variable rate instruments	(77,319)	77,319
Company		
31 December 2015		
Variable rate instruments	(20,344)	20,344
31 December 2014		
Variable rate instruments	(15,373)	15,373

Estimation of fair values for financial assets and liabilities
Valuation processes applied by the Group
The Group has an established control framework with respect to the measurement of fair values. This framework includes a finance team that reports directly to the Finance Director, and has overall responsibility for all significant fair value measurements, including level 3 fair values.

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments of the Group and the Company.

34 FINANCIAL INSTRUMENTS (CONT'D)

Estimation of fair values for financial assets and liabilities (cont'd)
Financial assets designated at fair value through profit or loss
The fair value of the Group's and the Company's financial assets designated at fair value through profit or loss, and available-for-sale financial assets is determined by reference to their quoted bid price at the balance sheet date. If a quoted market price is not available, the fair value of the financial assets is estimated using valuation techniques. Valuation techniques include recent arm's length prices, comparisons to similar instruments for which market observable prices exist, valuation models or discounted cash flow techniques.

The fair value of the Group's unquoted investments in private equity funds are determined based on quotations from the fund managers.

It is not practicable to reliably estimate the fair value of unquoted available-for-sale financial assets due to the lack of quoted market prices in an active market, significant range of reasonable fair value estimates, and the inability to reasonably assess the probabilities of the various estimates.

Amounts due from/to subsidiaries, associate, jointly-controlled entities and non-controlling shareholders
The carrying values of amounts due from/to subsidiaries, associate, jointly-controlled entities and non-controlling shareholder that reprice within six months of the balance sheet date approximate their fair values. Fair value is calculated based on discounted expected future principal and interest cash flows. For non-interest bearing amounts, the prevailing market interest rates of similar loans are used to discount the loans to subsidiaries and associate to arrive at their fair values.

Interest-bearing bank loans (secured)
The carrying values of interest-bearing bank loans that reprice within six months of the balance sheet date approximate their fair values. Fair value is calculated based on discounted expected future principal and interest cash flows.

Other financial assets and liabilities
The carrying amounts of financial assets and liabilities with a maturity of less than one year (including trade and other receivables, cash and cash equivalents, and trade and other payables) approximate their fair values because of the short period to maturity. All other financial assets and liabilities are discounted to determine their fair values.

Interest rates used in determining fair values
The interest rates used to discount estimated cash flows, where applicable, are as follows:

	2015 %	2014 %
Financial liabilities	1.5 – 4.6	1.3 – 4.6
Receivables	1.2 – 1.4	1.2 – 1.5
Payables	1.5 – 4.6	1.3 – 4.6

Fair values versus carrying amounts
The carrying amounts of the Group's and the Company's financial instruments carried at cost or amortised cost are not materially different from their fair values as at 31 December 2015 and 2014.

34 FINANCIAL INSTRUMENTS (CONT'D)

Fair value hierarchy

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Financial assets carried at fair value				
Group				
31 December 2015				
Financial assets designated at fair value through profit or loss	–	–	3,337	3,337
Interest rate swaps used for hedging	–	2,415	–	2,415
	–	2,415	3,337	5,752
31 December 2014				
Financial assets designated at fair value through profit or loss	–	–	4,051	4,051
Interest rate swaps used for hedging	–	351	–	351
	–	351	4,051	4,402

Level 2 fair values

The Group entered into interest rate swaps to hedge its interest rate exposure on its variable rate borrowings. The interest rate swaps are carried at fair value at each reporting date, based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments. There are no significant unobservable inputs in measuring the fair value.

	Group	
	Contract/ notional amount $'000	Fair value of assets $'000
2015		
Cash flow hedges – Interest rate swaps	325,066	2,415
2014		
Cash flow hedges – Interest rate swaps	141,970	351

34 FINANCIAL INSTRUMENTS (CONT'D)

Level 3 fair values

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in Level 3 of the fair value hierarchy:

	Financial assets at fair value through profit or loss $'000
Group	
1 January 2015	4,051
Fair value changes	(48)
Distribution income	164
Dividend income	8
Exchange gain recognised in profit or loss	228
Purchases	2
Settlements	(1,068)
31 December 2015	3,337
Total gain for the year included in profit or loss for assets held as at 31 December 2015	352
1 January 2014	4,518
Fair value changes	(272)
Distribution income	118
Exchange gain recognised in profit or loss	193
Dividend income	43
Purchases	45
Settlements	(594)
31 December 2014	4,051
Total gain for the year included in profit or loss for assets held as at 31 December 2014	82

34 FINANCIAL INSTRUMENTS (CONT'D)

Level 3 fair values (cont'd)

Gain included in profit or loss for the year (above) is presented in other income/gain on foreign exchange as follows:

	2015 $'000	2014 $'000
Other income		
Fair value loss	(48)	(272)
Distribution income	164	118
Dividend income	8	43
	124	(111)
Gain on foreign exchange		
Exchange gain recognised	228	193
Total gain included in profit or loss for the year	352	82

The fair value of financial assets designated at fair value through profit or loss has been measured at fair value as determined by the investment manager or fund manager. Because of the inherent uncertainty of valuations of financial assets, the estimated values may differ significantly from the values that would have been used had a ready market for the securities existed, and the differences could be material. As such, these investments are valued at cost until occurrence of a valuation event as defined below:

(a) Buy-out/later stage investments for which subsequent rounds of financing are not anticipated: once the investment has been held in the portfolio for one year, an analysis of the fair market value of the investment will be performed. The analysis will typically be based on a discounted multiple of earnings, revenues, earnings before interest and taxes (EBIT) or EBIT adjusted for certain non-cash changes (EBITDA) (depending on what is appropriate for that particular company/industry). Valuations may also be based on pending sale or initial public offering prices.

(b) Private equity investments are initially valued based upon transaction price, with subsequent adjustments to values which reflect the consideration of available market data, including primarily observations of the trading multiples of public companies considered comparable to the privately held companies being valued. Valuations are also adjusted to give consideration to the financial condition and operating results specific to the issuer. Any investment in a privately-held company, suffering an impairment in its value is written down to anywhere from 75% to 100% of the carrying value of the investment depending on the severity of the situation.

(c) Public stocks, not restricted to sale or transfer, are valued at the bid price on their principal exchange as of the valuation date. If any listed security was not traded on such date, then the mean of the high bid and low ask prices as of the close of such date is used. Public stocks restricted as to sale or transfer are discounted by analyzing the nature and length of the restriction and the relative volatility of the market prices of such security.

Accordingly, the use of different factors or estimation methodologies may not be indicative of the amounts the private equity funds could realise in a current market. However, these differences on the estimated fair values will not lead to a significant effect on the Group's financial statements.

34 FINANCIAL INSTRUMENTS (CONT'D)

Financial instruments by category

	Loans and receivables $'000	Financial assets at fair value through profit or loss $'000	Fair value - hedging instruments $'000	Financial liabilities at amortised cost $'000	Total $'000
Group					
31 December 2015					
Trade and other receivables*	246,906	–	2,415	–	249,321
Financial assets at fair value through profit or loss	–	3,337	–	–	3,337
Cash and cash equivalents	14,569	–	–	–	14,569
Loans and borrowings	–	–	–	(1,578,979)	(1,578,979)
Trade and other payables**	–	–	–	(50,339)	(50,339)
	261,475	3,337	2,415	(1,629,318)	(1,362,091)
31 December 2014					
Trade and other receivables*	239,152	–	351	–	239,503
Financial assets at fair value through profit or loss	–	4,051	–	–	4,051
Cash and cash equivalents	9,953	–	–	–	9,953
Loans and borrowings	–	–	–	(915,160)	(915,160)
Trade and other payables**	–	–	–	(69,838)	(69,838)
	249,105	4,051	351	(984,998)	(731,491)

34 FINANCIAL INSTRUMENTS (CONT'D)

Financial instruments by category (cont'd)

	Loans and receivables $'000	Financial assets at fair value through profit or loss $'000	Financial liabilities at amortised cost $'000	Total $'000
Company				
31 December 2015				
Trade and other receivables*	465,157	–	–	465,157
Cash and cash equivalents	381	–	–	381
Trade and other payables	–	–	(15,373)	(15,373)
Loans and borrowings	–	–	(203,442)	(203,442)
	465,538	–	(218,815)	246,723
31 December 2014				
Trade and other receivables*	212,245	–	–	212,245
Cash and cash equivalents	337	–	–	337
Trade and other payables	–	–	(90,447)	(90,447)
Loans and borrowings	–	–	(153,729)	(153,729)
	212,582	–	(244,176)	(31,594)

* Excludes prepayments, deposits paid to acquire residential properties and amounts whereby, in substance, are part of the Group's and the Company's net investments in subsidiaries and jointly-controlled entities.

** Excludes amounts, in substance, are part of the non-controlling shareholder's net investment in the Group.

35 OPERATING SEGMENTS

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products and services, and are managed separately because they require different marketing strategies. For each of the strategic business units, the Group's Finance Director reviews internal management reports on at least a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

- Property investment : The investment in properties.
- Property development : The development and trading in properties.

Other segments include investing in quoted and unquoted securities and private equity funds and the discontinued operations of the hotel. These segments do not meet any of the quantitative thresholds for determining reportable segments in 2015 or 2014.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment gross profit, as included in the internal management reports that are reviewed by the Group's Finance Director. Segment gross profit is used to measure performance as management believe that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

(a) Operating segments

	Sale of development properties $'000	Rental income $'000	Others $'000	Total $'000
2015				
Turnover	–	129,933	–	129,933
Operating results	(3,350)	111,178	–	107,828
Other operating income				216,818
Other operating expenses				(20,987)
Profit from operations				303,659
Net finance costs				(22,805)
Share of profits of associates				17,039
Share of losses of jointly-controlled entities				(39,843)
Income tax expense				(16,878)
Profit from continuing operations, net of tax				241,172
Profit from discontinued operations, net of tax				–
Profit for the year				241,172
Other material non-cash items:				
- Fair value changes on investment properties	–	186,362	–	186,362
Reportable segment assets	321,782	3,071,869	3,337	3,396,988
Investments in associates and jointly-controlled entities	890,288	–	–	890,288
Reportable segment liabilities	98,875	1,495,317	–	1,594,192

35 OPERATING SEGMENTS (CONT'D)

(a) Operating segments (cont'd)

	Sale of development properties $'000	Rental income $'000	Others $'000	Total $'000
2014				
Turnover	–	99,601	–	99,601
Operating results	7,406	79,130	–	86,536
Other operating income				283,569
Other operating expenses				(24,080)
Profit from operations				346,025
Net finance costs				(18,014)
Share of losses of associates				(1,614)
Share of losses of jointly-controlled entities				(4,323)
Income tax expense				(7,371)
Profit from continuing operations, net of tax				314,703
Profit from discontinued operations, net of tax				(187)
Profit for the year				314,516
Other material non-cash items:				
- Fair value changes on investment properties	–	281,693	–	281,693
Reportable segment assets	229,546	2,308,295	4,051	2,541,892
Investments in associates and jointly-controlled entities	887,594	–	–	887,594
Reportable segment liabilities	69,222	861,150	–	930,372

Reconciliations of reportable segment assets and liabilities and other material items

	2015 $'000	2014 $'000
Assets		
Total assets for reportable segments	3,393,651	2,537,841
Other assets	3,337	4,051
Investments in equity accounted investees	890,288	887,594
Total assets for discontinued operations	–	–
Other unallocated amounts	271,120	254,942
Consolidated total assets	4,558,396	3,684,428
Liabilities		
Total liabilities for reportable segments	1,594,192	930,372
Other unallocated amounts	130,304	138,248
Consolidated total liabilities	1,724,496	1,068,620

35 OPERATING SEGMENTS (CONT'D)

(a) Operating segments (cont'd)

	Reportable segment totals $'000	Unallocated amounts $'000	Consolidated totals $'000
Other material items			
2015			
Capital expenditure	–	1,927	1,927
Depreciation of property, plant and equipment	–	1,000	1,000
2014			
Capital expenditure	–	1,654	1,654
Depreciation of property, plant and equipment	–	964	964

(b) Geographical segments

The Group operates principally in Singapore.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of business. Segment assets are based on the geographical location of the assets.

	Singapore $'000	China $'000	United Kingdom $'000	Australia $'000	Consolidated total $'000
2015					
Revenue	90,198	54	39,629	52	129,933
Non-current assets*	2,053,214	469,070	1,337,393	1,676	3,861,353
2014					
Revenue	74,262	50	25,232	57	99,601
Non-current assets*	2,055,460	430,001	620,113	1,795	3,107,369

* Excludes financial assets, other receivables and deferred tax assets.

The Group has a large and diversified customer base which consists of individuals and corporations. There was no single customer that contributed 10% or more to the Group's revenue.

36 DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Financial assets and liabilities
The valuation techniques and the inputs used in the fair value measurements of the financial assets and financial liabilities for measurement and/or disclosure purposes are set out in note 34.

Investment properties
Investment properties are stated at fair value. External, independent valuation companies, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, value the Group's investment property portfolio at each year end.

The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing, wherein the parties had each acted knowledgeably. Such valuation is based on price per square foot for the buildings derived from observable market data from an active and transparent market.

In the absence of a price per square metre for similar buildings with comparable lease terms in an active market, the valuations are prepared by considering the estimated rental value of the property (i.e. the income approach). A market yield is applied to the estimated rental value to arrive at the gross property valuation. When actual rents differ materially from the estimated rental value, adjustments are made to reflect actual rents.

Valuations reflect, when appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, the allocation of maintenance and insurance responsibilities between the Group and the lessee, and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices, and when appropriate counter-notices, have been served validly and within the appropriate time.

36 DETERMINATION OF FAIR VALUES (CONT'D)

Fair value hierarchy
Fair value and fair value hierarchy information on financial instruments are disclosed in note 34.

The table below analyses recurring non-financial assets carried at fair value. The different levels are defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Non-financial assets carried at fair value				
Group				
31 December 2015				
Investment properties	–	–	3,049,518	3,049,518
31 December 2014				
Investment properties	–	–	2,283,127	2,283,127

Level 3 fair values
The following table shows a reconciliation from the beginning balances to the ending balances for Level 3 fair value measurements.

	Investment properties	
	2015 $'000	2014 $'000
Group		
1 January	2,283,127	1,540,709
Additions	629,955	468,908
Disposal	(58,900)	–
Gains and losses for the year		
Changes in fair value	186,362	281,693
Movement in exchange rate	8,974	(8,183)
At 31 December	3,049,518	2,283,127

36 DETERMINATION OF FAIR VALUES (CONT'D)

Valuation techqniue and significant unobservable inputs
The following table shows the key unobservable inputs used in the valuation models for deriving Level 3 fair values as at 31 December 2015:

Type	Valuation technique	Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Commercial properties in Singapore and United Kingdom	Income capitalisation approach	Capitalisation rates: 4% - 5.5% (2014: 4.25% - 5%)	The estimated fair value would increase (decrease) if: - The capitalisation rate was lower (higher)
	Direct Comparison	Not applicable	

37 ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group believes the following critical accounting policies involved the most significant judgements and estimates used in the preparation of the financial statements.

Impairment loss on trade receivables
The Group evaluates whether there is any objective evidence that trade receivables are impaired, and determines the amount of impairment loss as a result of the inability of the debtors to make required payments. The Group bases the estimates on the ageing of the trade receivables balance, credit-worthiness of the debtors and historical write-off experience. If the financial conditions of the debtors were to deteriorate, actual write-offs would be higher than the amount estimated.

Assessment of stage of completion and estimated total construction costs of development properties and allowance for foreseeable loss on development properties
The Group recognises profits on development projects using the percentage of completion method for development properties sold under normal payment scheme. The progress of construction is determined based on the certification by an architect or a quantity surveyor of the stage of completion of the development project.

The estimation of total project costs is based on historical experience and contractual arrangements with contractors/ suppliers. The estimated total costs for each project is reviewed on a regular basis by the Group to determine whether any allowance for foreseeable loss is required to be set up. Actual costs could differ from the estimates.

Impairment loss on completed unsold development properties
Where necessary, allowance for impairment loss would be set up for estimated losses which may result from deterioration in the estimated market values for unsold development properties. The Group estimates the level of allowance based on the prevailing selling prices of the development properties or similar development properties within the vicinity at the reporting date. In the absence of current prices in an active market, valuations are obtained from an external and independent property valuer.

37 ACCOUNTING ESTIMATES AND JUDGEMENTS (CONT'D)

Valuation of investment properties
The fair values of investment properties are estimated based on valuations carried out by external and independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of property being valued. The valuations reflect when appropriate, comparable sales of similar properties or estimated market values based on projection of income and expense streams over period of leases, using market rates of return.

Income taxes
Significant judgement is required in determining the capital allowances, taxability of certain income and deductibility of certain expenses during the estimation of the provision for income taxes and deferred tax liabilities.

The Group exercises significant judgement to determine that the deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised.

38 COMPARATIVE INFORMATION

Change in classification
Rental deposits
The Group revisited the terms and conditions in relation to the rental deposits received from tenants and reclassified certain amounts from current to non-current liabilities. Comparative amounts in the consolidated balance sheet were restated for consistency.

Staff costs & directors' remuneration
During 2015, the Group reviewed the nature and changed the classification of certain personnel related expenses. Comparative amounts in the consolidated income statement were restated for consistency. As a result, $4,381,000 was reclassified from 'other operating expenses' to 'staff costs & directors' remuneration'.

Since the amounts are reclassifications within operating activities in the consolidated income statement, this reclassification did not have any effect on the statements of financial position and cash flows.

ANNOUNCEMENT OF UNAUDITED FINANCIAL STATEMENTS OF HO BEE LAND LIMITED AND ITS SUBSIDIARIES FOR THE SECOND QUARTER ENDED 30 JUNE 2016

The information in this Appendix V is a reproduction of the Announcement made by Ho Bee Land Limited on 12 August 2016 and has not been specifically prepared for inclusion in this Information Memorandum.

HO BEE LAND LIMITED **(Co. Regn. No. 198702381M)**

Unaudited Financial Statements For The Second Quarter Ended 30th June 2016

1(a) CONSOLIDATED INCOME STATEMENT
For The Second Quarter Ended 30th June 2016

	THE GROUP					
	2nd Quarter Ended 30th June			1st Half Ended 30th June		
	2016	2015	Change	2016	2015	Change
	S$'000	S$'000	%	S$'000	S$'000	%
Revenue						
Sale of development properties	136,356	-	NM	136,356	-	NM
Rental income	36,434	30,632	18.9	73,636	61,658	19.4
	172,790	**30,632**	**464.1**	**209,992**	**61,658**	**240.6**
Other operating income	2,738	481	469.2	3,227	1,052	206.7
	175,528	**31,113**	**464.2**	**213,219**	**62,710**	**240.0**
Less:						
Cost of sale of development properties including marketing expenses	(108,407)	(756)	NM	(108,837)	(1,175)	NM
Direct rental expenses	(4,727)	(3,891)	21.5	(8,880)	(8,461)	5.0
Staff cost & directors' remuneration	(1,290)	(4,172)	(69.1)	(4,909)	(5,438)	(9.7)
(Loss)/Gain on foreign exchange	(8,019)	2,949	NM	(14,173)	1,068	NM
Other operating expenses	(1,163)	(913)	27.4	(2,726)	(2,599)	4.9
Profit from operations	**51,922**	**24,330**	**113.4**	**73,694**	**46,105**	**59.8**
Net finance costs	(8,176)	(4,773)	71.3	(17,586)	(9,518)	84.8
	43,746	**19,557**	**123.7**	**56,108**	**36,587**	**53.4**
Share of profits/(losses) of:						
Associates	7,612	(729)	NM	16,900	(2,046)	NM
Jointly controlled entities	548	(615)	NM	640	(878)	NM
Profit before taxation	**51,906**	**18,213**	**185.0**	**73,648**	**33,663**	**118.8**
Income tax expense	(9,854)	(1,710)	476.3	(13,220)	(5,655)	133.8
Profit from continuing operations	**42,052**	**16,503**	**154.8**	**60,428**	**28,008**	**115.8**
Attributable to:						
Owners of the Company	42,026	16,692	151.8	60,486	28,247	114.1
Non-controlling interests	26	(189)	NM	(58)	(239)	(75.7)
Net profit for the period	**42,052**	**16,503**	**154.8**	**60,428**	**28,008**	**115.8**
The following items have been included in arriving at profit for the period:						
Dividend income	1	1	-	21	1	NM
Other income	3,533	451	683.4	4,002	907	341.2
Gain on sale of property, plant & equipment	-	14	NM	-	98	NM
Interest income	129	292	(55.8)	931	570	63.3
Net changes in fair value of financial assets through profit & loss	(39)	46	NM	(209)	(58)	260.3
Depreciation of property, plant & equipment	(188)	(243)	(22.6)	(405)	(485)	(16.5)

NM : Not Meaningful

1(b)(i) STATEMENTS OF FINANCIAL POSITION AS AT 30TH JUNE 2016

	The Group		The Company	
ASSETS	**30-06-2016**	**31-12-2015**	**30-06-2016**	**31-12-2015**
	S$'000	**S$'000**	**S$'000**	**S$'000**
Non-current Assets				
Property, Plant & Equipment	22,192	22,406	1,489	1,843
Investment Properties (Note1)	2,871,310	3,049,518	-	-
Investments in Subsidiaries	-	-	203,468	203,468
Interests in Associates	466,808	482,711	437,055	437,055
Interests in Jointly Controlled Entities	307,407	306,568	278,135	278,135
Other Assets	150	150	-	-
Financial Assets	2,863	3,337	-	-
Amounts Due From Subsidiaries & Jointly Controlled Entities	281,841	285,425	520,458	521,691
	3,952,571	**4,150,115**	**1,440,605**	**1,442,192**
Current Assets				
Development Properties	78,320	165,151	-	-
Properties Held For Sale	185,455	155,758	-	-
Trade & Other Receivables	24,096	51,862	91	793
Amounts Due From Subsidiaries, Jointly Controlled Entities & Corporate Shareholder of Associate	18	20,941	90,169	109,933
Cash & Cash Equivalents	87,445	14,569	21,737	381
	375,334	**408,281**	**111,997**	**111,107**
TOTAL ASSETS	**4,327,905**	**4,558,396**	**1,552,602**	**1,553,299**
EQUITIES & LIABILITIES				
Equity Attributable To Shareholders				
Share Capital	156,048	156,048	156,048	156,048
Treasury Shares	(62,859)	(62,859)	(62,859)	(62,859)
Capital Reserve	2,043	2,043	-	-
Hedging Reserve	(4,554)	2,415	-	-
Foreign Currency Translation Reserve (Note2)	(39,215)	33,307	-	-
Accumulated Profits	2,703,337	2,689,487	1,181,705	1,241,295
Share Capital and Reserves	**2,754,800**	**2,820,441**	**1,274,894**	**1,334,484**
Non-controlling Interests	12,761	13,459	-	-
Total Equity	**2,767,561**	**2,833,900**	**1,274,894**	**1,334,484**
Non-current Liabilities				
Long-term Borrowings (Note 3)	1,348,205	1,195,023	99,290	114,554
Other Non-current Liabilities	27,631	28,103	-	-
Deferred Tax Liabilities	157	157	-	-
Deferred Income	620	348	-	-
	1,376,613	**1,223,631**	**99,290**	**114,554**
Current Liabilities				
Trade & Other Payables	46,916	50,339	98,483	15,373
Short-term Borrowings (Note 3)	100,427	383,956	79,935	88,888
Deferred Income	5,465	18,962	-	-
Current Tax Payable	30,923	47,608	-	-
	183,731	**500,865**	**178,418**	**104,261**
Total Liabilities	**1,560,344**	**1,724,496**	**277,708**	**218,815**
TOTAL EQUITY & LIABILITIES	**4,327,905**	**4,558,396**	**1,552,602**	**1,553,299**

NOTES TO STATEMENTS OF FINANCIAL POSITION AS AT 30TH JUNE 2016

Note 1: The decrease in investment properties (S$178.2 million) was due to the drop in GBP exchange rate from 2.096 :1 to 1.8167 :1 as at end of June 2016.

Note 2: The deficit in foreign currency translation reserve was due to the weakening of the GBP, AUD and RMB in which the Group has investments.

Note 3: The decrease in total long-term & short-term borrowings (S$130.3 million) was due mainly to the drop in GBP exchange rate from 2.096 :1 to 1.8167 :1 as at end of June 2016.

1(b)(ii) AGGREGATE AMOUNT OF GROUP'S BORROWINGS AND DEBT SECURITIES

Amount repayable in one year or less, or on demand

As at 30-06-2016		As at 31-12-2015	
Secured	Unsecured	Secured	Unsecured
S$94,614,000	-	S$383,956,000	-

Amount repayable after one year

As at 30-06-2016		As at 31-12-2015	
Secured	Unsecured	Secured	Unsecured
S$1,354,018,000	-	S$1,195,023,000	-

Details of any collateral

All secured borrowings of the Group are generally secured by first legal mortgage and assignment of rental and sale proceeds over investment properties and development properties of the borrowing entity within the Group.

1(c) CONSOLIDATED STATEMENT OF CASH FLOWS
For The Second Quarter Ended 30th June 2016

	2nd Quarter Ended 30th June		1st Half Ended 30th June	
	2016	**2015**	**2016**	**2015**
Cash flows from operating activities	**S$'000**	**S$'000**	**S$'000**	**S$'000**
Profit for the period	**42,052**	**16,503**	**60,428**	**28,008**
Adjustments for:				
Depreciation of property, plant & equipment	188	243	405	485
Gain on sale of property, plant & equipment	-	(14)	-	(98)
Loss/(Gain) in foreign exchange	4,438	(5,731)	10,204	(3,229)
Dividend income	(1)	(1)	(21)	(1)
Distribution income from financial assets at fair value through profit & loss	(56)	(15)	(56)	(46)
Finance costs	8,305	5,065	18,517	10,088
Interest income	(129)	(292)	(931)	(570)
Net change in fair value of financial assets through profit & loss	39	(46)	209	58
Share of (profits)/losses of jointly controlled entities	(548)	615	(640)	878
Share of (profits)/losses of associates	(7,612)	729	(16,900)	2,046
Income tax expense	9,854	1,710	13,220	5,655
Operating profit before changes in working capital	**56,530**	**18,766**	**84,435**	**43,274**

	2nd Quarter Ended 30th June		1st Half Ended 30th June	
	2016	2015	2016	2015
Changes in working capital	**S$'000**	**S$'000**	**S$'000**	**S$'000**
Development properties	79,732	(17,849)	50,593	(26,054)
Trade & other receivables	21,126	(2,964)	20,797	(2,961)
Trade & other payables	(9,600)	8,366	(17,121)	(1,717)
Cash generated from operations	**147,788**	**6,319**	**138,704**	**12,542**
Income tax paid	(14,148)	(1,218)	(28,941)	(1,790)
Net cash inflow from operating activities	**133,640**	**5,101**	**109,763**	**10,752**
Cash flows from investing activities				
Interest received	230	77	286	142
Repayment from/(Advances to) jointly controlled entities	1,020	(8,890)	1,432	(14,345)
Dividend received	1	-	21	-
Repayment from corporate shareholder of associate	19,973	-	19,973	-
Proceeds from sale of property, plant & equipment	-	30	-	186
Proceeds from disposal of jointly controlled entity	-	-	-	12
Purchase of property, plant & equipment	(244)	(296)	(244)	(921)
Purchase of investment properties	-	153	-	153
Purchase of other financial assets	-	(2)	(4)	(2)
Distribution income of other financial assets	89	381	189	441
Net cash inflow/(outflow) from investing activities	**21,069**	**(8,547)**	**21,653**	**(14,334)**
Cash flows from financing activities				
Proceeds from term loans	92,443	50,471	128,057	122,647
Interest paid	(8,777)	(5,065)	(18,517)	(10,088)
Purchase of treasury shares	-	-	-	(799)
Repayment of term loans	(115,791)	(3,959)	(121,453)	(70,017)
Dividends paid	(46,636)	(33,357)	(46,636)	(33,357)
Net cash (outflow)/inflow from financing activities	**(78,761)**	**8,090**	**(58,549)**	**8,386**
Net increase in cash and cash equivalents	**75,948**	**4,644**	**72,867**	**4,804**
Effect of foreign exchange rate changes on consolidation	(5)	(22)	9	(9)
Cash and cash equivalents at beginning of period	11,502	10,126	14,569	9,953
Cash and cash equivalents at end of period	**87,445**	**14,748**	**87,445**	**14,748**

1(d) CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For The Second Quarter Ended 30th June 2016

	2nd Quarter Ended 30th June			1st Half Ended 30th June		
	2016	2015	Change	2016	2015	Change
	S$'000	S$'000	%	S$'000	S$'000	%
Profit for the period	**42,052**	**16,503**	**154.8**	**60,428**	**28,008**	**115.8**
Other comprehensive (expense)/income:						
Share of foreign currency translation difference of associate	(12,516)	(8,239)	51.9	(32,802)	3,008	NM
Exchange differences on consolidation of foreign subsidiary	(16,287)	3,014	NM	(40,360)	3,042	NM
Effective portion of changes in fair value of cash flow hedges	(3,354)	(45)	NM	(6,969)	692	NM
Total comprehensive income/(expense) for the period	**9,895**	**11,233**	**(11.9)**	**(19,703)**	**34,750**	**NM**
Attributable to:						
Owners of the Company	9,848	11,587	(15.0)	(19,005)	34,767	NM
Non-controlling interests	47	(354)	NM	(698)	(17)	NM
	9,895	**11,233**	**(11.9)**	**(19,703)**	**34,750**	**NM**

1(e)(i) STATEMENT OF CHANGES IN EQUITY

GROUP	Share Capital S$'000	Reserve For Own Shares S$'000	Capital & Other Reserves S$'000	Currency Translation Reserves S$'000	Accum. Profits S$'000	Total S$'000	Non-controlling Interests S$'000	Total Equity S$'000
Balance at 1st Jan 2015	**156,048**	**(60,284)**	**2,394**	**22,359**	**2,480,600**	**2,601,117**	**14,691**	**2,615,808**
Total comprehensive income for 1st qtr 2015	-	-	737	10,888	11,555	23,180	337	23,517
Purchase of treasury shares	-	(799)	-	-	-	(799)	-	(799)
Balance at 31st Mar 2015	**156,048**	**(61,083)**	**3,131**	**33,247**	**2,492,155**	**2,623,498**	**15,028**	**2,638,526**
Total comprehensive income/(expense) for 2nd qtr 2015	-	-	(45)	(5,060)	16,692	11,587	(354)	11,233
Dividends paid	-	-	-	-	(33,357)	(33,357)	-	(33,357)
Balance at 30th Jun 2015	**156,048**	**(61,083)**	**3,086**	**28,187**	**2,475,490**	**2,601,728**	**14,674**	**2,616,402**

GROUP	Share Capital S$'000	Reserve For Own Shares S$'000	Capital & Other Reserves S$'000	Currency Translation Reserves S$'000	Accum. Profits S$'000	Total S$'000	Non-controlling Interests S$'000	Total Equity S$'000
Balance at 1st Jan 2016	**156,048**	**(62,859)**	**4,458**	**33,307**	**2,689,487**	**2,820,441**	**13,459**	**2,833,900**
Total comprehensive (expense)/income for the 1st quarter 2016	-	-	(3,615)	(43,698)	18,460	(28,853)	(745)	(29,598)
Balance at 31st Mar 2016	**156,048**	**(62,859)**	**843**	**(10,391)**	**2,707,947**	**2,791,588**	**12,714**	**2,804,302**
Total comprehensive income/(expense) for 2nd qtr 2016	-	-	(3,354)	(28,824)	42,026	9,848	47	9,895
Dividends paid	-	-	-	-	(46,636)	(46,636)	-	(46,636)
Balance at 30th Jun 2016	**156,048**	**(62,859)**	**(2,511)**	**(39,215)**	**2,703,337**	**2,754,800**	**12,761**	**2,767,561**

COMPANY	Share Capital S$'000	Reserve For Own Shares S$'000	Capital Reserve S$'000	Accum. Profits S$'000	Total S$'000
Balance at 1st Jan 2015	**156,048**	**(60,284)**	**-**	**1,058,005**	**1,153,769**
Total comprehensive expense for 1st qtr 2015	-	-	-	(2,532)	(2,532)
Purchase of treasury shares	-	(799)	-	-	(799)
Balance at 31st Mar 2015	**156,048**	**(61,083)**	**-**	**1,055,473**	**1,150,438**
Total comprehensive income for 2nd qtr 2015	-	-	-	3,902	3,902
Dividends paid	-	-	-	(33,357)	(33,357)
Balance at 30th Jun 2015	**156,048**	**(61,083)**	**-**	**1,026,018**	**1,120,983**

COMPANY	Share Capital S$'000	Reserve For Own Shares S$'000	Capital Reserve S$'000	Accum. Profits S$'000	Total S$'000
Balance at 1st Jan 2016	**156,048**	**(62,859)**	**-**	**1,241,295**	**1,334,484**
Total comprehensive expense for 1st qtr 2016	-	-	-	(7,126)	(7,126)
Balance at 31st Mar 2016	**156,048**	**(62,859)**	**-**	**1,234,169**	**1,327,358**
Total comprehensive expense for 2nd qtr 2016	-	-	-	(5,828)	(5,828)
Dividends paid	-	-	-	(46,636)	(46,636)
Balance at 30th Jun 2016	**156,048**	**(62,859)**	**-**	**1,181,705**	**1,274,894**

1(e)(ii) DETAILS OF CHANGES IN THE COMPANY'S ISSUED SHARE CAPITAL

	2nd Quarter Ended 30th Jun 2016		2nd Quarter Ended 30th Jun 2015		Full Year Ended 31st Dec 2015	
	No. of Ordinary Shares	S$'000	No. of Ordinary Shares	S$'000	No. of Ordinary Shares	S$'000
Balance at beginning of period	**703,338,000**	**156,048**	**703,338,000**	**156,048**	**703,338,000**	**156,048**
Balance at end of period	**703,338,000**	**156,048**	**703,338,000**	**156,048**	**703,338,000**	**156,048**

There were 37,103,200 treasury shares held by the Company as at 30th June 2016 and 31st December 2015 (30th June 2015: 36,186,100) and these were included in the above number of issued ordinary shares. There were no sale, transfer, disposal, cancellation and/or use of treasury shares for the financial period ended 30th June 2016.

2. AUDIT

The figures have not been audited or reviewed by the Company's auditors.

3. ACCOUNTING POLICIES AND METHODS OF COMPUTATION

The Group has applied the same accounting policies and methods of computation in the consolidated financial statements for the current financial period as in the audited consolidated financial statements for the year ended 31st December 2015.

4. CHANGES IN ACCOUNTING POLICIES

The Group adopted various new/revised Financial Reporting Standards (FRS) and Interpretations of FRSs (INT FRS) which took effect for the financial year beginning 1 January 2016. These new/revised standards include, amendments to FRS 111 *Accounting for Acquisitions of Interest in Joint Operations,* amendments to FRS 27 *Equity Methods in Separate Financial Statements,* amendments to FRS 16 and FRS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation,* amendments to FRS 1 *Disclosure Initiatives,* amendments to FRS 110 and FRS 28 *Sales or Contribution of Assets between an Investor and its Associate or Joint Venture,* amendments to FRS 110, FRS 112, and FRS 28 *Investment Entities: Applying the Consolidation Exception* and Improvements to FRSs (November 2014). The adoption of these new/revised FRSs did not result in significant impact on the financial statements of the Group.

5. EARNINGS PER ORDINARY SHARE

	2nd Qtr Ended 30th June		1st Half Ended 30th June	
	2016	2015	2016	2015
Weighted average number of shares (excluding treasury shares)	666,234,800	667,151,900	666,234,800	667,220,000
Earnings per ordinary share for the period				
i) Based on weighted average number of ordinary shares (excluding treasury shares)	6.31 cts	2.50 cts	9.08 cts	4.23 cts
ii) On a fully diluted basis	6.31 cts	2.50 cts	9.08 cts	4.23 cts

Basic earnings per share and earnings per share on a fully diluted basis for the financial period ended 30th June 2016 were computed based on net profit attributable to owners of the Company of S$42,026,000 for the 2nd quarter 2016 (2Q2015: S$16,692,000), S$60,486,000 for 1st half 2016 (1H2015: S$28,247,000) and weighted average number of ordinary shares of 666,234,800 for the 2nd quarter 2016 (2Q2015: 667,151,900), 666,234,800 for 1st half 2016 (1H2015: 667,220,000). There were no dilutive potential ordinary shares for the current and previous periods.

6. NET ASSET VALUE PER ORDINARY SHARE

	Group		Company	
	30th Jun 2016	31st Dec 2015	30th Jun 2016	31st Dec 2015
Net asset value per ordinary share	**$4.13**	**S$4.23**	**$1.91**	**S$2.00**

The calculation of net asset value per ordinary share of the Group and the Company was based on the net assets of the Group and the Company as at 30th June 2016 and 31st December 2015 after adjusting for non-controlling interests and 666,234,800 ordinary shares (excluding treasury shares) as at 30th June 2016 and 31st December 2015.

7. PERFORMANCE REVIEW OF THE GROUP

2nd Qtr 2016 vs 2nd Qtr 2015

Group revenue for the 2nd quarter of 2016 rose markedly by 464% from S$30.6 million in the same quarter last year to S$172.8 million. This was due mainly to the sales recognition of two residential development projects in Melbourne and Gold Coast, Australia which were recently completed.

During the quarter, the Group incurred a foreign exchange loss of S$8 million as a result of the weakening of the Australia dollar and Sterling pound.

Share of profits from associates amounted to S$7.6 million, compared to a loss of S$0.7 million in the corresponding period last year. This profit was mainly from our joint venture project in Shanghai.

Profit before tax and non-controlling interests increased 185% from the same period last year to S$51.9 million. After accounting for income tax, profit attributable to owners of the Company rose 152% to S$42 million, translating to an earnings of 6.3 cents per share.

1st Half 2016 vs 1st Half 2015

For the six months ended 30th June, Group revenue for the current year was up 241%, from S$61.7 million in the preceding year to S$210.0 million.

During the first half year, the Group incurred a foreign exchange loss of S$14 million as a result of the weakening of the Australia dollar and Sterling pound.

Our joint venture project in Shanghai was the main contributor to the share of profits from associates which amounted to S$16.9 million, compared to a loss of S$2.0 million in the corresponding period last year.

Profit at pre-tax level was S$73.6 million, 119% higher than the S$33.7 million recorded last year.

Correspondingly, profit attributable to owners of the Company rose 114% from S$28.2 million in the same period last year to S$60.5 million. Earnings per share for the period under review was 9.08 cents against 4.23 cents in the preceding year.

Total shareholders' fund as at end of June 2016 amounted to S$2.75 billion, representing a net asset value of S$4.13 per share. The drop in shareholders' fund was due to foreign exchange translation loss resulting from the weakening Sterling pound, RMB and Australia dollar.

8. VARIANCE BETWEEN ACTUAL RESULTS FOR THE CURRENT PERIOD AND PROSPECT STATEMENT PREVIOUSLY DISCLOSED

The actual results of the current quarter are in line with the prospect statement disclosed in the previous quarter results announcement.

9. COMMENTARY ON THE GROUP PROSPECTS

Despite the continuing tough operating environment, the Group remains profitable. This is because of the strong and sustainable recurring income that the Group has built up in Singapore and the United Kingdom over the last few years.

The recent UK Referendum on Brexit has created uncertainties and the weakening of the Sterling pound. Nevertheless, the Group is well-positioned to minimize the impact on the Group's performance. This is because of the Group's policy of funding its U.K. investments with borrowings in Sterling pound as well as the long tenure of our leases. We still believe in the long term fundamentals of London as a global financial city. The current uncertainties will provide us with opportunities for further investments.

10. DIVIDEND

(a) Current financial period reported on

Any dividend recommended for the current financial period reported on? **No**

(b) Corresponding period of the immediately preceding financial year

Any dividend declared for the corresponding period of the immediately preceding financial year? **No**

11. INTERESTED PERSON TRANSACTIONS

The Company does not have a shareholders' mandate for interested person transactions.

BY ORDER OF THE BOARD

Desmond Woon
Executive Director
12/08/2016

CONFIRMATION PURSUANT TO RULE 705(5) OF THE LISTING MANUAL

To the best of our knowledge, nothing has come to the attention of the board of directors of the Company which may render the unaudited interim financial statements of the Group and the Company for the 2nd quarter ended 30th June 2016 to be false or misleading in any material aspect.

CONFIRMATION PURSUANT TO RULE 720(1) OF THE LISTING MANUAL

The Company has procured undertakings from all its directors and executive officers in the format set out in Appendix 7.7 of the Listing Manual.

ON BEHALF OF THE BOARD

Chua Thian Poh	Desmond Woon
Chairman & CEO	Executive Director

12/08/2016